



Town of Smithers
2025 Statement of Financial Information

**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

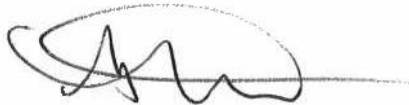
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**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

Statement of Financial Information Approval

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, Subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced as required by the Financial Information Act.



Gladys Atrill
Mayor on behalf of Council



Kevin Welsh, CPA, CA
Director of Finance

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Management Letter

The financial statements contained in this Statement of Financial Information, prepared under the Financial Information Act, have been prepared by management in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada, or in accordance with the accounting principles disclosed in the significant accounting policies contained in the notes to the financial statements.

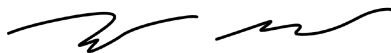
The integrity, objectivity, and accuracy of these financial statements are the responsibility of management. Management is also responsible for the preparation of all schedules and supplementary information included in this report and for ensuring that such information is consistent, where appropriate, with the financial statements.

Management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that financial information is reliable and that assets are safeguarded.

The Mayor and Council of the Town of Smithers are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercise their responsibilities in accordance with the Community Charter and other applicable legislation.

The Town's external auditors, Doane Grant Thornton LLP, Chartered Professional Accountants, have conducted an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed an opinion on the financial statements. Their audit does not extend to the supplementary schedules and information required under the Financial Information Act. The audit includes consideration of the Town's system of internal controls and such tests and procedures as the auditors consider necessary to provide reasonable assurance that the financial statements are fairly presented. The external auditors have full and unrestricted access to the Mayor and Council.

On behalf of the Town of Smithers



Kevin Welsh, CPA, CA
Director of Finance

June 10, 2026

Date

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Elected Officials' Remuneration and Expenses

| | Remuneration & Taxable Benefits | Expenses | Total |
|--------------------------------|--|-----------------|------------------|
| Gladys Atrill, Mayor | \$40,272 | \$19,901 | \$60,174 |
| John Buikema, Councillor | 20,536 | 7,185 | 27,721 |
| Calvin Elliot, Councillor | 19,786 | 4,816 | 24,602 |
| Laura Leonard, Councillor | 19,161 | 3,815 | 22,976 |
| Genevieve Paterson, Councillor | 21,386 | 12,513 | 33,899 |
| Samantha Raven, Councillor | 20,224 | 6,304 | 26,527 |
| Frank Wray, Councillor | 22,672 | 5,155 | 27,827 |
| Total | \$164,037 | \$59,689 | \$223,726 |

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Employees' Remuneration and Expenses

| Employee | Remuneration & Taxable Benefits | Expenses | Total |
|---------------|---------------------------------|----------|-----------|
| Allen, M | \$162,700 | \$7,327 | \$170,027 |
| Anderson, D | 86,833 | 156 | 86,989 |
| Arnold, M | 86,766 | 727 | 87,493 |
| Barrowman, J | 102,282 | 4,798 | 107,080 |
| Blackburn, R | 75,441 | 515 | 75,956 |
| Brakenbury, D | 82,756 | 681 | 83,438 |
| Bridgewood, W | 88,452 | 1,520 | 89,971 |
| Chad, C | 93,076 | 3,849 | 96,926 |
| Chandran, D | 104,334 | 5,299 | 109,633 |
| de Vries, A | 119,029 | 9,216 | 128,245 |
| Dewar, M | 180,870 | 10,412 | 191,282 |
| Fuerst, D | 105,379 | 6,267 | 111,646 |
| George, W | 120,489 | 7,551 | 128,039 |
| Gunanoot, P | 91,736 | 664 | 92,400 |
| Hawman, B | 83,158 | 155 | 83,313 |
| Hawse, B | 82,761 | 211 | 82,972 |
| Herzog, M | 114,861 | 5,326 | 120,187 |
| Huisman, C | 77,513 | 186 | 77,699 |
| Lawrence, C | 139,940 | 12,137 | 152,076 |
| Leblanc, S | 110,659 | 3,832 | 114,491 |
| Lundy, B | 76,604 | 486 | 77,090 |
| Mendel, D | 80,063 | 10,201 | 90,264 |
| Miles, A | 92,542 | 765 | 93,307 |
| Muir B | 113,817 | 1,329 | 115,147 |

| Employee | Remuneration | Expenses | Total |
|---|--------------------|------------------|--------------------|
| Muscat, T | 75,302 | 1,186 | 76,488 |
| Oliarny, C | 81,735 | 155 | 81,890 |
| Oughton, M | 90,710 | 0 | 90,710 |
| Percy, D | 80,318 | 156 | 80,474 |
| Pruden, D | 97,941 | 809 | 98,749 |
| Rowell, S | 81,002 | 9,059 | 90,061 |
| Russell, A | 94,473 | 572 | 95,044 |
| Schibli, T | 88,952 | 3,330 | 92,282 |
| Schroeter, D | 142,989 | 5,622 | 148,610 |
| Smith, I | 81,914 | 743 | 82,657 |
| Smith, K | 97,648 | 5,305 | 102,953 |
| Strother, M | 77,255 | 2,855 | 80,110 |
| Turner, L | 93,287 | 156 | 93,443 |
| Walker, N | 75,025 | 186 | 75,212 |
| Welsh, K | 82,985 | 9,717 | 92,701 |
| Westberg, B | 105,367 | 4,302 | 109,668 |
| Widen, M | 82,248 | 6,255 | 88,503 |
| Wilmotte, A | 79,869 | 155 | 80,024 |
| Withers-Jessee, E | 97,098 | 370 | 97,468 |
| Total Over \$75,000 | 4,178,181 | 144,540 | 4,322,720 |
| Total Under \$75,000 | 1,589,056 | 33,397 | 1,622,452 |
| Total Employee Remuneration and Expenses | \$5,767,237 | \$177,936 | \$5,945,173 |

**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

Schedule of Severance Agreements

There was one severance agreement under which payment commenced between the Town of Smithers and a non-unionized employee during the 2025 fiscal year. This agreement represented twelve months of compensation.

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Suppliers of Goods and Services

| Supplier Name | Amount Paid |
|---|-------------|
| 2nd Effort Cleaning Service | \$ 57,750 |
| Acera Insurance Services Ltd | 333,940 |
| All North Consultings Ltd. | 59,746 |
| Ambleside Projects Ltd | 32,260 |
| Andesite Holdings Ltd DBA Yellowhead Pavement | 143,373 |
| Aquatech Diving And Marine Services Ltd. | 28,035 |
| Associated Fire Safety Group Inc. | 36,093 |
| Avia NG Inc. | 235,516 |
| Babine Truck & Equipment Ltd. | 97,953 |
| Bc Assessment | 73,778 |
| Bc Hydro | 469,913 |
| Bc Transit | 260,051 |
| Bell Mobility | 32,342 |
| Blue Hawk Security Group Inc. | 78,202 |
| Bulkley Valley Museum | 64,303 |
| Bulkley Valley Resource Management | 128,312 |
| Cupe (Town) | 74,428 |
| Canada Revenue Agency | 1,828,608 |
| Centralsquare Canada Software Inc. | 109,917 |
| Citywest Cable & Telephone Co | 28,935 |
| Classic Sanitary Supplies | 34,749 |
| Cutting Edge Projects Ltd. | 723,866 |
| Dawson Road Maintenance Ltd. | 59,106 |
| Doane Grant Thornton Llp | 34,650 |
| Dig It Excavating | 72,125 |
| DS Tactical Supply Ltd. | 41,107 |
| Evergreen Industrial Supplies Ltd. | 42,977 |
| Fit Local Government Consulting Inc. | 77,175 |
| Flicker Land Mgmt Ltd | 30,415 |
| Four Dimension Computer Center Ltd. | 80,486 |

