



# 2022 ANNUAL REPORT

[www.smokylakecounty.ab.ca](http://www.smokylakecounty.ab.ca)



# Table of Contents

---

## County Council

Reeve’s Message..... 2  
County Council..... 3

## Get to Know Us

By the Numbers..... 4  
Policies of Note..... 5  
Organizational Chart..... 6  
Strategic Plan..... 7  
Supporting our Communities..... 8

## Departments

Agricultural Services..... 9  
Environmental Services..... 9  
Fire Protective Services..... 10  
Planning and Development..... 11  
Public Works..... 11

## Financial Statements

Smoky Lake County Consolidated Financial Statements..... 12  
Smoky Lake County Gas Utility Financial Statements..... 25

**SMOKY LAKE COUNTY**  
Box 310 Smoky Lake, AB T0A 3C0  
**8:00 AM to 4:00 PM**  
*Closed for lunch from 12:00 PM to 1:00 PM*  
**Monday to Friday**  
Toll Free: 888-656-3730  
Phone: 780-656-3730

|  |  |
|--|--|
| <b>Main Office</b><br>4612 McDougall Drive, Smoky Lake, AB | <b>Public Works Shop</b><br>5004 50 Street, Smoky Lake, AB |
|--|--|

## Reeve's Message

---



It is my pleasure to bring to you a reflection of what we have accomplished in the 2022 year. As we were coming out of the challenging and unprecedented times mainly due to the COVID-19 pandemic, the uncertain times within our province, country, and a world-wide economic downturn we have continued to remain steady regarding our service levels provided and financial status. Council, County Administration, and all Employees played an integral part in accomplishing this success with looking even deeper for more efficiencies, cost savings and more. By working together as a region including County residents, we have become an even stronger more successful community.

There is much to be proud of and some of the accomplishments in 2022, were:

- Construction on the new HAK School in the Town of Smoky Lake continued, targeted completion in early to mid-2023, with a projection that the September 2023 school year start in the new school,
- Métis Crossing opened its 40-suite hotel, started construction of 10 pods on the beautiful banks of the North Saskatchewan River, solar project, and water treatment facility and more,
- The Victoria District Economic Development Strategy Plan, Municipal Controlled Corporation and Smoky Lake Tourism Company is moving forward with the goal of adding to the tourism economy, increasing the visitor traffic to regional attractions, and Métis Crossing. Thus, supporting Municipal sustainability while preserving and promoting our culture, heritage, and ecological assets. While maintaining our community identity, lifestyle, and diversifying the Region's economy we are enhancing experiences of our visitors and residents by sharing with them an authentic way,
- Our work and lobbying efforts for a fourth doctor, Highways 28 Improvements, improved EMS Services, Policing, Rural Healthcare Services, Adult and Senior Housing/Transportation, Improved Fire Service, Advanced Education in our schools, opening the Smoky Lake Courthouse and more are seeing progress,
- County Council diligently created 11 new policies & 14 bylaws and amended 24 policies & 21 bylaws to stay current with our ever-changing environment,
- County Council voted on 1,187 resolutions, held 5 public hearings and 1 Public Participation, and
- We continue to build a stronger connection with our county residents and the public through social media with the improvements to the County Grapevine/website, virtual platform for higher meeting attendance and other electronic means.

In closing, 2022 and the past several years were challenging years magnified by continued global recession. Despite these challenges the County and our Residents have continued to demonstrate true resilience and are overcoming adversity during these times. It is an honor to be the Reeve of Smoky Lake County and Division Four Councillor. I will continue to do the best job possible in representing our County and our Residents. Thank you for being a part of our success.

Sincerely,  
Lorne Halisky, Reeve Smoky Lake County

# Smoky Lake County Council

Your Councillor represents you and the division where you live or do business.

Find out about the boards and committees they serve on at: [www.smokylakecounty.ab.ca/p/committees](http://www.smokylakecounty.ab.ca/p/committees)



Division 1 Councillor & Deputy Reeve  
**Dan Gawalko**  
780-645-1589  
dgawalko@smokylakecounty.ab.ca



Division 2 Councillor  
**Linda Fenerty**  
780-646-0015  
lfenerty@smokylakecounty.ab.ca



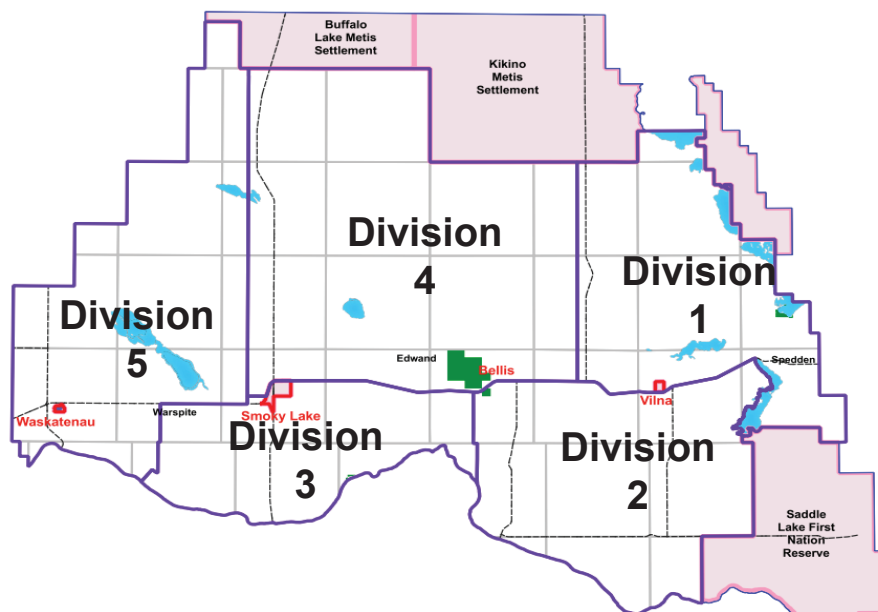
Division 3 Councillor  
**Dominique Cere**  
780-656-0494  
dcere@smokylakecounty.ab.ca



Division 4 Councillor & Reeve  
**Lorne Halisky**  
780-650-5401  
lhalisky@smokylakecounty.ab.ca

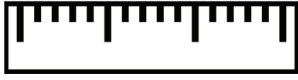


Division 5 Councillor  
**Jered Serben**  
780-656-5244  
jserben@smokylakecounty.ab.ca



# Smoky Lake County By The Numbers

---



**3,396.3**  
square kilometers



POPULATION\*  
**2,517**



Average Age  
**42.0**



**12**  
Mini Transfer Stations

**2**  
Landfill Locations

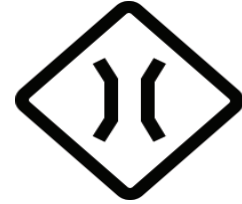


**1,555 KM**  
of Roads

**1,337 KM**  
Gravel Roads

**193 KM**  
Paved Roads

**25 KM**  
Fibre Mat Roads



**56**  
Bridges

**46**  
Culvert Bridges  
Included



**1,563 KM**  
Natural Gas Pipelines  
Owned and Operated  
(and growing)



**198,170 acres**  
Annual Crop Land



**3**  
Fire Departments

\* County's calculated population for Year-2021 is 2,517, as a result of using the same methodology used by Municipal Affairs, based on the Statistics Canada's 2021 Census.

## Contributions to Non-Profit Organizations & Individuals: Policy 1-14

---

Smoky Lake County has established the following procedures for contributions to Non-Profit Organizations and Individuals:

**Sport Teams / Youth Organizations:** attending and/or competing at Provincial and/or National Finals Events

**For Overnight stays:**

- Team of 8 players or less - \$ 250.00
- Team of 9 players or more - \$ 500.00

**Students:** participating in an educational orientation (i.e. Youth Forum): \$100.00 CASH

**Individual:** belonging to a non-profit club/organization who is attending a conference (i.e. Volunteer Conference): \$100.00 CASH

**Other Requests:** other requests will be held by the Chief Administrative Officer and presented to Council for consideration if there are funds remaining in the grants portions of the budget for the current year.

## Special Occasion Recognition: Policy 1-15

---

Smoky Lake County will provide recognition of milestone birthdays or wedding anniversaries to County Residents if a request is received by the County Administration Office, at least four (4) weeks prior to the occasion of reaching a birthday or anniversary milestone as outlined below:

- Recognition Certificates to Smoky Lake County Residents who are celebrating their:  
**25th, 30th, 35th, 40th, or 45th Wedding Anniversary**
- Recognition Certificates to Smoky Lake County Residents who are celebrating their:  
**75th, 80th, 85th, 90th, or higher Birthday**
- Recognition Plaques to Smoky Lake County Residents who are celebrating their:  
**50th, 60th, 70th, or higher Wedding Anniversary**

## Family Farm Centennial Award: Policy 1-18

---

County Council acknowledges the significant contribution made by settlers, homesteaders, multi-generational family farmers in Alberta and is proud to recognize the centennial anniversary of residents in Smoky Lake County.

### Eligibility

Rural residents within the County whose family has continuously owned a farm, ranch or homestead and/or actively farmed for a minimum of 100 years.

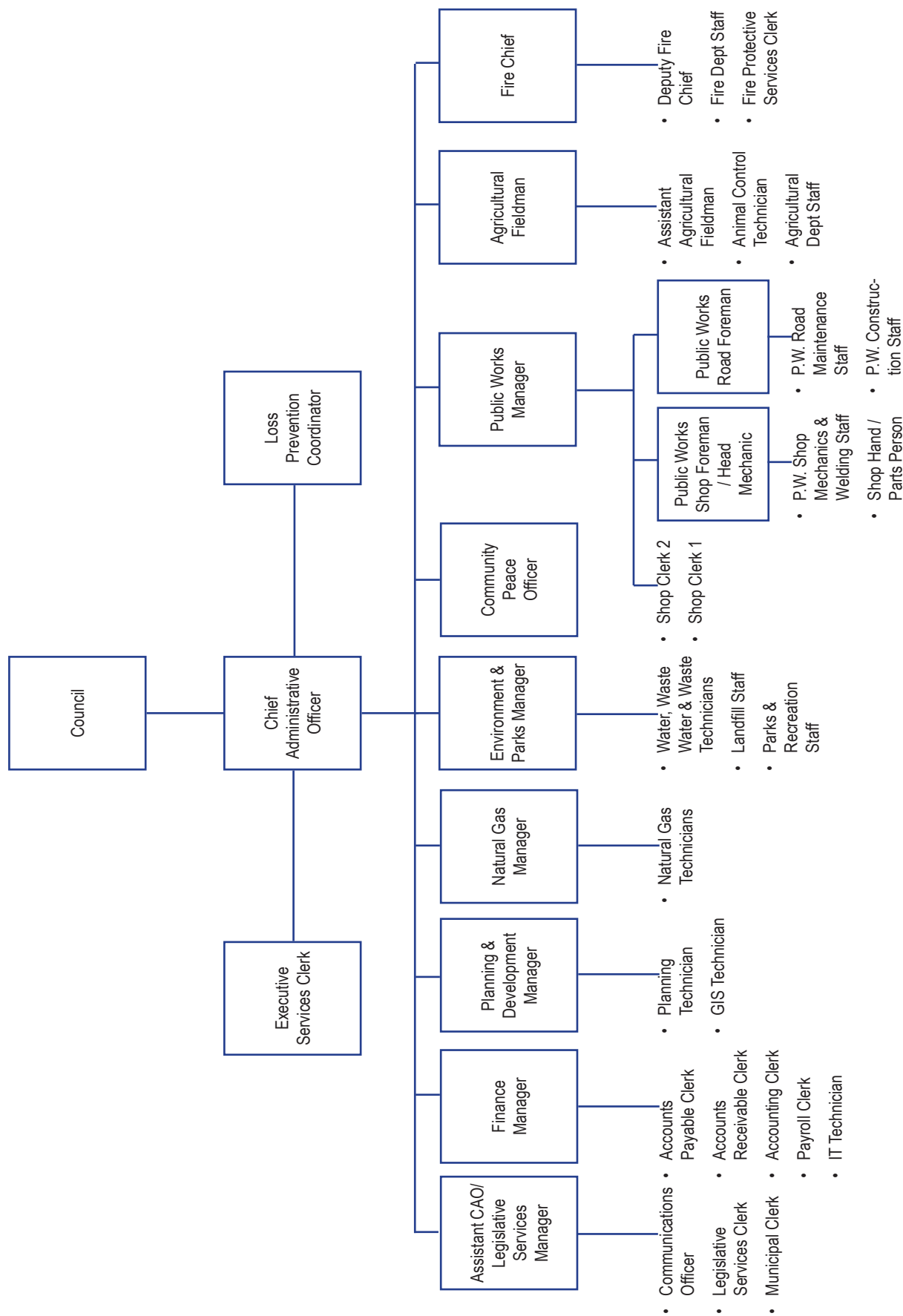
Applicants must currently own the original homestead and only one award will be issued per homestead.

The most current policies and application forms can be found on the  
Smoky Lake County website at:

[www.smokylakecounty.ab.ca/p/policies](http://www.smokylakecounty.ab.ca/p/policies)

or by calling 780-656-3730.

# Organizational Chart



# Strategic Plan

## VISION

Leading the way in positive growth with healthy, sustainable, rural living.

## MISSION

Smoky Lake County strives for collaboration and excellence in the provision of transparent and fiscally responsible governance and services.

In 2022 Smoky Lake County Council began setting priorities for the 2023 - 2025 Strategic Plan. Smoky Lake County's 2023-2025 Strategic Plan outlines Smoky Lake County Council's vision for the future of the municipality. This plan will serve as the road map Council is choosing to take for the current term and beyond.

## Core Values:

- 1. HEALTHCARE** – Continuing access to the George McDougall and Vilna Health Centre by all residents in our region and the increasing of services for more advanced healthcare services.
- 2. EMERGENCY SERVICES** – A safe community where all County residents have access to locally sourced full-service police, fire and EMS services.
- 3. EDUCATION** – The prospect to allow residents to access dual credit opportunities and advanced education programs provided by colleges and also values the equality of education opportunity for County residents.
- 4. CULTURAL DIVERSITY** – The need to continue to accommodate, attain, build and grow the awareness of being an open and culturally diverse community.
- 5. RECREATION** – The existing recreational opportunities and facilities for all our residents and seeks to explore enhancements to these facilities.

## Strategic Priorities:



**Grow Employment Opportunities** - Lobby for the reinstatement of healthcare services in the region, the re-opening of the courthouse, and supporting growth in all industries, to stimulate population growth in the region.



**Pro-activity in Development** – Committed to the development of policy and programming to foster a proactive approach to land



**Emergency Services** – Council is committed to ensure that all County residents have access to full-service Police, Fire and EMS services.



**Education** – Council is committed to ensuring that educational opportunities for County residents continue to grow.



**Cultural Diversity** – Council is committed to ensuring that the County is recognized as being a Culturally Diverse Community.

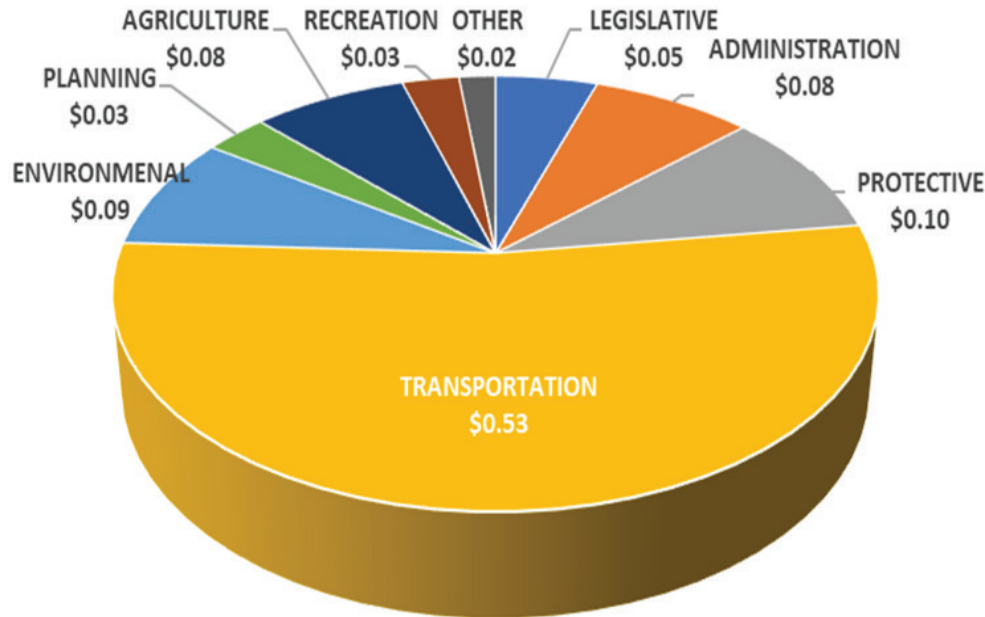
Learn more at: [www.smokylakecounty.ab.ca/p/strategic-plan](http://www.smokylakecounty.ab.ca/p/strategic-plan)



# Fiscal Sustainability

Smoky Lake County strives to continually improve operational efficiency and effectiveness for time and cost savings.

## How is each municipal tax dollar spent?



# Supporting Our Communities

In 2022 Smoky Lake County distributed \$22,400 of Family and Community Support Services (FCSS) Grant funding to the following organizations who applied:

- Smoky Lake Agricultural Society
- Smoky Lake Library
- Smoky Lake Seniors
- Victoria Trail Agricultural Society
- Vilna & District Agricultural Society
- Smoky Lake Minor Hockey Respect in Sports
- Smoky Lake Legion
- Smoky Lake Youth Fire Camp

Eligible organizations can apply for funds towards projects that qualify under Policy 08-17.

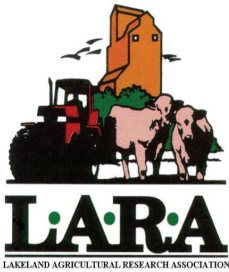
To receive funding, programs must either develop awareness with regard to social needs; help individuals develop independence and strengthen coping skills; and, provide supports that help sustain people as active participants in the community.