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Suppliers of Goods and Services

| | |
|--|---------|
| Fred Surrige Ltd. | 110,654 |
| Getset Solutions Ltd. | 40,802 |
| Glacier Electric (2006) Ltd. | 67,509 |
| Glacier Roofing Ltd | 25,436 |
| Glacier View Contracting | 45,570 |
| Huber Farm Equipment | 27,419 |
| ICBC | 76,777 |
| Intervistas Consulting Inc | 47,801 |
| Jepson Dba Northwest Fuels Ltd | 40,615 |
| Kendrick Equipment (2003) Ltd | 42,052 |
| Kolbrile Enterprises | 77,827 |
| Lidstone & Company Barristers And Solicitors | 84,437 |
| Lidston & Company Law Corporation | 100,015 |
| Manulife Financial | 462,135 |
| Matthews Cleaning Contracting | 74,550 |
| Mcelhanney Ltd. | 514,629 |
| Mike Tabert Contracting | 342,464 |
| Minister Of Finance | 47,916 |
| Municipal Insurance Association | 51,663 |
| Nisbet Michelle | 73,028 |
| Northern Metals Fab& Mach Ltd | 46,658 |
| Northwest Regional Hospital District | 969,872 |
| Northwest Hydraulic Consultants Ltd | 39,572 |
| Oakcreek Golf & Turf | 46,687 |
| Pacific Northern Gas Payment Processing Center | 142,914 |
| Pension Corporation | 813,523 |
| Perry & Company In Trust | 135,827 |
| Prism Engineering Ltd | 63,000 |
| Randy'S Image Design | 49,143 |
| Raven Rescue Safety Medical Ltd | 32,117 |
| Receiver General For Canada R.C.M.P Police 'E' | 30,306 |

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Suppliers of Goods and Services

| | |
|--|-----------|
| Receiver General For Canada-Rcmp Contract | 2,503,277 |
| Regional District Of Bulkley | 2,608,707 |
| Regional District Of Fraser-Fort George | 98,370 |
| Ricoh Canada Inc | 40,229 |
| Rollins Machinery Ltd | 36,273 |
| Runway Café And Bar | 30,904 |
| Skinner, Dan | 29,059 |
| Smithers District Chamber Of Commerce | 121,452 |
| Smithers Feed Store Ltd. | 34,384 |
| Smithers Lumber Yard Ltd. | 27,298 |
| Smithers Volunteer Fire Fighters Assoc | 56,966 |
| Smithers Gallery Association | 30,731 |
| Smithers Skate Park Society | 200,000 |
| Sperling Hansen Associates | 29,869 |
| Steti Transport Ltd. | 33,673 |
| Stewart Construction Ltd | 36,729 |
| Suncor Energy Product Partnership | 159,183 |
| Telus Communications | 59,809 |
| Terus Construction Ltd | 2,508,947 |
| Thurber Engineering Ltd | 45,017 |
| Tiger Calcium Services Inc | 29,632 |
| Tourism Smithers Society | 366,515 |
| Tower Communications Ltd. | 68,466 |
| Tracks Or Treads Equipment Sales & Rentals | 83,990 |
| Tristar Electric Inc. | 1,674,888 |
| Unified Systems Inc. | 34,903 |
| Urban Systems Inc. | 31,831 |
| Vihar Construction | 52,230 |
| Vimar Equipment Ltd | 1,294,222 |
| Wasp Manufacturing Ltd | 37,535 |
| Wealthsimple Investments | 45,000 |

Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025

Schedule of Suppliers of Goods and Services

| | |
|--|---------------------|
| West Horizon Contracting | 2,831,712 |
| Westwind Enterprises Ltd | 92,111 |
| Wildstone Construction Ltd | 4,101,117 |
| Worksafe Bc | 134,409 |
| WSP Canada Inc. | 1,099,454 |
| Yeti Refrigeration Inc. | 71,955 |
| Total: Suppliers Payments > \$25,000 | 30,833,876 |
| Total: Suppliers Payments < \$25,000 | 1,942,055 |
| Total: | \$32,775,931 |

**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

Schedule of Grants and Contributions

| Recipient | Type | Amount |
|--|--------------|------------------|
| Bulkley Valley Community Arts Council | Grant in Aid | \$5,072 |
| Bulkley Valley Historical and Museum Society | Grant in Aid | 63,746 |
| Smithers Art Gallery Association | Grant in Aid | 28,731 |
| Smithers Skate Park Society | Contribution | 200,000 |
| Total | | \$297,549 |

**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

Schedule of Guarantee and Indemnity Agreements

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

**Town of Smithers
Statement of Financial Information
For the Year Ended December 31, 2025**

Schedule of Long-Term Debt

Information on all long-term debt is included in the audited Financial Statements in Note 10 – Debt.



Consolidated Financial Statements

Town of Smithers

December 31, 2025

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TOWN OF SMITHERS

MANAGEMENT REPORT

YEAR ENDED DECEMBER 31, 2025

The Consolidated Financial Statements of the Town of Smithers have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council of the Town of Smithers is responsible for ensuring that management fulfils its responsibilities for financial reporting and maintaining internal controls and exercises this responsibility through Council.

The external auditors, Doane Grant Thornton LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the financial management of the Town of Smithers and meet when required.

On behalf of the Town of Smithers:



Michael Dewar
Chief Administrative Officer
May 22, 2026

Independent Auditor's Report

Doane Grant Thornton LLP
1245 Main Street #201
Smithers, BC
V0J 2N0
T +1 250 847-3228

To the Mayor and Council of the Town of Smithers

Qualified Opinion

We have audited the consolidated financial statements of Town of Smithers ("the Town"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Management has determined that the Town has shared control over Wetzin'kwa Management Services Ltd., a business partnership, however, the Town has accounted for this investment at cost. This constitutes a departure from Canadian public sector accounting standards which requires that business partnerships be accounted for in the Town's consolidated financial statements utilizing the modified equity method applied using the Town's share of the partnership. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were unable to determine what adjustments were necessary to the investment in Wetzin'kwa Management Services Ltd., financial assets and net assets as at December 31, 2025 and January 1, 2025, and income from investment in Wetzin'kwa Management Services Ltd., annual surplus, and cash flows for the year ended December 31, 2025.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – previous auditor

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unqualified opinion on May 14, 2025.

Other matter – supplementary information

We draw attention to the fact that the supplementary information included in Schedules 6 to 8 are for information purposes only and do not form part of the consolidated financial statements. We have not audited or reviewed this supplementary information and accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Doane Grant Thornton LLP

Smithers, Canada
May 22, 2026

Chartered Professional Accountants

Town of Smithers

Consolidated Statement of Financial Position

As at December 31

2025

2024

Financial Assets

| | | |
|--|----------------------|----------------------|
| Cash and cash equivalents (Note 2) | \$ 35,222,238 | \$ 32,182,521 |
| Investments (Note 3) | 442,140 | - |
| Grants and accounts receivable (Note 4) | 3,998,922 | 3,660,151 |
| Deposits - Municipal Finance Authority (Note 6) | 59,502 | 57,320 |
| Investment in Wetzin'kwa Management Services Ltd. (Note 7) | <u>1</u> | <u>1</u> |
| | \$ 39,722,803 | \$ 35,899,993 |

Liabilities

| | | |
|---|-------------------|-------------------|
| Accounts payables and accrued liabilities (Note 8) | \$ 4,696,635 | \$ 3,904,684 |
| Restricted revenue - Municipal Finance Authority (Note 6) | 59,502 | 57,320 |
| Deferred revenues (Note 9) | 4,938,164 | 5,087,039 |
| Debt (Note 10) | 5,053,882 | 2,747,813 |
| Asset retirement obligations (Note 11) | <u>2,215,482</u> | <u>2,123,737</u> |
| | 16,963,665 | 13,920,593 |

Net Financial Assets

| | |
|-------------------|-------------------|
| 22,759,138 | 21,979,400 |
|-------------------|-------------------|

Non Financial Assets

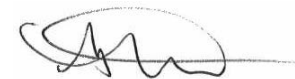
| | | |
|--|-------------------|-------------------|
| Tangible capital assets (Schedule 1) | 98,207,664 | 81,953,341 |
| Prepaid expenses and supply inventory (Note 5) | <u>1,069,007</u> | <u>916,112</u> |
| | 99,276,671 | 82,869,453 |

Net Assets (Note 13 and Schedule 2)

| | |
|-----------------------|-----------------------|
| \$ 122,035,809 | \$ 104,848,853 |
|-----------------------|-----------------------|

Commitments and Contingencies (Note 15)

Approved by:


 _____ Mayor


 _____ Director of Finance

Town of Smithers

Consolidated Statement of Operations

| Year ended December 31 | Budget | | |
|---|-----------------------|------------------------------|-----------------------|
| | 2025 | 2025 | 2024 |
| Revenue (Note 14) | | | |
| Property Taxes and Grants in Lieu (Schedule 3) | \$ 10,221,200 | \$ 10,723,942 | \$ 9,807,481 |
| Municipal and Regional District Tax (Hotel Tax) | 415,000 | 358,888 | 359,390 |
| Interest and Penalties on Taxes | 107,100 | 88,354 | 109,453 |
| Government Transfers and Grants (Schedule 4) | 25,079,945 | 19,494,484 | 10,396,721 |
| Service Charges and User Fees | 5,756,600 | 6,741,124 | 6,569,476 |
| Investment Income | 100,000 | 1,152,809 | 1,539,837 |
| Developer Contributed Tangible Capital Assets | 274,500 | 90,564 | 1,944,495 |
| Non-Government Contributions and Donations | 80,000 | 422,814 | 166,563 |
| Gain on Disposal of Tangible Capital Assets | - | 200,332 | 76,850 |
| | <u>42,034,345</u> | <u>39,273,311</u> | <u>30,970,266</u> |
| Expenses (Note 14 and Schedule 5) | | | |
| Council and Corporate Services | 2,836,300 | 2,608,632 | 2,354,504 |
| Planning and Development Services | 1,333,400 | 1,048,603 | 1,140,300 |
| Economic Development and Tourism | 851,400 | 800,584 | 879,400 |
| Smithers Regional Airport | 3,428,500 | 3,247,821 | 3,325,139 |
| Recreation and Cultural Services | 2,384,800 | 2,850,860 | 2,641,536 |
| Smithers Public Library | 654,000 | 584,634 | 613,034 |
| Protective Services | 4,428,500 | 4,559,327 | 4,126,475 |
| Transportation and Mobility Services | 3,290,000 | 3,691,736 | 3,099,194 |
| Utility Services | 2,185,000 | 2,136,127 | 1,620,258 |
| Solid Waste and Recycling Services | 463,800 | 477,626 | 535,789 |
| Public Health Services | 76,100 | 80,405 | 67,258 |
| | <u>21,931,800</u> | <u>22,086,355</u> | <u>20,402,887</u> |
| Annual Surplus | 20,102,545 | 17,186,956 | 10,567,379 |
| Net Assets, Beginning of year | 104,848,853 | 104,848,853 | 94,281,474 |
| Net Assets, End of year | <u>\$ 124,951,398</u> | <u>\$ 122,035,809</u> | <u>\$ 104,848,853</u> |

Town of Smithers

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31

| | Budget 2025 | 2025 | 2024 |
|--|------------------------|----------------------|--------------------|
| Annual surplus | \$ 20,102,545 | \$ 17,186,956 | \$ 10,567,379 |
| Acquisition of tangible capital assets | (38,228,620) | (20,921,721) | (10,003,991) |
| Contributed tangible capital assets | (274,500) | - | (2,078,702) |
| Proceeds on disposal of tangible capital assets | - | 511,592 | - |
| (Gain) loss on disposal of tangible capital assets | - | (200,332) | 146,266 |
| Amortization of tangible capital assets | - | 4,356,138 | 3,963,269 |
| | (38,503,120) | (16,254,323) | (7,973,158) |
| Use (acquisition) of prepaid expenses | - | (53,225) | 206,995 |
| Use (acquisition) of supply inventory | - | (99,670) | (34,800) |
| | - | (152,895) | 172,195 |
| Net changes in Net financial assets | (18,400,575) | 779,738 | 2,766,416 |
| Net financial assets, beginning of year | 21,979,400 | 21,979,400 | 19,212,984 |
| Net financial assets, end of year | 3,578,825 | 22,759,138 | 21,979,400 |

Town of Smithers

Consolidated Statement of Cash Flows

Year ended December 31

2025

2024

Operating Activities

| | | |
|--|-------------------|-------------------|
| Annual Surplus | \$ 17,186,956 | \$ 10,567,379 |
| Items not involving cash: | | |
| Actuarial adjustment | (60,466) | (77,122) |
| Amortization | 4,356,138 | 3,963,269 |
| Accretion | 91,745 | 87,947 |
| (Gain) loss on disposal of tangible capital assets | (200,332) | 146,266 |
| Contributed capital assets | - | (2,078,702) |
| Changes in non-cash assets and liabilities: | | |
| Receivables | (338,771) | (2,081,664) |
| Prepays | (53,225) | 206,993 |
| Supply Inventory | (99,670) | (34,800) |
| Accounts payable and accrued liabilities | 791,951 | 327,990 |
| Deferred revenue | (148,875) | 849,512 |
| | <u>21,525,451</u> | <u>11,877,068</u> |

Capital Activities

| | | |
|---|---------------------|---------------------|
| Acquisition of tangible capital assets | (20,921,721) | (10,003,991) |
| Proceeds on disposal of tangible capital assets | 511,592 | - |
| | <u>(20,410,129)</u> | <u>(10,003,991)</u> |

Investing Activities

| | | |
|-------------------------|-----------|---|
| Purchase of investments | (442,140) | - |
|-------------------------|-----------|---|

Financing Activities

| | | |
|----------------------|------------------|------------------|
| Additional financing | 2,721,406 | - |
| Repayment of debt | (354,871) | (196,969) |
| | <u>2,366,535</u> | <u>(196,969)</u> |

| | | |
|--|----------------------|----------------------|
| Net change in Cash and cash equivalents | 3,039,717 | 1,676,108 |
| Cash and cash equivalents, Beginning of year | <u>32,182,521</u> | <u>30,506,413</u> |
| Cash and cash equivalents, End of Year | <u>\$ 35,222,238</u> | <u>\$ 32,182,521</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies

Basis of presentation

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements are the representation of management. The financial statements have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Smithers (the "Town") are as follows:

(a) Reporting Entity

The Town of Smithers is a municipality that was incorporated in 1921 under the laws of the Province of British Columbia and operates under the provisions of the Community Charter and the Local Government Act.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations that are owned or controlled by the Town, which includes the Smithers Public Library. Interfund transactions have been eliminated on consolidation. The financial statements exclude trust assets that are administered by the Town for the benefit of external parties.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties that are restricted by agreement and/or legislation are accounted for as deferred revenue until used for the purpose specified.

(c) Revenue Recognition

Taxation revenue is recognized at the time of issuing the annual property tax notices for the year. Sale of services and user fee revenues are recognized when the Town renders the service or Product.

Service charges and user fees are recorded on the accrual basis and recognized when performance obligations are met, which is usually when services are provided or facilities are utilized.

Investment income is recorded on the accrual basis and recognized when earned.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

(c) Revenue Recognition (continued)

Service charges and user fees and investment income transactions with performance obligations are recognized when the Town satisfies the performance obligations, which occur when control of the benefits associated with the promised goods and services have passed to a payor. Transactions without performance obligations are recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and a past event has occurred.

(d) Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(e) Financial Assets and Liabilities

The Town of Smithers is not subject to significant risk from market, foreign currency, or price changes. The financial risks to which the Town is exposed includes the following:

(i) Interest Rate Risk:

The Town is exposed to interest rate risk to the extent that the cash, investments and debt it maintains at financial institutions is subject to a floating rate of interest. Fixed interest instruments subject the Town to a fair value risk, while floating rate instruments subject it to a cash flow risk.

(ii) Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Town to a concentration of credit risk consist primarily of cash, term deposits, pooled investment fund units, and accounts receivable. The Town limits its exposure to credit loss by placing its cash and deposits with Canadian financial institutions or in investment funds for local governments offered by the Municipal Finance Authority of BC. Credit risk to cash and deposits is concentrated as the Town's positions are held primarily by two regulated financial institutions. Management believes the risk from concentration is low. The Town limits credit risk associated with accounts receivable, by limiting credit to non-government parties where the account receivable is not ultimately secured through a connected property tax account, and by following timely collection procedures. Consequently, management believes the remaining credit risk on accounts receivable is not significant.

(iii) Liquidity Risk:

Liquidity risk is the risk the Town will not be able to meet its financial obligations as they fall due. The Town's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash or will have access to an available credit facility to meet its liquidity requirements in the short and long term.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

(f) Financial Instruments

(i) Measurement of Financial Instruments:

All financial instruments are recorded at their cost or amortized cost. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

(ii) Impairment:

Financial assets measured at amortized cost are tested for impairment in value when there are indicators of impairment. The amount of a write-down is recognized as an expense. A previously recognized impairment may be reversed and the amount of a reversal is recognized in revenue.