# Agricultural Services

|   | 2021         | 2022         |
|---|--------------|--------------|
| Weed Inspections & Control Letters Sent                                 | 336          | 716          |
| Municipal right of way's that received a herbicide application          | 777 KM (50%) | 777 KM (50%) |
| New pond leveler devices installed                                      | 8*           | 4            |
| * 4 New devices were installed to allow for fish passage on Cache Creek |              |              |
| Existing pond leveler devices maintained                                | 11           | 12           |

## Lakeland Agricultural Research Association (LARA)

Smoky Lake County provides \$55,000 in funding to LARA to conduct innovative unbiased research, give demonstrations, offer programs, and provide resources to local farmers. \*Data is specific to Smoky Lake County\*



Research plots in Smoky Lake County:

- 5 research trials consisting of 247 plots
- 1 hemp demonstration

210 producers attended 28 extension events

# Environmental Services

| Waste Hauled to Regional Site | 2021       | 2022       |
|-------------------------------|------------|------------|
| Smoky Lake County             | 924,510 kg | 921,460 kg |
| Village of Vilna              | 73,998 kg  | 73,906 kg  |
| Village of Waskatenau         | 71,604 kg  | 71,419 kg  |

Refrigerator Units with Freon Removed in 2022

**321**

## SPRING CLEAN UP PROMOTION

Every year, during the **entire month of May** Smoky Lake County offers free disposal of appliances containing Freon at County Landfill sites for all residents of the Smoky Lake Region.

# Fire Protective Services

| Calls Responded To:              | 2021       | 2022       |
|----------------------------------|------------|------------|
| Motor Vehicle Collisions         | 88         | 96         |
| Off Road Vehicle                 | 2          | 5          |
| Fires                            | 69         | 57         |
| Wildfires                        | 39         | 23         |
| Structure                        | 13         | 19         |
| Vehicle                          | 5          | 6          |
| Agricultural                     | 12         | 9          |
| Medical Calls                    | 31         | 34         |
| Carbon Monoxide                  | 6          | 7          |
| Dangerous Goods                  | 7          | 11         |
| Search and Rescue                | 1          | 0          |
| Water/ Ice Rescue                | 0          | 0          |
| Fire Alarms                      | 20         | 14         |
| <b>Total Emergency Responses</b> | <b>222</b> | <b>219</b> |

Fire Permits Issued  
in 2022  
**338**

Fireworks Permits  
Issued in 2022  
**11**

## FIRE PERMITS



Other than a campfire or County approved incinerator (burn barrel), any person lighting an open fire for burning debris or any other purpose must have a valid fire permit. A permit makes us aware of your desire to burn, lets our emergency services department know why they might be receiving calls for smoke in the air, and gives us the opportunity to help you ensure your burn is safe and effective.

**Fire permits are required year round and there is NO CHARGE for obtaining a permit.**

Fire Permits can be obtained by calling the Smoky Lake County Fire Chief at 780-656-3730.

**In Emergency Situations Dial**

**9-1-1**

**Police - Fire - Medical**

Please do not call Smoky Lake County or emergency responders directly.

# Planning and Development

Smoky Lake County wants development to happen in the best and most appropriate locations. Sound planning and community engagement are key to the process.

**37**  
Development  
Permits Issued

## 2022 Construction Values:

Total Value: \$31,547,000.00

Commercial:  
\$15,365,000.00

Residential:  
\$5,182,000.00

Industrial:  
\$11,000,000.00

# Public Works

|  |             |
|--|-------------|
| Flags sold for driveway snow removal       | 243         |
| MG 30 base dust control projects completed | 12 projects |
| Oil base dust control projects completed   | 1 project   |
| Magnesium-chloride treatment               | 25 miles    |
| Culverts replaced or installed             | 74          |
| Road elevation improvements                | 5 miles     |
| Road rehabilitation                        | 6.5 miles   |
| Gravel                                     |             |
| Division 1                                 | 44.5 miles  |
| Division 2                                 | 78.5 miles  |
| Division 3                                 | 46.5 miles  |
| Division 4                                 | 58 miles    |
| Division 5                                 | 64 miles    |

Policy No. 03-18: 5 year Road Plan can be viewed at [www.smokylakecounty.ab.ca/p/policies](http://www.smokylakecounty.ab.ca/p/policies)

# Smoky Lake County Consolidated Financial Statements

Year Ended December 31, 2022



---

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

---

Management of the Smoky Lake County is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this financial report. Management believes that the consolidated financial statements present fairly the County's financial position as at December 31, 2022 and the result of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislations, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.


In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The County Council carries out its responsibilities for review of the consolidated financial statements. They meet regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to council with and without the presence of management. The County Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by JMD Group LLP, Chartered Professional Accountants, independent external auditors appointed by the County. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.



Gene Sobolewski, CAO  
April 13, 2023

To the Council of Smoky Lake County

### *Opinion*

We have audited the consolidated financial statements of Smoky Lake County (the organization), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and the results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Basis for Opinion*

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 organization 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.

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

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

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

Those charged with governance are responsible for overseeing the Municipality'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 the 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 Municipality'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 organization'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 disclosure 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 organization 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.

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.

**SMOKY LAKE COUNTY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022**

|  | 2022                | 2021              |
|--|---------------------|-------------------|
| <b>Financial assets</b>                            |                     |                   |
| Cash (note 2)                                      | \$19,590,124        | \$19,614,278      |
| Taxes and grants in place receivable (note 3)      | 543,562             | 621,275           |
| Receivables from other governments                 | 2,366,568           | 2,421,153         |
| Trade and other receivables                        | 1,068,266           | 1,361,339         |
| Investment in Gas Alberta Inc. (Note 4)            | 67,983              | 67,983            |
| Investment in MCC for Smoky Lake Development Corp. | 10,000              | --                |
|  | <u>23,646,503</u>   | <u>24,086,028</u> |
| <b>Liabilities</b>                                 |                     |                   |
| Accounts payable and accrued liabilities           | 2,286,651           | 2,362,830         |
| Employee obligations (note 5)                      | 1,406,489           | 1,368,257         |
| Deposit liabilities                                | 221,124             | 221,524           |
| Deferred revenue (note 6)                          | 1,475,784           | 2,132,220         |
| Tax sale surplus                                   | 10,317              | 10,122            |
| Assets retirement obligations (note 7)             | 1,733,177           | 868,654           |
|  | <u>7,133,542</u>    | <u>6,963,607</u>  |
|  | <u>16,512,961</u>   | <u>17,122,421</u> |
| <b>Net financial assets</b>                        |                     |                   |
| <b>Non-financial assets</b>                        |                     |                   |
| Tangible capital assets (schedule 2)               | 38,487,697          | 37,683,526        |
| Inventory (note 8)                                 | 3,707,731           | 3,675,856         |
| Prepaid expenses                                   | 199,380             | 213,626           |
|  | <u>42,394,808</u>   | <u>41,573,008</u> |
|  | <u>\$58,907,769</u> | <u>58,695,429</u> |

**Accumulated surplus** (schedule 1, note 9)

CONTINGENT LIABILITIES (note 10)

APPROVED BY:

Reeve



**SMOKY LAKE COUNTY  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Budget              | 2022                | 2021                |
|--|---------------------|---------------------|---------------------|
|  | (Unaudited)         |                     |                     |
| <b>Revenues</b>  |                     |                     |                     |
| Net municipal taxes (schedule 3)                         | \$9,878,490         | \$9,935,917         | \$9,609,459         |
| Sales of goods and services                              | 789,980             | 886,789             | 856,506             |
| Government transfers for operating (schedule 4)          | 806,628             | 850,579             | 903,683             |
| Investment income  | 212,000             | 416,691             | 139,911             |
| Penalties and costs of taxes                             | 80,000              | 348,891             | 217,247             |
| Licenses and permits                                     | 68,000              | 115,337             | 76,412              |
| Special levies and taxes                                 | 209,040             | 150,052             | 142,490             |
| Insurance recoveries                                     | 79,560              | 77,703              | 64,330              |
| Rentals and leases                                       | 51,900              | 43,482              | 51,522              |
| Natural gas  | 2,845,300           | 3,941,420           | 3,437,998           |
|  | <u>15,020,898</u>   | <u>16,766,861</u>   | <u>15,499,558</u>   |
| <b>Expenses</b>  |                     |                     |                     |
| Legislative  | 512,428             | 498,982             | 475,990             |
| Administration   | 2,943,904           | 2,298,953           | 2,241,550           |
| Protective services                                      | 1,115,851           | 874,384             | 944,084             |
| Transportation   | 9,417,049           | 7,554,348           | 7,549,022           |
| Water and wastewater                                     | 614,550             | 635,410             | 595,267             |
| Landfill   | 542,584             | 679,557             | 542,296             |
| Further education  | 125,700             | 119,903             | 112,843             |
| Agriculture services                                     | 926,592             | 868,553             | 807,861             |
| Municipal planning, community & economic development     | 858,147             | 744,396             | 577,030             |
| Recreation and culture                                   | 488,028             | 409,701             | 347,197             |
| Natural gas  | 2,827,300           | 4,306,643           | 3,530,172           |
|  | <u>20,372,133</u>   | <u>18,990,830</u>   | <u>17,723,312</u>   |
|  | <u>(5,351,235)</u>  | <u>(2,223,969)</u>  | <u>(2,223,754)</u>  |
| <b>Deficiency of revenues over expenses before other</b> |                     |                     |                     |
| <b>Other</b>   |                     |                     |                     |
| Government transfers for capital (schedule 4)            | 3,388,587           | 2,302,242           | 2,361,066           |
| Gain (loss) on disposal of tangible capital assets       | 234,500             | 134,067             | (97,570)            |
|  | <u>3,623,087</u>    | <u>2,436,309</u>    | <u>2,263,496</u>    |
|  | <u>(1,728,148)</u>  | <u>212,340</u>      | <u>39,742</u>       |
| <b>Excess (deficiency) of revenues over expenses</b>     |                     |                     |                     |
| <b>Accumulated surplus, beginning of year</b>            | 58,695,429          | 58,695,429          | 58,655,687          |
| <b>Accumulated surplus, end of year</b>                  | <u>\$56,967,281</u> | <u>\$58,907,769</u> | <u>\$58,695,429</u> |