(iii) Fair Value:

The Town estimates the fair value of its financial instruments that are not part of an active market based on current interest rates and/or the market pricing of comparable financial instruments.

(g) Cash and cash equivalents

Cash and cash equivalents include short-term investments with maturity dates within 90 days of acquisition and liquid pooled funds administered by Municipal Finance Authority of British Columbia.

(h) Investments

Investments are comprised of money market instruments, term deposits, banker's acceptances and corporate, federal and provincial bonds with maturity dates greater than 90 days after acquisition.

(i) Inventory

Inventory is comprised of supplies inventory to be used by the municipality and valued at the lower of cost or replacement cost. Cost is determined by the average cost method.

(j) Tangible Capital Assets

Tangible capital assets are comprised of capital assets and capital projects work-in-progress. Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and accumulated amortization. Contributed tangible capital assets are recorded at fair market value at the time of contribution. Tangible capital assets are classified according to their functional use.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

(j) Tangible Capital Assets (continued)

Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Estimated useful lives are as follows:

| <u>Capital Assets Categories:</u> | <u>Useful Life Range:</u> |
|--|---------------------------|
| Utility Systems (Water, Sanitary & Storm Sewers) | 20 to 100 years |
| Engineered Structures (Roads, Sidewalks) | 10 to 75 years |
| Buildings, facilities, Parks | 15 to 50 years |
| Machinery, Equipment, Vehicles | 5 to 20 years |
| Office Equipment | 5 to 10 years |

An impairment loss is recognized when the carrying amount of a tangible capital asset is not fully recoverable. The loss is measured as the excess carrying amount over its fair value. The fair value is market value or the sum of the undiscounted cash flows expected to result from its use or eventual disposition. Tangible capital assets are tested for impairment when events or changes in the circumstances indicate their recorded value may not be recoverable.

Natural Assets Category:

The Town of Smithers is fortunate to have many natural assets that reduce the need for engineered infrastructure and costs that would otherwise be required. Natural assets form an integral part of the Town's service delivery infrastructure and the Town is dependent on them. They include two Ground Water Aquifers that filter, store and supply water to the Smithers Community Water System and the Smithers Regional Airport System. The Aquifers are both in part recharged by the Bulkley River. The Dahlie, Seymour and Lake Kathlyn Creeks, along with the Willowvale Wetlands and the Bulkley River supply drainage and storm water management, including flood, drought and climate resiliency. The Town's Urban Forests and Treescapes also support drainage and storm water management and contribute to carbon sequestration. Canadian public sector accounting standards currently exclude the recognition of non-purchased natural assets in the Town's financial statements. Nevertheless, the Town acknowledges the importance of considering these assets in financial planning and management and the need to manage and invest in them in conjunction with engineered infrastructure.

(k) Debt

Debt is recorded at cost net of principal repayments and adjustments in accordance with the Municipal Finance Authority of BC.

(l) Asset Retirement Obligations

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Town to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred,

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

(l) Asset Retirement Obligations (continued)

when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related TCA is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Town derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

(m) Pension Plan and Deferred Employee Benefit Liabilities

The Town of Smithers and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

Employees are entitled to earned benefits related to vesting and accumulated sick leave credits for 20% of the balance upon retirement, and non-vesting accumulating sick leave for the remaining balance. The cost of post-employment benefits is estimated based on service provided, a best estimate of retirement ages, and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits.

(n) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenditures of the reporting period. Significant areas requiring the use of estimates include employee benefit plans (E.g.: accrued pension obligations), provision for contingencies (E.g.: environmental, legal, regulatory compliance matters), and valuation of contributed assets and asset life expectancies. Actual results will differ from management's estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period a change in estimate is made.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

1. Significant accounting policies (continued)

(o) Budget Presentation

Budget figures are from the Town of Smithers Bylaw No. 1992 – Five-Year Financial Plan (2025 - 2029) adopted by Council on May 6, 2025. The Smithers Public Library's 2025 budget, as approved by the Library's Board of Directors and by Town Council, is included in the Town's budget figures.

(p) Future Accounting Changes

PS 1000 Financial Statement Concepts, PS 1100 Financial Statement Objectives and PS 1202 Financial statement presentation will be effective for years beginning on or after April 1, 2026. The new standards will require updated classification of assets and liabilities amongst other changes.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

2. Cash and cash equivalents

| | 2025 | 2024 |
|---------------------------------------|-------------------|-------------------|
| Cash and investments | \$ 34,854,698 | \$ 31,815,300 |
| Smithers Public Library - Cash | 231,950 | 236,468 |
| Smithers Public Library - Investments | <u>135,590</u> | <u>130,753</u> |
| | <u>35,222,238</u> | <u>32,182,521</u> |

Cash and investments include \$34,417,321 (2024: \$30,711,470) invested in Municipal Finance Authority of BC pooled funds – Money Market Fund.

3. Investments

Investments include a \$442,140 (2024: \$nil) non-redeemable deposit with Bulkley Valley Credit Union that matures on December 31, 2026.

4. Grants and Accounts Receivable

| | 2025 | 2024 |
|---|------------------|------------------|
| Due from Federal Government | \$ 435,241 | \$ 250,510 |
| Due from Provincial Government | 11,347 | 420,313 |
| Due From Other Gov. Bodies/ Orgs. | 2,698,668 | 2,154,803 |
| Taxes Receivable | 523,678 | 433,430 |
| Utility Billings Receivable | 17,377 | 32,132 |
| Trade and Accrued Receivables | 306,539 | 359,647 |
| Smithers Public Library - Accounts Receivable | <u>6,072</u> | <u>9,316</u> |
| | <u>3,998,922</u> | <u>3,660,151</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

5. Prepays Expenses and Supply Inventory

| | 2025 | 2024 |
|--|------------------|----------------|
| | \$ | \$ |
| Prepaid Expenses | 443,773 | 388,034 |
| Deposits | - | 5,000 |
| Inventory of Supplies | 621,960 | 522,290 |
| Smithers Public Library - Prepaid Expenses | <u>3,274</u> | <u>788</u> |
| | <u>1,069,007</u> | <u>916,112</u> |

6. Municipal Finance Authority Deposits and Restrictive Revenue

| | 2025 | 2024 |
|---|------------------|------------------|
| Cash Deposits | <u>\$ 59,502</u> | <u>\$ 57,320</u> |
| Demand Notes (not part of financial statements) | <u>120,317</u> | <u>120,317</u> |

The Town of Smithers issues its debt instruments through the Municipal Finance Authority of BC. As a condition of these borrowings, a portion of long-term debenture proceeds is withheld by the MFA as a debt reserve fund and demand notes are required from the Town. These deposits and notes are held by the MFA to act as security against the possibility of a debt repayment default. When the debt is repaid, the deposits are refunded to the Town with interest and the demand notes are cancelled. The MFA Deposits and Restricted Revenue are included as an offsetting financial asset and liability in the financial statements. The demand notes are not included in the financial statements.

7. Investment in Wetzin'kwa Management Services Ltd.

Pursuant to Section 185 of the Community Charter, the Town of Smithers and the Village of Telkwa received approval from the BC Inspector of Municipalities in 2007 to form two corporations: Wetzin'kwa Management Services Ltd. ("WMSL") and Wetzin'kwa Community Forest Corporation ("WCFC"). The shareholders of WMSL are the Town of Smithers and the Village of Telkwa, each holding 100 shares valued at \$1. By WMSL shareholders agreement a nominee from each of the Town, the Village and the Wet'suwet'en Treaty Office Society form the Board of Directors of WMSL. WMSL is the sole shareholder of the WCFC. The Town does not control or operate either of the companies and has no direct right to their assets or retained earnings. Based on assessment of control factors, the Town's investment is accounted for by the cost method. Additional disclosure from WCFC's unaudited financial statements as at June 30th is provided below.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

7. Investment in Wetzin'kwa Management Services Ltd. (continued)

| <u>Wetzin'kwa Community Forest Corporation (Years ended June 30)</u> | 2025 | 2024 |
|--|---------------|---------------|
| | (Unaudited) | (Unaudited) |
| Total Assets | \$ 10,456,867 | \$ 11,566,846 |
| Total Liabilities | 334,001 | 691,966 |
| Total Equity (Retained Earnings) | 10,122,866 | 10,874,880 |
| Total Revenues | 1,151,184 | 2,509,449 |
| Total Expenses | 1,431,752 | 2,302,269 |
| Total Distributions - Community Organizations | 291,445 | 384,215 |
| Total Distributions - Stakeholders | 180,000 | 180,000 |

8. Accounts Payable and Accrued Liabilities

| | 2025 | 2024 |
|--|------------------|------------------|
| Payroll Payable and Accrued Payroll Benefits | \$ 594,647 | \$ 697,999 |
| Trade Payables and Accrued Liabilities | 2,554,558 | 2,092,663 |
| Contract Holdbacks and Refundable Securities Payable | 1,138,391 | 747,807 |
| Due to Provincial Government | 356,305 | 317,239 |
| Smithers Public Library - Accounts Payable | 52,734 | 48,976 |
| | <u>4,696,635</u> | <u>3,904,684</u> |

9. Deferred Revenues

| | 2025 | 2024 |
|--|------------------|------------------|
| Deferred Tax Revenue | \$ 658,987 | \$ 621,873 |
| Operating Revenue Received in Advance | 151,464 | 46,732 |
| Operating Project Grants Received in Advance | 615,940 | 440,471 |
| Capital Project Grants Received in Advance | 3,511,098 | 3,871,183 |
| Smithers Public Library - Deferred Revenue | 675 | 106,780 |
| | <u>4,938,164</u> | <u>5,087,039</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

10. Debt

| | Town Bylaw | Maturity Date | Interest Rate | 2025 | 2024 |
|--|---------------|------------------|------------------|------------------|------------------|
| <u>Debenture Debt - Tax Supported</u> | | | | | |
| General Capital | | | | | |
| 4200 Block 2nd Avenue | 1657 | April 2033 | 3.15% | 72,828 | 80,602 |
| New Arena | 1508 | April 2034 | 3.30% | 354,860 | 387,929 |
| <u>Debenture Debt - Fee Supported</u> | | | | | |
| Utility Capital | | | | | |
| South Trunk Storm Sewer | 1601 | April 2026 | 4.20% | 68,546 | 134,774 |
| Airport Capital | | | | | |
| Terminal Modernization | 1808 | Oct 2037 | 3.15% | <u>2,007,197</u> | <u>2,144,508</u> |
| | | | | 2,503,431 | 2,747,813 |
| | Loan No. | Maturity Date | Interest Rate | | |
| <u>MFA Equipment Financing Loans</u> | | | | | |
| Vactor Truck | 0001-0 | Jun 2030 | 2.81% | 687,662 | - |
| Multi-use Tractors | 0002-0 | Aug 2030 | 2.81% | 422,013 | - |
| Fire Truck | 0003-0 | Aug 2030 | 2.81% | 978,784 | - |
| Sweeper | 0004-0 | Nov 2030 | 2.81% | <u>461,992</u> | <u>-</u> |
| | | | | <u>5,053,882</u> | <u>2,747,813</u> |

Principal and interest payments due on debt over the next five years are as follows:

| | Principal | Actuarial | Interest |
|------|------------------|----------------|----------------|
| 2026 | 709,002 | 68,333 | 183,852 |
| 2027 | 681,124 | 48,455 | 174,813 |
| 2028 | 696,441 | 54,356 | 171,242 |
| 2029 | 712,424 | 60,442 | 167,168 |
| 2030 | 499,236 | 66,719 | 145,356 |
| | <u>3,298,225</u> | <u>298,305</u> | <u>842,434</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

11. Asset Retirement Obligations

The Town of Smithers owns and operates assets that are known or are likely to contain asbestos, lead, and other materials which represent a health hazard upon renovation or demolition of the assets. There is a legal obligation to remove and dispose of these hazardous materials. The recognition of asset retirement obligations also involved an accompanying increase in the cost value of Town capital assets (primarily to buildings). The increase in capital costs is amortized on a straight-line basis over the remaining expected useful life of the related assets.

Estimated costs of \$4,002,389 have been discounted using a present value calculation with a discount rate of 4.32% and inflation rate of 3%. The timing of these expenditures is expected to occur between 2026 and 2053 with the regular replacement, renovation, or disposal of assets.

12. Pension Liability

The Town of Smithers and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The Town of Smithers paid \$424,268 (2024: \$421,273) for employer contributions to the plan in fiscal 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

13. Town Position

Town Position consists of reserves for future expenditures, equity in tangible capital assets, and unrestricted surpluses as follows:

| | 2025 | 2024 |
|---|--------------------|--------------------|
| <u>Operating Reserve Accounts</u> | | |
| Municipal Elections Account | \$ 32,783 | \$ 22,783 |
| New Councils Account | 30,000 | 20,000 |
| Labour Agreements Account | 10,805 | 16,000 |
| Official Community Plan Account | 82,000 | 57,000 |
| Legal Expenses Reserve | 14,549 | 14,549 |
| Economic Development Reserve | 5,973 | 5,973 |
| Fire and Emergency Services Reserve | 24,527 | 24,527 |
| Snow Removal Reserve | 15,000 | 15,000 |
| Solid Waste and Recycling Reserve | 184,796 | 184,796 |
| Contaminated Sites Reserve | 58,304 | 75,000 |
| Wetzin'kwa Distributions Reserve | 160,000 | 120,000 |
| <u>Capital Reserve Funds</u> | | |
| Canada Community-Building Fund Reserve (Community Works) | 274,988 | 324,435 |
| Facility Maintenance Capital Reserve | 169,314 | 113,596 |
| Library Art Gallery Donations Reserve | 50,046 | 543,944 |
| Debenture Surplus Fund | 111,054 | 107,013 |
| Wetzin'kwa Community Forest Fund | 240,698 | 233,961 |
| Cemetery Capital Development Fund | 26,041 | 25,311 |
| <u>Statutory Reserve Funds</u> | | |
| BC Northern Capital and Planning Grant Reserve (Schedule 6) | 3,081,823 | 6,973,193 |
| Growing Communities Reserve Fund (Schedule 7) | 577,852 | 1,131,497 |
| Capital Works / Land Sales Reserve | 1,111,051 | 1,738,674 |
| GHG Emissions Reserve | 88,187 | 85,719 |
| Off-Site Works and Services Reserve | 80,211 | 56,703 |
| Parking In-Lieu Reserve | 35,153 | 34,169 |
| Park Land Reserve | 101,903 | 99,051 |
| Forestry Reserve Fund | 168,726 | 164,002 |
| Ambleside Reserve Fund | 362,609 | 285,389 |
| Local Area Service Fund | 135 | 131 |
| Roads Infrastructure Reserve | 247,264 | 261,342 |
| Facility Replacement Reserve | 176,907 | 152,248 |
| Recreational Facilities Reserve | 75,179 | 88,820 |
| Equipment Replacement Reserve (Muni. Ops., Utility, Waste) | 2,280,322 | 1,833,598 |
| Fire and Rescue Equipment Replacement Reserve | 471,714 | 335,169 |
| Utility - Infrastructure Reserve | 2,458,323 | 1,866,229 |
| Airport - Machinery and Equipment Reserve | 135,280 | 164,636 |
| Northwest Resource Benefits Alliance Reserve | 10,651,269 | 4,380,215 |
| Airport - Infrastructure Reserve | 387,826 | 391,012 |
| | <u>23,982,610</u> | <u>21,945,686</u> |
| <u>Equity in Tangible Capital Assets</u> | | |
| Tangible Capital Assets | 186,351,074 | 166,543,165 |
| Amortization | (88,143,409) | (84,589,824) |
| Amount of Debt Proceeds not secured | - | (1,641,541) |
| Debt | (5,053,882) | (2,747,813) |
| Asset Retirement Obligations | (2,215,482) | (2,123,738) |
| | <u>90,938,301</u> | <u>75,440,250</u> |
| <u>Restricted Surplus Accounts</u> | | |
| BC COVID Safe Restart Grant (Schedule 8) | 49,826 | 49,826 |
| <u>Unrestricted Surplus Accounts</u> | | |
| General Municipal | 2,754,806 | 3,252,654 |
| RCMP Municipal Budget | 322,385 | 305,836 |
| Utility | 3,037,673 | 2,876,144 |
| Smithers Regional Airport | 626,730 | 756,887 |
| Smithers Public Library - Surplus | 323,477 | 221,569 |
| | <u>7,114,898</u> | <u>7,462,918</u> |
| | <u>122,035,809</u> | <u>104,848,853</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

14. Segmented Information

The Town of Smithers is a diversified municipal government institution that provides a wide range of services for its residents/ visitors, businesses, and regional communities. Functional segments of the Town's operations have been identified. A description of the segments and the service areas they cover are as follows:

Council and Corporate Services

This segment includes the revenue and expenses for Council, Town Hall Function, Local Government and Corporate Administration, Human Resources, Finance, Information Technology, and Municipal Buildings property management services.