**SMOKY LAKE COUNTY  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Budget        | 2022                | 2021         |
|--|---------------|---------------------|--------------|
|  | (Unaudited)   |                     |              |
| <b>Excess (deficiency) of revenues over expenses</b> | \$(1,728,148) | <b>\$212,340</b>    | \$39,742     |
| Amortization of tangible capital assets              | 2,256,800     | 2,300,112           | 2,291,363    |
| Acquisition of tangible capital assets               | (3,232,077)   | (3,443,299)         | (3,203,812)  |
| Proceeds on disposal of tangible capital assets      | 234,500       | 473,082             | 72,289       |
| Loss (gain) on disposal of tangible capital assets   | (24,500)      | (134,067)           | 97,570       |
|  | (975,277)     | (804,172)           | (742,590)    |
| Increase in inventory                                | --            | (31,874)            | (155,423)    |
| Decrease in prepaid expenses                         | --            | 14,246              | 33,703       |
|  | (975,277)     | (821,800)           | (864,310)    |
| <b>Increase (decrease) in net financial assets</b>   | (2,703,425)   | (609,460)           | (824,568)    |
| <b>Net financial assets, beginning of year</b>       | 17,122,421    | 17,122,421          | 17,946,989   |
| <b>Net financial assets, end of year</b>             | \$14,418,996  | <b>\$16,512,961</b> | \$17,122,421 |

**SMOKY LAKE COUNTY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>Net inflow (outflow) of cash related to the following activities:</b> |                     |                     |
| <b>Operating</b>   |                     |                     |
| Excess of revenues over expenses   | \$212,340           | \$39,742            |
| Items not affecting cash:  |                     |                     |
| Amortization of tangible capital assets                                  | 2,300,112           | 2,291,363           |
| Loss on disposal of tangible capital assets                              | (134,067)           | 97,570              |
|  | 2,378,385           | 2,428,675           |
| Changes in non-cash working capital:                                     |                     |                     |
| Taxes and grants in place receivable                                     | 77,713              | (100,685)           |
| Receivables from other governments                                       | 54,585              | (97,386)            |
| Trade and other receivables  | 293,073             | (294,929)           |
| Accounts payable and accrued liabilities                                 | (76,178)            | 1,145,582           |
| Employee obligations   | 38,232              | (808)               |
| Deposit liabilities  | (400)               | (10,091)            |
| Deferred revenue   | (656,436)           | 118,752             |
| Tax sale surplus   | 195                 | 53                  |
| Asset retirement obligations   | 864,523             | 456,966             |
| Inventory  | (31,875)            | (155,423)           |
| Prepaid expenses   | 14,246              | 33,703              |
|  | 577,678             | 195,734             |
| <b>Net cash from operations</b>  | <b>2,956,063</b>    | 2,624,409           |
| <b>Capital</b>   |                     |                     |
| Purchase of tangible capital assets                                      | (3,443,299)         | (3,203,812)         |
| Proceeds on disposal of tangible capital assets                          | 473,082             | 72,289              |
|  | (2,970,217)         | (3,131,523)         |
| <b>Investing</b>   |                     |                     |
| Shares in MCC for Smoky Lake Development Corp.                           | (10,000)            | --                  |
| Change in restricted cash  | 404,229             | (169,379)           |
|  | 394,229             | (169,379)           |
| <b>Change in cash during the year</b>                                    | <b>380,075</b>      | (676,493)           |
| <b>Cash, beginning of year</b>   | 18,522,067          | 19,198,560          |
| <b>Cash, end of year</b>   | <b>\$18,902,142</b> | \$18,522,067        |
| <b>Cash is made up of:</b>   |                     |                     |
| Cash   | \$19,590,124        | \$19,614,278        |
| Less restricted cash   | (687,982)           | (1,092,211)         |
|  | <b>\$18,902,142</b> | <b>\$18,522,067</b> |



**SMOKY LAKE COUNTY**  
**SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in Tangible<br>Capital Assets | 2022                | 2021         |
|--|-------------------------|-----------------------|--------------------------------------|---------------------|--------------|
| <b>Balance, beginning of year</b>      | \$6,001,637             | \$15,010,266          | \$37,683,526                         | <b>\$58,695,429</b> | \$58,655,687 |
| Excess of revenues over expenses       | 212,340                 | --                    | --                                   | <b>212,340</b>      | 39,742       |
| Funds used for tangible capital assets | (2,959,063)             | (484,236)             | 3,443,299                            | --                  | --           |
| Annual amortization expense            | 2,300,112               | --                    | (2,300,112)                          | --                  | --           |
| Disposals of tangible capital assets   | 339,016                 | --                    | (339,016)                            | --                  | --           |
| Funds designated for future use        | (798,694)               | 798,694               | --                                   | --                  | --           |
| <b>Change in accumulated surplus</b>   | <b>(906,289)</b>        | <b>314,458</b>        | <b>804,171</b>                       | <b>212,340</b>      | 39,742       |
| <b>Balance, end of year</b>            | <b>\$5,095,348</b>      | <b>\$15,324,724</b>   | <b>\$38,487,697</b>                  | <b>\$58,907,769</b> | \$58,695,429 |

**SMOKY LAKE COUNTY**  
**SCHEDULE 2 - TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Land               | Land<br>Improvements | Buildings          | Engineered<br>Structures | Machinery<br>& Equipment | Vehicles           | 2022                | 2021         |
|--|--------------------|----------------------|--------------------|--------------------------|--------------------------|--------------------|---------------------|--------------|
| <b>Cost</b>                                      |                    |                      |                    |                          |                          |                    |                     |              |
| Balance, beginning of year                       | \$5,318,944        | \$1,469,030          | \$5,093,514        | \$51,113,322             | \$13,193,666             | \$6,434,878        | <b>\$82,623,354</b> | \$80,053,242 |
| Acquisition of tangible capital assets           | 220,145            | 747,781              | 740,998            | 71,314                   | 411,791                  | 520,760            | <b>2,712,789</b>    | 2,839,666    |
| Construction-in-progress                         | --                 | --                   | (252,273)          | 1,198,683                | (215,900)                | --                 | <b>730,510</b>      | 364,146      |
| Disposal of tangible capital assets              | --                 | --                   | --                 | --                       | (720,966)                | (390,814)          | <b>(1,111,780)</b>  | (633,700)    |
| Balance, end of year                             | 5,539,089          | 2,216,811            | 5,582,239          | 52,383,319               | 12,668,591               | 6,564,824          | <b>84,954,873</b>   | 82,623,354   |
| <b>Accumulated amortization</b>                  |                    |                      |                    |                          |                          |                    |                     |              |
| Balance, beginning of year                       | --                 | 1,001,012            | 1,676,732          | 31,372,177               | 6,839,025                | 4,050,882          | <b>44,939,828</b>   | 43,112,306   |
| Annual amortization                              | --                 | 78,761               | 114,161            | 1,137,337                | 668,488                  | 301,365            | <b>2,300,112</b>    | 2,291,363    |
| Accumulated amortization on disposals            | --                 | --                   | --                 | --                       | (503,464)                | (269,300)          | <b>(772,764)</b>    | (463,841)    |
| Balance, end of year                             | --                 | 1,079,773            | 1,790,893          | 32,509,514               | 7,004,049                | 4,082,947          | <b>46,467,176</b>   | 44,939,828   |
| <b>Net book value of tangible capital assets</b> | <b>\$5,539,089</b> | <b>\$1,137,038</b>   | <b>\$3,791,346</b> | <b>\$19,873,805</b>      | <b>\$5,664,542</b>       | <b>\$2,481,877</b> | <b>\$38,487,697</b> | \$37,683,526 |
| 2022 Net book value of tangible capital assets   | \$5,318,944        | \$468,018            | \$3,416,782        | \$19,741,145             | \$6,354,641              | \$2,383,996        | <b>\$37,683,526</b> |              |

**SMOKY LAKE COUNTY**  
**SCHEDULE 3 - PROPERTY TAXES LEVIED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                | Budget<br>(Unaudited) | 2022               | 2021               |
|--------------------------------|-----------------------|--------------------|--------------------|
| <b>Taxation</b>                |                       |                    |                    |
| Residential                    | \$2,928,778           | \$2,981,937        | \$2,796,582        |
| Non-residential                | 1,220,845             | 1,166,997          | 943,604            |
| Farmland                       | 911,096               | 992,707            | 1,082,114          |
| Machinery and equipment        | 1,116,699             | 1,138,096          | 1,082,114          |
| Linear property                | 6,113,204             | 6,209,350          | 6,288,683          |
| Grants in place                | 66,753                | 69,001             | 66,395             |
|                                | <u>12,357,375</u>     | <u>12,558,088</u>  | <u>12,088,270</u>  |
| <b>Requisitions</b>            |                       |                    |                    |
| Alberta School Foundation Fund | 1,987,085             | 2,085,670          | 1,987,085          |
| Smoky Lake Foundation          | 468,927               | 514,064            | 468,927            |
| Designated Industrial Property | 22,873                | 22,437             | 22,799             |
|                                | <u>2,478,885</u>      | <u>2,622,171</u>   | <u>2,478,811</u>   |
| <b>Net municipal taxes</b>     | <u>\$9,878,490</u>    | <u>\$9,935,917</u> | <u>\$9,609,459</u> |