Planning and Development Services

This segment includes the revenue and expenses for Planning, Building Permitting/Inspection, Business Licencing, and Engineering services.

Economic Development and Tourism

This segment includes the revenue and expenses for Economic Development and Tourism. Service delivery partners include Tourism Smithers and the Smithers and District Chamber of Commerce.

Smithers Regional Airport

This segment includes the revenue and expenses for municipal operations at the Smithers Regional Airport.

Recreation and Cultural Services

This segment includes the revenue and expenses for operating the Town's Arenas, Parks and Playgrounds, and Recreational and Cultural Programs and Facilities.

Smithers Public Library

This segment includes the revenue and expenses for the Smithers Public Library.

Protective Services

This segment includes the revenue and expenses for the Smithers RCMP Detachment's municipal officers and staff, the Smithers Fire and Rescue Department, Bylaw Enforcement, and Animal Control services. Municipal taxation collected for RCMP services is allocated to Protective Services.

Transportation and Mobility

This segment includes the revenue and expenses for Municipal Operations (Public Works admin.), Equipment/Fleet, Buildings/Facilities, Road/Streets/Hwy. 16 Blvd. (snow removal/sanding, water drainage, sweeping/dust control, line marking, sidewalks, street lighting, landscaping/placemaking). Taxation collected for Roads Infrastructure (Capital) is allocated to the Roads/Sidewalks program capital budget. Smithers and District Transit Service delivery partners include BC Transit and the Smithers Community Services Association.

Utility Services

This segment includes the revenue and expenses for Water, Sanitary Sewer, Storm Sewer/Drainage services.

Solid Waste and Recycling Services

This segment includes the revenue and expenses for Solid Waste (Garbage) and Recycling collection and transfer to solid waste station and recycling depot facilities.

Public Health Services

This segment includes the revenue and expenses for Smithers Cemetery.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

14. Segmented Information (continued)

| | Council and Corporate Services | Planning and Development Services | Economic Development and Tourism | Smithers Regional Airport | Recreation and Cultural Services | Smithers Public Library | Protective Services | Transportation and Mobility Services | Utility Services | Solid Waste and Recycling Services | Public Health Services | 2025 Total \$ | 2024 Total \$ |
|---|--------------------------------|-----------------------------------|----------------------------------|---------------------------|----------------------------------|-------------------------|---------------------|--------------------------------------|------------------|------------------------------------|------------------------|-------------------|-------------------|
| REVENUE | | | | | | | | | | | | | |
| Property Taxes and Grants in Lieu | 7,082,812 | - | - | - | - | - | 2,573,387 | 1,067,743 | - | - | - | 10,723,942 | 9,807,481 |
| Municipal and Regional District Tax | - | - | 358,888 | - | - | - | - | - | - | - | - | 358,888 | 359,390 |
| Interest and Penalties on Taxes | 88,354 | - | - | - | - | - | - | - | - | - | - | 88,354 | 109,453 |
| Government Transfers and Grants | 13,207,554 | 706,185 | 78,085 | 1,910,220 | 790,062 | 302,515 | 1,420,473 | 398,443 | 597,911 | 83,036 | - | 19,494,484 | 10,396,721 |
| Service Charges and User Fees | 228,271 | 347,674 | - | 2,043,738 | 644,069 | 16,235 | 78,311 | 40,923 | 2,823,254 | 481,799 | 36,850 | 6,741,124 | 6,569,476 |
| Investment Income | 1,143,549 | - | - | 331 | - | - | 8,929 | - | - | - | - | 1,152,809 | 1,539,837 |
| Developer Contributed Tangible Capital Assets | - | 90,564 | - | - | - | - | - | - | - | - | - | 90,564 | 1,944,495 |
| Non-Government Contributions and Donations | - | - | - | - | 400,018 | 22,796 | - | - | - | - | - | 422,814 | 166,563 |
| Gain on Disposal of Tangible Capital Assets | - | 133,740 | - | - | - | - | - | 66,592 | - | - | - | 200,332 | 76,850 |
| | 21,750,540 | 1,278,163 | 436,973 | 3,954,289 | 1,834,149 | 350,475 | 4,072,171 | 1,573,701 | 3,421,165 | 564,835 | 36,850 | 39,273,311 | 30,970,266 |
| EXPENSES | | | | | | | | | | | | | |
| Salaries, Wages and Benefits | 1,481,436 | 777,216 | 185,080 | 916,539 | 1,114,529 | 430,164 | 1,091,334 | 1,034,186 | 590,716 | 378,077 | 66,200 | 8,065,477 | 7,396,782 |
| Training, Travel, Memberships | 131,162 | 28,955 | 8,359 | 12,237 | 13,075 | 2,454 | 58,383 | 15,822 | 13,584 | 244 | - | 284,275 | 255,928 |
| Telephone and Internet | 22,584 | 5,681 | 578 | 27,217 | 13,305 | 4,527 | 14,278 | 12,287 | 9,561 | - | - | 110,018 | 104,651 |
| Advertising and Promotion | 35,233 | 3,618 | 10,228 | 924 | 300 | 644 | 252 | 1,299 | 188 | - | - | 52,686 | 38,952 |
| Materials and Supplies | 120,221 | 14,435 | 2,606 | 149,752 | 98,458 | 87,497 | 174,631 | 448,217 | 184,553 | 1,526 | 8,017 | 1,289,913 | 1,372,405 |
| Miscellaneous Expenses | 30,350 | - | - | 9,362 | 5,708 | - | - | - | 6,678 | - | 1,645 | 53,743 | 53,363 |
| Community Grants | - | - | - | - | 97,549 | - | - | - | 111,167 | - | - | 208,716 | 198,758 |
| Contracted Services | 638,710 | 106,734 | 493,091 | 443,456 | 268,321 | 39,824 | 284,118 | 663,257 | 291,359 | 49,601 | - | 3,278,471 | 2,414,696 |
| RCMP Contract | - | - | - | - | - | - | 2,309,240 | - | - | - | - | 2,309,240 | 2,045,972 |
| Special Projects | 41,321 | 97,246 | 91,168 | 63,984 | 96,985 | 472 | 215,304 | - | - | 9,952 | - | 616,432 | 1,236,570 |
| Utilities - Hydro | 19,052 | - | - | 60,502 | 117,043 | 3,749 | 7,958 | 149,328 | 133,091 | - | 136 | 490,859 | 463,220 |
| Utilities - Natural Gas | 6,785 | - | - | 25,052 | 85,406 | 5,066 | 15,467 | 9,686 | - | - | - | 147,462 | 151,138 |
| Utilities - Water, Sewers, Garbage | 2,266 | - | - | 2,476 | 54,974 | 1,596 | 2,068 | 2,640 | 948 | - | - | 66,968 | 54,139 |
| Insurance | 21,418 | 2,546 | 1,017 | 116,646 | 158,307 | 6,495 | 84,959 | 80,120 | 36,792 | 2,546 | 289 | 511,135 | 420,509 |
| Interest on Long-Term Debt | - | - | - | 94,500 | 29,380 | - | 12,496 | 6,673 | 11,760 | - | - | 154,809 | 144,587 |
| Amortization | 58,094 | 12,172 | 6,596 | 1,304,734 | 643,443 | 2,146 | 281,150 | 1,261,846 | 744,427 | 35,680 | 4,118 | 4,354,406 | 3,963,270 |
| Accretion | - | - | 1,861 | 20,440 | 54,077 | - | 7,689 | 6,375 | 1,303 | - | - | 91,745 | 87,947 |
| | 2,608,632 | 1,048,603 | 800,584 | 3,247,821 | 2,850,860 | 584,634 | 4,559,327 | 3,691,736 | 2,136,127 | 477,626 | 80,405 | 22,086,355 | 20,402,887 |
| SURPLUS / (DEFICIT) | 19,141,908 | 229,560 | (363,611) | 706,468 | (1,016,711) | (234,159) | (487,156) | (2,118,035) | 1,285,038 | 87,209 | (43,555) | 17,186,956 | 10,567,379 |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

15. Commitments and Contingencies

(a) Financial Contracts

The Town of Smithers estimated financial commitments under service contracts for the next five years are as follows:

| | RCMP | Other |
|------|-------------------|------------------|
| 2026 | \$ 2,658,500 | \$ 534,466 |
| 2027 | 2,719,600 | 561,314 |
| 2028 | 2,782,100 | 371,245 |
| 2029 | 2,846,100 | 220,419 |
| 2030 | <u>2,911,600</u> | <u>129,035</u> |
| | <u>13,917,900</u> | <u>1,816,479</u> |

(b) RCMP Contract (BC Ministry of Public Safety and Solicitor General)

Under an agreement with the BC Ministry of Public Safety and Solicitor General, the Town of Smithers is obligated to pay or share the cost of municipal policing services comprised of eleven officers, two clerks, one court liaison officer, municipal prisoner costs, RCMP Smithers Detachment property, information technology and other shared RCMP services.

(c) Smithers Regional Airport (Transport Canada)

The Government of Canada transferred the Smithers Regional Airport to the Town of Smithers in 1999. Should the Town or its contractors cease to manage, operate and maintain the Airport, Canada has the option to purchase the Airport from the Town. The Town is reliant on grant funding from senior governments' airport capital assistance programs to maintain the Airport's lands, improvements, and equipment. Operationally, Transport Canada continues to perform or oversee its contractor's performance of air navigation and air traffic control, civil aviation security, Canadian inspection services, and passenger check-in screening. The Airport does not pay for Transport Canada services.

(d) Legal Claims (Uninsured Risks)

The Town of Smithers has been named as a defendant in legal actions. No liability is recognized in the financial statements for claims or possible claims where the amount of the loss is indeterminable. Settlements, if any, of claims or actions against the Town are charged current expenditures when the outcome is known.

(e) Wastewater Treatment Facility (Environment Canada)

The Town of Smithers received notice from Environment Canada in 2020 that effluent being discharged by the Town into the Bulkley River periodically does not comply with regulations; Environment Canada has the authority to issue fines and orders for non-compliance. The Town is upgrading its Water Treatment Facility at an estimated cost of \$8 million. Funding includes an Investing in Canada Infrastructure Program ("ICIP") grant of \$5.6 million and \$2.4 million from the Town's BC Northern Capital and Planning Grant Reserve. To obtain the ICIP grant, the Town committed to funding project costs above \$8 million. The project is in its detailed design phase and once tendered its actual construction cost and the Town's project funding obligation will be known. Project construction is projected to commence and be completed in 2026.

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

15. Commitments and Contingencies (continued)

(f) Water Treatment Plants (Northern Health Authority)

The Town of Smithers received notices (2022/2023) from the Northern Health Authority (“NHA”) that manganese levels in its water systems exceed regulation. NHA requires the Town to bring the manganese levels into compliance. The Town is upgrading the Smithers Regional Airport area water system at a cost of \$6.95 million. Funding including a Canada Community Building Fund (“CCBF”) grant of \$2.5 million and \$3.7 million from the Town’s BC Northern Capital and Planning Grant Reserve. The project was completed in 2025. To bring the Smithers Community Water System into compliance will require the construction of a Water Treatment Plant at an estimated cost of \$20 million. Senior government project grant funding at the 73% level is projected. The Town’s 27% project share is currently projected to be funded by long term debt. Subject to project funding, construction is projected to commence in 2029.

16. Cemetery Trust Funds

The Town of Smithers operates and maintains the Smithers Cemetery. As required under Provincial legislation, a portion of plot sales and marker installation fees must be retained for the future maintenance of the cemetery. Further, funds received for cemetery services sold for delivery at a future date must also be retained until the services have been delivered. The Town has excluded the Cemetery and Columbarium Care Trust Fund, the Cemetery Preneed Trust, and associated cash from the Statement of Financial Position and related interest earnings and transactions from the Statement of Operations.

| Cemetery and Columbarium Care Trust Fund | 2025 | 2024 |
|---|----------------|----------------|
| Balance, beginning of year | \$ 125,714 | \$ 123,799 |
| Contributions and interest | 63 | 1,915 |
| Services charged | (96) | - |
| | <u>125,681</u> | <u>125,714</u> |

| Cemetery Preneed Trust | 2025 | 2024 |
|-------------------------------|---------------|---------------|
| Balance, beginning of year | 28,169 | 28,283 |
| Contributions and interest | 14 | 14 |
| Services charged | - | (128) |
| | <u>28,183</u> | <u>28,169</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

SCHEDULE 1 - TANGIBLE CAPITAL ASSETS

2025

| | Land | Utility Systems | Engineered Structures | Buildings | Machinery, Equipment, Vehicles | Office Equipment | Library Equipment | Work in Progress | Total \$ |
|---|-----------|-----------------|-----------------------|------------|--------------------------------|------------------|-------------------|------------------|--------------|
| Cost, beginning of year | 8,479,021 | 37,357,037 | 60,832,103 | 37,283,149 | 14,409,403 | 833,013 | 147,971 | 7,201,467 | 166,543,164 |
| Acquisitions | 1,414,793 | 7,546,541 | 5,888,275 | 825,295 | 1,732,850 | - | - | 14,344,062 | 31,751,816 |
| Transfer - Work In Progress | - | - | - | - | - | - | - | (10,830,094) | (10,830,094) |
| Disposals | (193,114) | - | - | - | (920,698) | - | - | - | (1,113,812) |
| Cost, end of year | 9,700,700 | 44,903,578 | 66,720,378 | 38,108,444 | 15,221,555 | 833,013 | 147,971 | 10,715,435 | 186,351,074 |
| Accumulated amortization, beginning of year | - | 23,650,659 | 32,514,097 | 17,930,711 | 9,623,832 | 731,736 | 138,788 | - | 84,589,823 |
| Amortization | - | 802,884 | 1,887,297 | 1,058,158 | 573,275 | 32,378 | 2,146 | - | 4,356,138 |
| Disposals | - | - | - | - | (802,552) | - | - | - | (802,552) |
| Accumulated amortization, end of year | - | 24,453,543 | 34,401,394 | 18,988,869 | 9,394,554 | 764,115 | 140,934 | - | 88,143,409 |
| Net carrying amount, end of year | 9,700,700 | 20,450,035 | 32,318,984 | 19,119,575 | 5,827,001 | 68,898 | 7,037 | 10,715,435 | 98,207,664 |

2024

| | Land | Utility Systems | Engineered Structures | Buildings | Machinery, Equipment, Vehicles | Office Equipment | Library Equipment | Work in Progress | Total \$ |
|---|-----------|-----------------|-----------------------|------------|--------------------------------|------------------|-------------------|------------------|-------------|
| Cost, beginning of year | 8,114,172 | 35,621,553 | 59,928,391 | 36,733,333 | 12,025,544 | 769,215 | 147,971 | 1,266,560 | 154,606,739 |
| Acquisitions | 511,115 | 912,484 | 106,093 | 91,734 | 2,383,860 | 63,797 | - | 6,158,992 | 10,228,075 |
| Contributed Assets | - | 823,000 | 797,620 | 458,082 | - | - | - | - | 2,078,702 |
| Transfer - Work In Progress | - | - | - | - | - | - | - | (224,085) | (224,085) |
| Disposals | (146,266) | - | - | - | - | - | - | - | (146,266) |
| Cost, end of year | 8,479,021 | 37,357,037 | 60,832,104 | 37,283,149 | 14,409,404 | 833,012 | 147,971 | 7,201,467 | 166,543,165 |
| Accumulated amortization, beginning of year | - | 23,057,908 | 30,855,000 | 16,805,853 | 9,071,793 | 699,358 | 136,643 | - | 80,626,555 |
| Amortization | - | 592,751 | 1,659,098 | 1,124,857 | 552,040 | 32,378 | 2,145 | - | 3,963,269 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Accumulated amortization, end of year | - | 23,650,659 | 32,514,098 | 17,930,710 | 9,623,833 | 731,736 | 138,788 | - | 84,589,824 |
| Net carrying amount, end of year | 8,479,021 | 13,706,378 | 28,318,006 | 19,352,439 | 4,785,571 | 101,276 | 9,183 | 7,201,467 | 81,953,341 |