**SMOKY LAKE COUNTY**  
**SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | Budget<br>(Unaudited) | 2022                | 2021                |
|--|-----------------------|---------------------|---------------------|
| <b>Expenses</b>                            |                       |                     |                     |
| Salaries, wages and benefits               | \$8,285,278           | \$7,627,393         | \$7,243,309         |
| Contracted and general services            | 3,703,094             | 2,642,077           | 2,444,053           |
| Purchases from other governments           | 250,404               | 248,007             | 212,750             |
| Materials, goods, supplies and utilities   | 3,262,303             | 2,845,278           | 2,846,310           |
| Provision for allowances and bad debts     | --                    | 207,802             | 249,747             |
| Transfers to other governments             | 56,000                | 41,797              | 61,582              |
| Transfers to individuals and organizations | 1,351,304             | 304,226             | 310,057             |
| Bank charges and short-term interest       | 5,950                 | 7,728               | 5,260               |
| Tax adjustments                            | 3,000                 | 39,663              | 116,631             |
| Natural gas purchases                      | 1,198,000             | 2,692,763           | 1,942,250           |
| Amortization of tangible capital assets    | 2,256,800             | 2,300,112           | 2,291,363           |
| Accretion expense                          | --                    | 33,984              | --                  |
| <b>Total expenses</b>                      | <u>\$20,372,133</u>   | <u>\$18,990,830</u> | <u>\$17,723,312</u> |

**SCHEDULE 4 - GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                   | Budget<br>(Unaudited) | 2022               | 2021               |
|-----------------------------------|-----------------------|--------------------|--------------------|
| <b>Transfers for operations</b>   |                       |                    |                    |
| Federal grants                    | \$3,000               | \$17,661           | \$70,725           |
| Provincial                        | 712,915               | 769,067            | 733,007            |
| Local governments                 | 90,713                | 63,851             | 99,951             |
|                                   | <u>806,628</u>        | <u>850,579</u>     | <u>903,683</u>     |
| <b>Transfers for capital</b>      |                       |                    |                    |
| Provincial                        | 3,388,587             | 2,302,242          | 2,361,066          |
| <b>Total government transfers</b> | <u>\$4,195,215</u>    | <u>\$3,152,821</u> | <u>\$3,264,749</u> |

**SMOKY LAKE COUNTY**  
**SCHEDULE 6 - SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | General Government | Protective Services | Transportation Services | Environmental Services | Planning Community Services | Agriculture        | Recreation and Culture | Gas                | 2022               |
|--|--------------------|---------------------|-------------------------|------------------------|-----------------------------|--------------------|------------------------|--------------------|--------------------|
| <b>Revenue</b>                                       |                    |                     |                         |                        |                             |                    |                        |                    |                    |
| Net municipal taxes                                  | \$9,935,917        | \$--                | \$--                    | \$--                   | \$--                        | \$--               | \$--                   | \$--               | <b>\$9,935,917</b> |
| User fees (rentals and sales)                        | 124,779            | 171,026             | 202,677                 | 318,368                | 77,511                      | 226                | 35,685                 | 3,941,420          | <b>4,871,692</b>   |
| Government transfers for operating                   | 230,154            | 51,881              | --                      | --                     | 310,982                     | 138,907            | 118,655                | --                 | <b>850,579</b>     |
| Investment income                                    | 385,491            | --                  | --                      | --                     | --                          | --                 | --                     | 31,200             | <b>416,691</b>     |
| Other operating revenues                             | 436,444            | 200                 | 150,358                 | 9,040                  | 95,940                      | --                 | --                     | --                 | <b>691,982</b>     |
| Government transfers for capital                     | 413,354            | --                  | 1,888,888               | --                     | --                          | --                 | --                     | --                 | <b>2,302,242</b>   |
| Gain (loss) on disposal of TCA's                     | --                 | --                  | 114,348                 | 9,305                  | --                          | 10,784             | --                     | (370)              | <b>134,067</b>     |
|  | <u>11,526,139</u>  | <u>223,107</u>      | <u>2,356,271</u>        | <u>336,713</u>         | <u>484,433</u>              | <u>149,917</u>     | <u>154,340</u>         | <u>3,972,250</u>   | <b>19,203,170</b>  |
| <b>Expenses</b>                                      |                    |                     |                         |                        |                             |                    |                        |                    |                    |
| Salaries, wages & benefits                           | 1,505,550          | 262,335             | 3,302,691               | 603,253                | 303,111                     | 560,464            | 148,400                | 941,589            | <b>7,627,393</b>   |
| Contract & general services                          | 803,917            | 390,280             | 661,113                 | 282,102                | 403,403                     | 102,970            | 29,432                 | 216,866            | <b>2,890,083</b>   |
| Goods & supplies                                     | 111,426            | 105,459             | 2,052,211               | 148,678                | 388                         | 157,746            | 57,662                 | 2,904,470          | <b>5,538,040</b>   |
| Transfers to others                                  | 33,707             | --                  | --                      | 41,797                 | 155,919                     | --                 | 114,600                | --                 | <b>346,023</b>     |
| Other expenses                                       | 248,437            | --                  | 13,007                  | 27,432                 | --                          | --                 | --                     | 303                | <b>289,179</b>     |
|  | <u>2,703,037</u>   | <u>758,074</u>      | <u>6,029,022</u>        | <u>1,103,262</u>       | <u>862,821</u>              | <u>821,180</u>     | <u>350,094</u>         | <u>4,063,228</u>   | <b>16,690,718</b>  |
| <b>Net revenue before amortization</b>               | <u>8,823,102</u>   | <u>(534,967)</u>    | <u>(3,672,751)</u>      | <u>(766,549)</u>       | <u>(378,388)</u>            | <u>(671,263)</u>   | <u>(195,754)</u>       | <u>(90,978)</u>    | <b>2,512,452</b>   |
| Amortization expense                                 | (95,968)           | (116,339)           | (1,525,325)             | (211,677)              | --                          | (60,965)           | (46,423)               | (243,415)          | <b>(2,300,112)</b> |
| <b>Excess (deficiency) of revenues over expenses</b> | <u>\$8,727,134</u> | <u>\$(651,306)</u>  | <u>\$(5,198,076)</u>    | <u>\$(978,226)</u>     | <u>\$(378,388)</u>          | <u>\$(732,228)</u> | <u>\$(242,177)</u>     | <u>\$(334,393)</u> | <b>\$212,340</b>   |

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**1. Significant Accounting Policies**

The consolidated financial statements are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the county are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the county and are, therefore, accountable to the county Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

Interdepartmental and organizational transactions and balances are eliminated.

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 and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates include allowance for uncollectable receivables, provision for amortization of tangible capital assets, and payables and accretion of asset retirement obligations. These estimates are reviewed periodically and as adjustments become necessary, they are reported in operations in the period in which they become known.

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Significant Accounting Policies - continued**

Cash

Cash is defined as petty cash and cash in chequing and savings accounts adjusted for outstanding cheques and deposits.

Investments

Investments are recorded at amortized cost.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Government Transfers

Government transfers are the transfer of assets from other governments that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Asset Retirement Obligations

Pursuant to the Alberta Environmental Protection and Enhancement Act, the county is required to fund the closure of its landfill sites and provide for post-closure care of the facilities. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection.

A liability for asset retirement obligations is also recognized to cover the costs of restoring the gravel pits when the county pulls out.

The asset retirement obligation is measured at management's best estimate of the expenditure that would be required to settle the present obligation for future removal and site restoration costs. When changes to the obligation result from the passage of time they are reported as an expense of the current period, and when they arise from changes in assumptions about the expected future removal and site restoration costs, the change is recorded as a change in the carrying value of the related asset.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

1. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

|                       | <u>Years</u> | Engineered Structures   | <u>Years</u> |
|-----------------------|--------------|-------------------------|--------------|
| Land Improvements     | 10-27        | Roadway System          | 15           |
| Buildings             | 50           | Water System            | 18-40        |
| Machinery & Equipment | 20-30        | Wastewater System       | 18-40        |
| Vehicles              | 10-20        | Bridges                 | 50-150       |
|                       |              | Gas Distribution System | 40-50        |

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

2. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

3. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

4. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| <b>2. Cash</b>   | <b>2022</b>         | <b>2021</b>         |
|------------------|---------------------|---------------------|
| Petty cash       | \$850               | \$850               |
| Current accounts | 1,863,225           | 1,025,209           |
| Savings accounts | 17,715,698          | 18,578,097          |
| Trust account    | 10,351              | 10,122              |
|                  | <b>\$19,590,124</b> | <b>\$19,614,278</b> |

Council has designated \$15,324,724 (2021-\$15,010,264) to fund reserves.