Town of Smithers
Notes to the Consolidated Financial Statements

December 31, 2025

SCHEDULE 2 - CHANGES IN TOWN POSITION

YEAR ENDED DECEMBER 31

| | Restricted & Unrestricted Surplus | Reserves | Equity in Capital Assets | 2025 Total | 2024 Total |
|---|--|---------------------|---|-----------------------|-----------------------|
| | | | | \$ | \$ |
| Balance, beginning of year | <u>7,462,916</u> | <u>21,945,687</u> | <u>75,440,250</u> | <u>104,848,853</u> | <u>94,281,474</u> |
| Excess of revenue over expenses | 17,186,956 | - | - | 17,186,956 | 10,567,379 |
| Amortization | 4,356,138 | - | (4,356,138) | - | - |
| Accretion | 91,745 | - | (91,745) | - | - |
| Disposal of tangible capital assets at net book value | 311,261 | - | (311,261) | - | - |
| Actuarial adjustment | (60,466) | - | 60,466 | - | - |
| Long-term debt repayment | (354,871) | - | 354,871 | - | - |
| Funds designated for future use | (18,240,892) | 18,240,892 | - | - | - |
| Tangible capital assets funded by operations | (3,637,890) | - | 3,637,890 | - | - |
| Restricted funds used for tangible capital assets | <u>-</u> | <u>(16,203,968)</u> | <u>16,203,968</u> | <u>-</u> | <u>-</u> |
| | <u>(348,019)</u> | <u>2,036,924</u> | <u>15,498,051</u> | <u>17,186,956</u> | <u>10,567,379</u> |
| Balance, end of year | <u>7,114,897</u> | <u>23,982,611</u> | <u>90,938,301</u> | <u>122,035,809</u> | <u>104,848,853</u> |

Town of Smithers

Notes to the Consolidated Financial Statements

December 31, 2025

SCHEDULE 3 - PROPERTY TAXES AND GRANTS IN LIEU

YEAR ENDED DECEMBER 31

| | Budget 2025 | 2025 | 2024 |
|--|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Taxes Collected | | | |
| Municipal Property Taxes | 10,221,200 | 10,199,034 | 9,288,684 |
| Grants in Lieu of Taxes | 329,100 | 341,784 | 329,082 |
| 1% Utility Taxes | 183,800 | 172,295 | 180,088 |
| Local Service Area Taxes | 9,600 | 9,627 | 9,627 |
| | <u>10,743,700</u> | <u>10,722,740</u> | <u>9,807,481</u> |
| Taxes Collected for Other Taxing Authorities | - | 6,573,884 | 5,973,697 |
| | <u>10,743,700</u> | <u>17,296,624</u> | <u>15,781,178</u> |
| Less: | | | |
| Transfers to Other Taxing Authorities | | | |
| BC Ministry of Finance - School Taxes | - | 3,252,359 | 2,984,100 |
| Regional District of Bulkley Nechako | - | 2,271,752 | 2,079,011 |
| North West Regional Hospital District | - | 974,455 | 844,048 |
| BC Assessment Authority | - | 73,751 | 66,202 |
| Municipal Finance Authority of BC | - | 365 | 336 |
| | <u>-</u> | <u>6,572,682</u> | <u>5,973,697</u> |
| | <u>10,743,700</u> | <u>10,723,942</u> | <u>9,807,481</u> |

Town of Smithers
Notes to the Consolidated Financial Statements
December 31, 2025

SCHEDULE 4 - GOVERNMENT TRANSFERS AND GRANTS

YEAR ENDED DECEMBER 31

| | Budget 2025 | 2025 | 2024 |
|--|------------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Transfers for Operating | | | |
| Federal Government | 74,400 | 2,232,593 | 460,009 |
| Provincial Government | 15,721,345 | 939,545 | 1,075,793 |
| First Nation Government | 11,000 | 14,861 | 11,736 |
| Regional District | 778,600 | 1,115,325 | 887,561 |
| Municipal Government | 25,000 | 67,088 | 35,440 |
| School District | 5,000 | - | - |
| Other Government Organizations | - | 685,951 | 727,569 |
| Wetzin'kwa Community Forest | 60,000 | 40,000 | 60,000 |
| | <u>16,675,345</u> | <u>5,095,363</u> | <u>3,258,108</u> |
| Transfers for Capital | | | |
| Federal Government - Capital | 3,490,800 | 368,619 | 2,122,238 |
| Provincial Government - Capital | 4,913,800 | 14,030,502 | 4,927,723 |
| Other Government Organizations - Capital | - | - | 88,652 |
| | <u>8,404,600</u> | <u>14,399,121</u> | <u>7,138,613</u> |
| | <u>25,079,945</u> | <u>19,494,484</u> | <u>10,396,721</u> |

Town of Smithers
Notes to the Consolidated Financial Statements
December 31, 2025

SCHEDULE 5 - EXPENSES BY OBJECT

YEAR ENDED DECEMBER 31

| | Budget | | |
|--|-------------------|-------------------|-------------------|
| | 2025 | 2025 | 2024 |
| | \$ | \$ | \$ |
| Consolidated Expenses by Object | | | |
| Salaries, Wages and Benefits | 8,244,700 | 8,065,477 | 7,396,781 |
| Training, Travel, Memberships | 388,700 | 284,275 | 255,928 |
| Telephone and Internet | 107,200 | 110,018 | 104,651 |
| Advertising and Promotion | 50,300 | 52,686 | 38,952 |
| Materials and Supplies | 1,990,900 | 1,289,913 | 1,372,405 |
| Miscellaneous Expenses | 114,000 | 53,743 | 53,363 |
| Community Grants | 405,900 | 208,716 | 198,759 |
| Contracted Services | 4,486,100 | 3,278,471 | 2,414,696 |
| RCMP Contract | 2,597,300 | 2,309,240 | 2,045,972 |
| Special Projects | 1,835,400 | 616,432 | 1,236,570 |
| Utilities - Hydro | 492,500 | 490,859 | 463,220 |
| Utilities - Natural Gas | 113,800 | 147,462 | 151,138 |
| Utilities - Water, Sewers, Garbage | 91,200 | 66,968 | 54,139 |
| Insurance | 532,400 | 511,135 | 420,509 |
| Interest on Long-term Debt | 179,000 | 154,809 | 144,587 |
| Amortization | - | 4,354,406 | 3,963,270 |
| Accretion | - | 91,745 | 87,947 |
| | <u>21,629,400</u> | <u>22,086,355</u> | <u>20,402,887</u> |

Town of Smithers
Notes to the Consolidated Financial Statements
December 31, 2025

**SCHEDULE 6 - BC NORTHERN CAPITAL AND PLANNING GRANT
RESERVE FUND**

YEAR ENDED DECEMBER 31, 2025

| | 2025 | 2024 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance, beginning of year | 6,973,193 | 8,359,978 |
| Contribution | - | 148,168 |
| Capital and planning project funding | (4,039,814) | (2,044,653) |
| Investment income | 148,444 | 509,700 |
| | <u>3,081,823</u> | <u>6,973,193</u> |

Town of Smithers
Notes to the Consolidated Financial Statements
December 31, 2025

SCHEDULE 7 - BC GROWING COMMUNITIES RESERVE FUND

YEAR ENDED DECEMBER 31, 2025

| | 2025 | 2024 |
|----------------------------|----------------|------------------|
| | \$ | \$ |
| Balance, beginning of year | 1,131,497 | 1,079,364 |
| Capital project funding: | | |
| - Airport WWTP | (577,200) | - |
| Investment income | <u>23,555</u> | <u>52,133</u> |
| Closing balance | <u>577,852</u> | <u>1,131,497</u> |

Town of Smithers
Notes to the Consolidated Financial Statements
December 31, 2025

SCHEDULE 8 - BC COVID SAFE RESTART GRANT REPORTING

YEAR ENDED DECEMBER 31, 2025

| | 2025 | 2024 |
|------------------------------------|-------------|-------------|
| | \$ | \$ |
| Balance, beginning of year | 49,826 | 149,435 |
| Expenditures coverage: | | |
| - Information technology upgrades | - | (60,208) |
| - NCLGA 2024 Conference Attendance | - | (39,401) |
| | <hr/> | <hr/> |
| | 49,826 | 49,826 |
| | <hr/> | <hr/> |