Included in cash is a restricted amount of \$687,982 (2021-\$1,092,211) comprised of deferred revenue received and not expended (see Note 6).

| <b>3. Taxes and Grants in Place Receivable</b> | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
| Current  | \$375,129        | \$543,719        |
| Arrears  | 2,030,919        | 1,653,300        |
| Less allowance for doubtful accounts           | (1,862,486)      | (1,575,744)      |
|  | <b>\$543,562</b> | <b>\$621,275</b> |

**4. Investment in Gas Alberta Inc.**

The shareholders of Gas Alberta Inc. are predominantly made up of members of the Federation of Alberta Gas Co-ops. The county's investment in Gas Alberta Inc. consists of:

|                       | <b>2022</b>     | <b>2021</b>     |
|-----------------------|-----------------|-----------------|
| Class A common shares | \$483           | \$483           |
| Loan receivable       | 67,500          | 67,500          |
|                       | <b>\$67,983</b> | <b>\$67,983</b> |

The loan is non-interest bearing and is secured by a debenture. The loan may be repaid at Gas Albert Inc.'s option or is due when the county no longer holds any of the Class A common shares.

| <b>5. Employee Obligations</b> | <b>2022</b>        | <b>2021</b>        |
|--------------------------------|--------------------|--------------------|
| Accrued holiday pay            | \$473,703          | \$482,775          |
| Accrued sick leave             | 714,156            | 719,292            |
| Accrued retirement benefits    | 129,665            | 82,555             |
| Accrued wages and benefits     | 88,965             | 83,635             |
|                                | <b>\$1,406,489</b> | <b>\$1,368,257</b> |

| <b>6. Deferred Revenue</b>                       | <b>2022</b>        | <b>2021</b>        |
|--|--------------------|--------------------|
| Federal Gas Tax Fund                             | \$443,308          | \$613,784          |
| Municipal Sustainability Initiative (MSI)        | 825,357            | 1,040,009          |
| ACP- Intermunicipal Collaboration- Regional Fire | 40,971             | 66,578             |
| ACP- Municipal Development Guidelines            | 102,850            | --                 |
| Alberta Infrastructure- AEP                      | 20,000             | --                 |
| Advanced Education                               | 15,107             | 21,180             |
| Municipal Stimulus Program                       | --                 | 292,537            |
| Parks Canada                                     | 28,191             | --                 |
| ACP- Intermunicipal Collaboration- GIS           | --                 | 74,805             |
| Family and Community Support Services            | --                 | 23,327             |
|  | <b>\$1,475,784</b> | <b>\$2,132,220</b> |

Unexpended funding in the amount of \$1,475,784 (2021-\$2,132,220) was allocated to the county in the current year from various federal and provincial government programs and local governments. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Of these allocations, funds received and unexpended are supported by funds in savings accounts of \$687,982 (2021-\$1,092,211) and the remaining deferred grants are supported by receivables from other governments.

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**7. Asset Retirement Obligations**

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The original liability calculated in the year of implementation is added to the cost of the associated asset and amortized on a straight-line basis over the remaining useful life of the asset.

The county has also recognized a liability for restoration of the Spedden landfill and two gravel pits which have not been added to the cost of an asset as the land is not amortized. The liabilities are increased annually by the accretion expense.

|   | Opening Balance  | Liability Incurred | Accretion Expense | Total              |
|---|------------------|--------------------|-------------------|--------------------|
| Smoky Lake landfill reclamation             | \$--             | \$424,150          | \$8,483           | \$432,633          |
| Smoky Lake landfill post-closure monitoring | --               | 323,630            | 6,473             | 330,103            |
| Spedden landfill reclamation                | 150,000          | 17,962             | 3,359             | 171,321            |
| Spedden landfill post-closure monitoring    | 293,654          | 64,797             | 7,169             | 365,620            |
| White Earth gravel pit                      | 350,000          | --                 | 7,000             | 357,000            |
| Sowka Lake gravel pit                       | 75,000           | --                 | 1,500             | 76,500             |
|   | <u>\$868,654</u> | <u>\$830,539</u>   | <u>\$33,984</u>   | <u>\$1,733,177</u> |

The undiscounted expenditures represent the estimated cash outflows required in future years in order to satisfy the asset retirement obligation assuming annual inflation of 2%. Undiscounted expenditures have been discounted using a 2% rate to calculate the current liability.

|   | 2022               | 2021 |
|---|--------------------|------|
| Undiscounted Expenditures                   |                    |      |
| Smoky Lake landfill reclamation             | \$723,976          | \$-- |
| Smoky Lake landfill post-closure monitoring | 563,448            | --   |
| Spedden landfill reclamation                | 259,665            | --   |
| Spedden landfill post-closure monitoring    | 565,241            | --   |
| White Earth gravel pit                      | 942,056            | --   |
| Sowka Lake gravel pit                       | 201,869            | --   |
|   | <u>\$3,256,255</u> | --   |

The Smoky Lake landfill asset retirement obligation expenditures are anticipated to be incurred in 2049.

The post-closure monitoring of the Smoky Lake landfill asset retirement obligation expenditures are anticipated to be incurred in annual increments of \$28,860 over 25 years, starting in 2050.

The Spedden landfill asset retirement obligation expenditures are anticipated to be incurred in 2044.

The post-closure monitoring of the Spedden landfill asset retirement obligation expenditures are anticipated to be incurred in annual increments of \$28,860 over 25 years, starting in 2045.

The gravel pits are both expected to be reclaimed in 2072.

**8. Inventory**

|                                  | 2022               | 2021               |
|----------------------------------|--------------------|--------------------|
| Public works                     | \$720,894          | \$616,609          |
| Gravel (valued at crushing cost) | 2,843,381          | 2,895,206          |
| A.S.B                            | 61,835             | 46,316             |
|                                  | <u>3,626,110</u>   | <u>3,558,131</u>   |
| Gas utility                      | 81,621             | 117,725            |
|                                  | <u>\$3,707,731</u> | <u>\$3,675,856</u> |

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**9. Accumulated Surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

|                                   | 2022                | 2021                |
|-----------------------------------|---------------------|---------------------|
| Unrestricted surplus              | \$5,095,348         | \$6,001,637         |
| Restricted surplus                |                     |                     |
| Municipal reserve                 | 50,133              | 47,295              |
| Economic development              | --                  | 59,223              |
| General capital                   | 3,754,412           | 3,461,875           |
| Building                          | 1,139,721           | 1,197,539           |
| Connectivity                      | 476,523             | 476,523             |
| Fire                              | 1,515,569           | 1,342,334           |
| Transportation                    | 988,096             | 1,224,496           |
| Road development                  | 1,681,762           | 1,623,575           |
| Street sweeper                    | 61,060              | 61,060              |
| Gravel pit reclamation            | 467,012             | 462,922             |
| Gravel pit development            | 115,628             | 107,874             |
| Regional waterline                | 249,348             | 261,233             |
| Regional landfill                 | 294,160             | 249,160             |
| Agricultural capital reserve      | 40,000              | --                  |
|                                   | <b>10,833,424</b>   | <b>10,575,109</b>   |
| Municipal general                 | 2,306,327           | 2,354,858           |
| Gas Utility                       | 2,184,973           | 2,080,299           |
| Total restricted                  | <b>15,324,724</b>   | <b>15,010,266</b>   |
| Equity in tangible capital assets | <b>38,487,697</b>   | <b>37,683,526</b>   |
|                                   | <b>\$58,907,769</b> | <b>\$58,695,429</b> |

**10. Contingent Liability**

Evergreen Regional Waste Management Services Commission

Smoky Lake County is a member of the Evergreen Regional Waste Management Services Commission. Each participating municipality funds a portion of the Commission's deficit based on their proportionate tippage for the year. The expense is accounted for as a current transaction in the year the county is invoiced.

Highway 28/63 Regional Water Services Commission

Smoky Lake County is a member of Highway 28/63 Regional Water Services Commission. Each participating municipality is responsible for their proportionate share of any unfunded deficit. The expense is accounted for as a current transaction in the year the county is invoiced.

**11. Commitments**

Council has agreed to provide funding of \$445,000 towards the construction of a new school in the Town of Smoky Lake.

In 2020 Council committed a \$600,000 contribution, towards a Municipal Controlled Corporation with the Town of Smoky Lake, to further economic development. In 2022, \$10,000 was invested in shares of MCC for Smoky Lake Development Corp.

**12. Debt Limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Smoky Lake County be disclosed as follows:

|                                | 2022                | 2021                |
|--------------------------------|---------------------|---------------------|
| Total debt limit               | \$25,324,071        | \$23,249,337        |
| Total debt                     | --                  | --                  |
| Debt limit remaining           | <b>\$25,324,071</b> | <b>\$23,249,337</b> |
| Debt servicing limit           | \$4,220,678         | \$3,874,889         |
| Debt servicing                 | --                  | --                  |
| Debt servicing limit remaining | <b>\$4,220,678</b>  | <b>\$3,874,889</b>  |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**SMOKY LAKE COUNTY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**13. Salary and Benefits Disclosure**

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

|                         | Salary (1)       | Benefits & Allow. (2) | Expenses (3)    | 2022             |
|-------------------------|------------------|-----------------------|-----------------|------------------|
| <b>Council</b>          |                  |                       |                 |                  |
| Reeve- Halisky          | \$77,875         | \$15,355              | \$21,606        | <b>\$114,836</b> |
| Councillor- Gwalko      | 71,234           | 11,646                | 16,895          | <b>99,775</b>    |
| Councillor- Fenerty     | 67,913           | 11,322                | 22,898          | <b>102,133</b>   |
| Councillor- Cere        | 67,913           | 13,830                | 13,410          | <b>95,153</b>    |
| Councillor- Serben      | 67,913           | 13,830                | 9,723           | <b>91,466</b>    |
|                         | <b>\$352,848</b> | <b>\$65,983</b>       | <b>\$84,532</b> | <b>\$503,363</b> |
| <b>Others</b>           |                  |                       |                 |                  |
| CAO- Gene Sobolewski    | \$163,714        | \$29,248              | \$5,489         | <b>\$198,451</b> |
| Designated officers (3) | 243,742          | 25,047                | 3,375           | <b>272,164</b>   |
|                         | <b>\$407,456</b> | <b>\$54,295</b>       | <b>\$8,864</b>  | <b>\$470,615</b> |

|                         | Salary (1)       | Benefits & Allow. (2) | Expenses (3)    | 2021             |
|-------------------------|------------------|-----------------------|-----------------|------------------|
| <b>Council</b>          |                  |                       |                 |                  |
| Reeve- Halisky          | \$69,573         | \$14,437              | \$11,994        | <b>\$96,004</b>  |
| Councillor- Gawalko     | 68,466           | 11,150                | 14,093          | <b>93,709</b>    |
| Councillor- Fenerty     | 11,319           | 2,110                 | 4,711           | <b>18,140</b>    |
| Councillor- Cere        | 11,319           | 2,729                 | 5,302           | <b>19,350</b>    |
| Councillor- Serben      | 11,319           | 2,729                 | 4,273           | <b>18,321</b>    |
| Reeve- Lukinuk          | 64,896           | 10,611                | 6,891           | <b>82,398</b>    |
| Councillor- Cherniwchan | 56,594           | 9,692                 | 7,197           | <b>73,483</b>    |
| Councillor- Orichowski  | 59,362           | 12,371                | 7,410           | <b>79,143</b>    |
|                         | <b>\$352,848</b> | <b>\$65,829</b>       | <b>\$61,871</b> | <b>\$480,548</b> |
| <b>Others</b>           |                  |                       |                 |                  |
| CAO- Gene Sobolewski    | \$160,467        | \$30,400              | \$2,915         | <b>\$193,782</b> |
| Designated officers (3) | 271,413          | 32,761                | 4,011           | <b>308,185</b>   |
|                         | <b>\$431,880</b> | <b>\$63,161</b>       | <b>\$6,926</b>  | <b>\$501,967</b> |

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, Employment Insurance, health care, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short-term disability plans, and professional memberships.

(3) Expenses include travel, mileage, meals, accommodation, registration fees and other expenses.

**14. Local Authorities Pension Plan**

Employees of the county participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 282,000 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The county is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.8% on pensionable earnings above this amount. Employees of the county are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.8% on pensionable salary above this amount.

Total current service contributions by the county to the LAPP in 2022 were \$251,208 (2021 - \$ 283,806). Total current service contributions by the employees of the county to the LAPP in 2022 were \$225,533 (2021 - \$257,652).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion.



**SMOKY LAKE COUNTY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**15. Segmented Disclosure**

The Smoky Lake County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Refer to Schedule 6 – Segmented Disclosure.

**16. Other Credit Facilities**

The county has a prime plus 1% authorized operating line of credit of \$5,000,000 with the Alberta Treasury Branch. No balance was outstanding as at December 31, 2022.

The county has ATB MasterCard with a combined limit of \$50,000. Interest is calculated on principal owing beyond one month at the rate of prime plus 2%.

**17. Financial Instruments**

The county's financial instruments consist of cash, receivables, long-term investments and accounts payable and accrued liabilities. It is management's opinion that the county is not exposed to significant interest or currency risks arising from these financial instruments.

The county is subject to credit risk with respect to taxes and grants in place of taxes receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the county provides services may experience financial difficulty and be unable to fulfill their obligations. The county has recorded a total allowance of \$1,907,486 (2021- \$1,612,744). The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

**18. Approval of Financial Statements**

Council and Management have approved these financial statements.

**19. Budget Amounts**

Budget amounts are included for information purposes only and are not audited.

**20. Recent Accounting Pronouncements Published But Not Yet Adopted**

Conceptual Framework for Financial Reporting in the Public Sector

This standard describes the concepts underlying the development and use of accounting principles in government financial statements. It also identifies the objectives of government financial statements that are generally acceptable to the users and preparers of the statements. It applies to years beginning on or after April 1, 2026.

PSAS Section 3160, Public Private Partnerships

This standard establishes standards on how to account to public private partnership arrangements. It applies in years beginning on or after April 1, 2023.

PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2023.

# Smoky Lake County Gas Utility Financial Statements

Year Ended December 31, 2022



---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Smoky Lake County Council:

### *Opinion*

We have audited the financial statements of the Smoky Lake County Gas Utility (Gas Utility), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets, and cash flows and schedules of changes in accumulated surplus, gross margin and operating expenses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Gas Utility as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Emphasis of Matter*

It is understood that this report is requested by the Smoky Lake County Council. We have issued an audit report dated April 13, 2023 on the consolidated financial statements of the Smoky Lake County for the year ended December 31, 2022 and reference should be made to those audited financial statements for complete information.

### *Basis for Opinion*

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 Financial Statements* section of our report. We are independent of the Gas Utility in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Gas Utility'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 Gas Utility'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 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 Gas Utility to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

St Paul, Alberta  
April 13, 2023

  
Chartered Professional Accountants

SMOKY LAKE COUNTY GAS UTILITY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022

|   | 2022               | 2021               |
|---|--------------------|--------------------|
| <b>Financial assets</b>                 |                    |                    |
| Due from general operating fund         | \$1,971,382        | \$2,027,735        |
| Receivables (net of allowance)          | 731,601            | 633,362            |
| Investment in Gas Alberta Inc. (note 3) | 67,983             | 67,983             |
|   | <u>2,770,966</u>   | <u>2,729,080</u>   |
| <b>Liabilities</b>                      |                    |                    |
| Accounts payable                        | 641,639            | 473,256            |
| Meter deposits payable                  | 8,593              | 9,193              |
|   | <u>650,232</u>     | <u>482,449</u>     |
| <b>Net financial assets</b>             | <u>2,120,734</u>   | <u>2,246,631</u>   |
| <b>Non-financial assets</b>             |                    |                    |
| Inventory                               | 81,621             | 117,725            |
| Prepaid expenses                        | 32,418             | 42,983             |
| Tangible capital assets (note 4)        | 1,981,089          | 2,142,914          |
|   | <u>2,095,128</u>   | <u>2,303,622</u>   |
| <b>Accumulated surplus</b>              | <u>\$4,215,862</u> | <u>\$4,550,253</u> |

APPROVED BY:



Reeve

SMOKY LAKE COUNTY GAS UTILITY  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Budget           | 2022             | 2021             |
|--|------------------|------------------|------------------|
|  | (unaudited)      |                  |                  |
| <b>Revenues</b>                                      |                  |                  |                  |
| Gas sales and distribution charges                   | \$2,125,000      | \$3,224,440      | \$2,703,448      |
| Penalties and service charges                        | 500,500          | 508,445          | 499,510          |
| Sale of goods, secondaries, conversions              | 52,200           | 32,072           | 28,871           |
| RMO operating grant                                  | 9,600            | 9,600            | 9,600            |
| Interest income                                      | 12,000           | 31,200           | 18,400           |
| Bulk odorant delivery                                | 90,000           | 127,732          | 111,483          |
| Compressed natural gas revenue                       | 18,000           | 7,632            | 5,697            |
| Infill rebate  | --               | --               | 19,888           |
| Infill recovery                                      | 50,000           | 31,500           | 59,500           |
|  | <u>2,857,300</u> | <u>3,972,621</u> | <u>3,456,397</u> |
| <b>Expenses</b>                                      |                  |                  |                  |
| Wages and benefits                                   | 956,395          | 941,589          | 945,763          |
| Materials  | 242,306          | 211,707          | 168,555          |
| Gas purchases  | 1,198,000        | 2,692,763        | 1,942,250        |
| Contracted and general services                      | 200,599          | 216,866          | 218,259          |
| Amortization   | 230,000          | 243,414          | 242,340          |
| Bad debt expense (recovery)                          | --               | 303              | 13,005           |
|  | <u>2,827,300</u> | <u>4,306,642</u> | <u>3,530,172</u> |
| <b>Excess of revenues over expenses before other</b> | 30,000           | (334,021)        | (73,775)         |
| <b>Other</b>   |                  |                  |                  |
| Gain on sale of tangible capital assets              | 12,500           | (370)            | 13,500           |
| <b>Excess (deficiency) of revenues over expenses</b> | 42,500           | (334,391)        | (60,275)         |
| <b>Accumulated surplus, beginning of year</b>        | 4,550,253        | 4,550,253        | 4,610,528        |
| <b>Accumulated surplus, end of year</b>              | \$4,592,753      | \$4,215,862      | \$4,550,253      |

SMOKY LAKE COUNTY GAS UTILITY  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Budget<br>(unaudited) | 2022        | 2021        |
|--|-----------------------|-------------|-------------|
| <b>Excess (deficiency) of revenues over expenses</b> | \$42,500              | \$(334,391) | \$(60,275)  |
| Acquisition of tangible capital assets               | (325,500)             | (90,309)    | (68,818)    |
| Proceeds on disposal of tangible capital assets      | 12,500                | 8,350       | 13,500      |
| Loss (gain) on sale of tangible capital assets       | (12,500)              | 370         | (13,500)    |
| Amortization of tangible capital assets              | 230,000               | 243,414     | 242,340     |
|  | (95,500)              | 161,825     | 173,522     |
| Acquisition of inventory                             | (45,000)              | (43,729)    | (61,333)    |
| Use of inventory                                     | 80,000                | 79,833      | 58,006      |
| Acquisition of prepaid assets                        | (33,000)              | (32,418)    | (42,983)    |
| Use of prepaid assets                                | 43,000                | 43,983      | 42,308      |
|  | 45,000                | 46,669      | (4,002)     |
|  | (8,000)               | (125,897)   | 109,245     |
| <b>Increase (decrease) in net financial assets</b>   | 2,246,631             | 2,246,631   | 2,137,386   |
| <b>Net financial assets, beginning of year</b>       | \$2,238,631           | \$2,120,734 | \$2,246,631 |
| <b>Net financial assets, end of year</b>             |                       |             |             |

SMOKY LAKE COUNTY GAS UTILITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022

|  | 2022        | 2021        |
|--|-------------|-------------|
| <b>Net inflow (outflow) of cash related to the following activities:</b> |             |             |
| <b>Operating</b>   |             |             |
| Deficiency of revenues over expenses                                     | \$(334,391) | \$(60,275)  |
| Non-cash items included  |             |             |
| Amortization of tangible capital assets                                  | 243,414     | 242,340     |
| Gain on sale of tangible capital assets                                  | 370         | (13,500)    |
| Non-cash charges to operations (net change):                             |             |             |
| Decrease (increase) in   |             |             |
| Receivables  | (98,239)    | (281,860)   |
| Inventory  | 36,104      | (3,327)     |
| Prepaid expenses   | 10,565      | (675)       |
| Increase (decrease) in   |             |             |
| Accounts payable   | 168,383     | 275,880     |
| Meter deposits   | (600)       | (582)       |
| Deferred revenue   | --          | (18,176)    |
|  | 25,606      | 139,825     |
| <b>Capital</b>   |             |             |
| Acquisition of tangible capital assets                                   | (90,309)    | (68,818)    |
| Proceeds on disposal of tangible capital assets                          | 8,350       | 13,500      |
|  | (81,959)    | (55,318)    |
| <b>Change in cash and cash equivalents during the year</b>               | (56,363)    | 84,507      |
| <b>Cash and cash equivalents, beginning of year</b>                      | 2,027,735   | 1,943,228   |
| <b>Cash and cash equivalents, end of year</b>                            | \$1,971,382 | \$2,027,735 |

Cash and cash equivalents are defined as Due from General Operating Fund.

**SMOKY LAKE COUNTY GAS UTILITY  
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | Unrestricted<br>Surplus | Restricted<br>Surplus | Equity in Tangible<br>Capital Assets | <b>2022</b>        | 2021               |
|---|-------------------------|-----------------------|--------------------------------------|--------------------|--------------------|
| <b>Balance, beginning of year</b>                     | \$327,041               | \$2,080,298           | \$2,142,914                          | <b>\$4,550,253</b> | \$4,610,528        |
| Deficiency of revenues over expenses                  | (334,391)               | --                    | --                                   | <b>(334,391)</b>   | (60,275)           |
| Funds designated for future use                       | (104,675)               | 104,675               | --                                   | --                 | --                 |
| Funds used for tangible capital assets                | (90,309)                | --                    | 90,309                               | --                 | --                 |
| Net book value of tangible capital assets disposed of | 8,720                   | --                    | (8,720)                              | --                 | --                 |
| Annual amortization expense                           | 243,414                 | --                    | (243,414)                            | --                 | --                 |
| <b>Change in accumulated surplus</b>                  | <b>(277,241)</b>        | <b>104,675</b>        | <b>(161,825)</b>                     | <b>(334,391)</b>   | <b>(60,275)</b>    |
| <b>Balance, end of year</b>                           | <b>\$49,800</b>         | <b>\$2,184,973</b>    | <b>\$1,981,089</b>                   | <b>\$4,215,862</b> | <b>\$4,550,253</b> |

**SMOKY LAKE COUNTY GAS UTILITY  
SCHEDULE OF GROSS MARGIN  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                    | Budget<br>(unaudited) | <b>2022</b>             | 2021             |
|------------------------------------|-----------------------|-------------------------|------------------|
| Gas sales and distribution charges | \$2,125,000           | <b>\$3,224,440</b>      | \$2,703,448      |
| Gas purchases                      | (1,198,000)           | <b>(2,692,763)</b>      | (1,942,250)      |
| Capital surcharge                  | (145,000)             | <b>(144,974)</b>        | (147,212)        |
| Gross margin                       | <u>\$782,000</u>      | <u><b>\$386,703</b></u> | <u>\$613,986</u> |

**SCHEDULE OF OPERATING EXPENSES**

|   | Budget<br>(Unaudited) | <b>2022</b>               | 2021               |
|---|-----------------------|---------------------------|--------------------|
| General and administrative expenditures |                       |                           |                    |
| Council expenses                        | \$9,000               | <b>\$2,196</b>            | \$2,710            |
| Audit, legal, and consulting            | 41,500                | <b>35,231</b>             | 46,855             |
| Advertising, membership, printing       | 36,700                | <b>36,239</b>             | 37,144             |
| Telephone, postage, freight, travel     | 29,900                | <b>27,566</b>             | 15,310             |
| Computer lease                          | 5,200                 | <b>10,371</b>             | 3,610              |
| Office supplies, utilities, insurance   | 74,703                | <b>63,273</b>             | 68,168             |
| Wages and benefits                      | 468,172               | <b>450,366</b>            | 468,119            |
|   | <u>665,175</u>        | <u><b>625,242</b></u>     | <u>641,916</u>     |
| Distribution                            |                       |                           |                    |
| Wages and benefits                      | 488,223               | <b>491,223</b>            | 477,644            |
| Vehicle and equipment costs             | 78,472                | <b>79,854</b>             | 59,482             |
| Repair and maintenance – system         | 167,430               | <b>173,844</b>            | 150,947            |
|   | <u>734,125</u>        | <u><b>744,921</b></u>     | <u>688,073</u>     |
| Gas purchases                           | 1,198,000             | <b>2,692,763</b>          | 1,942,250          |
| Appliance purchase and repair           | --                    | --                        | 2,588              |
| Amortization                            | 230,000               | <b>243,414</b>            | 242,340            |
| Bad debt expense (recovery)             | --                    | <b>302</b>                | 13,005             |
| Total operating expenditures            | <u>\$2,827,300</u>    | <u><b>\$4,306,642</b></u> | <u>\$3,530,172</u> |

**SMOKY LAKE COUNTY GAS UTILITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**1. Significant Accounting Policies**

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and change in net financial assets of the reporting entity which comprises the entire gas utility. These statements exclude all other municipal operations.

(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 and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Such estimates include the provision for doubtful accounts, amortization of capital assets and accruals. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

(d) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets (debt) for the year.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

|                         | Years |
|-------------------------|-------|
| Buildings               | 50    |
| Distribution system     | 40-50 |
| Machinery and equipment | 20-30 |
| Vehicles                | 10-20 |

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**2. Prepaid Infills**

The county has an obligation to provide infills to 127 lake lots. These infills will have to be installed once the owners request the infill. The costs of these infills will be expensed in the year of installation. The amounts are likely to be spread over many years and the cost in any one year is not likely to be significant. The future cost of these infills is not determinable at this time.

**SMOKY LAKE COUNTY GAS UTILITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**3. Investment in Gas Alberta Inc.**

Effective June 30, 1998, Gas Alberta, a branch of Alberta Transportation and Utilities, was privatized and operations assumed by Gas Alberta Inc. The shareholders of Gas Alberta Inc. are predominantly made up of members of the Federation of Alberta Gas Co-ops.

The county has entered into a gas supply contract, which renews automatically each year, to purchase natural gas exclusively from Gas Alberta Inc.

The county's investment in Gas Alberta Inc. consists of:

|                       | <u>2022</u>            | <u>2021</u>            |
|-----------------------|------------------------|------------------------|
| Class A common shares | <b>\$483</b>           | <b>\$483</b>           |
| Loan receivable       | <b>67,500</b>          | <b>67,500</b>          |
|                       | <u><b>\$67,983</b></u> | <u><b>\$67,983</b></u> |

The loan is non-interest bearing and is secured by a debenture. The loan is due upon the expiration of the contract and may be repaid earlier at Gas Alberta Inc.'s option or in the event the county no longer holds any of the Class A common shares.

**4. Tangible Capital Assets**

|                         | Cost               | Accumulated<br>Amortization | Net Book Value            |                    |
|-------------------------|--------------------|-----------------------------|---------------------------|--------------------|
|                         |                    |                             | <b>2022</b>               | 2021               |
| Distribution system     | \$6,853,504        | \$5,550,924                 | <b>\$1,302,580</b>        | \$1,476,801        |
| Buildings               | 333,254            | 70,616                      | <b>262,638</b>            | 275,440            |
| Machinery and equipment | 372,311            | 188,766                     | <b>183,545</b>            | 191,977            |
| Vehicles                | 551,049            | 318,723                     | <b>232,326</b>            | 198,696            |
|                         | <u>\$8,110,118</u> | <u>\$6,129,029</u>          | <u><b>\$1,981,089</b></u> | <u>\$2,142,914</u> |

**PLEASE NOTE:**

**In an effort to reduce costs and our environmental footprint Smoky Lake County will no longer be mailing out copies of the Annual Report.**

**Digital copies will be available on our website  
[www.smokylakecounty.ab.ca](http://www.smokylakecounty.ab.ca)**

