

**City of Cold Lake**

**City of Cold Lake**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

# City of Cold Lake

## CONTENTS

	<u>Page</u>
Management's Report	1
Independent Auditors' Report	2-3
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Financial Assets	6
Statement of Remeasurement Gains and Losses	7
Statement of Cash Flows	8
Schedules	9-14
Notes to the Financial Statements	15-38

# Management's Responsibility for Financial Reporting

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Management is responsible for the preparation and presentation of the accompanying financial statements including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards (PSAS). This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Mayor and Council of the City of Cold Lake are composed entirely of individuals who are neither management nor employees of the City. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the City's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to, and meet periodically and separately with, both Mayor and Council and management to discuss their audit findings.

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**Kevin Nagoya, Chief Administrative Officer**

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**Kristy Isert, General Manager of Corporate Services**

Cold Lake, Alberta

April 22, 2025

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of the City of Cold Lake

### *Opinion*

We have audited the accompanying financial statements of the City of Cold Lake (the City), which comprise the statement of financial position as at December 31, 2024, statements of operations and accumulated surplus, statement of remeasurement gains and losses, changes in net financial assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

### *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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City 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.

### *Emphasis of Matter – Restated Comparative Information*

We draw attention to Note 23 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

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*Auditors' Responsibilities for the Audit of the Financial Statements*

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 City's internal control.
- Evaluate the appropriateness of accounting policies 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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the City 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the City or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants

Edmonton, Alberta  
April 22, 2025

# City of Cold Lake

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	2024	2023 Restated (Note 23)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 21,820,413	\$ 33,383,504
<b>RECEIVABLES</b>		
Taxes and grants in place of taxes (Note 3)	910,238	867,279
Trade and other receivables (Note 3)	6,476,706	3,636,613
Land held for resale (Note 4)	1,215,000	1,178,200
Investments (Note 5)	57,519,160	62,869,995
Investment in Cold Lake Primary Care Medical Clinic Ltd. (Note 6)	2,058,612	2,038,531
	<b>90,000,129</b>	<b>103,974,122</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	9,691,255	17,490,339
Deposit liabilities	760,924	1,063,270
Deferred revenue (Note 8)	8,448,803	8,798,209
Employee benefit obligations (Note 9)	1,257,534	1,258,063
Long-term debt (Note 10)	48,195,883	50,916,325
Asset retirement obligations (Note 12)	4,726,534	4,680,391
	<b>73,080,933</b>	<b>84,206,597</b>
<b>NET FINANCIAL ASSETS</b>	<b>16,919,196</b>	<b>19,767,525</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	318,545,270	315,885,426
Inventory of supplies and materials	631,645	510,897
Prepaid expenses	617,003	599,438
	<b>319,793,918</b>	<b>316,995,761</b>
<b>ACCUMULATED SURPLUS (Note 17)</b>	<b>\$ 336,713,114</b>	<b>\$ 336,763,286</b>
<b>ACCUMULATED SURPLUS CONSISTS OF:</b>		
	2024	2023
Accumulated surplus from operations (Schedule 1)	\$ 338,844,013	\$ 337,769,331
Accumulated remeasurement losses	(2,130,899)	(1,006,045)
	<b>\$ 336,713,114</b>	<b>\$ 336,763,286</b>

Contingencies (Note 13)

Approved on behalf of Council: \_\_\_\_\_ Mayor \_\_\_\_\_ Councillor

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Note 18)	2024 Actual	2023 Restated (Note 23)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 23,446,429	\$ 23,452,511	\$ 22,234,434
Sales and user charges	11,985,980	12,454,371	11,181,048
Government transfer for operating (Schedule 4)	11,789,805	12,260,512	12,419,578
Penalties and cost on taxes	322,600	5,720,768	4,219,527
Investment income (Note 15)	760,000	2,647,058	1,678,069
Franchise and concession contracts (Note 14)	1,776,183	1,821,043	1,363,820
Rentals	1,289,352	1,396,177	1,277,928
Other	136,500	1,245,477	982,595
Licenses, permits, and fines	383,400	360,796	580,993
Subsidiary operations - Cold Lake Primary Care Medical Clinic Ltd. (Note 6)	-	(39,919)	78,347
<b>TOTAL REVENUE</b>	<b>51,890,249</b>	<b>61,318,794</b>	<b>56,016,339</b>
<b>EXPENSES (Schedule 5)</b>			
Recreation and culture	11,081,521	15,766,514	13,514,378
Transportation systems	8,807,815	13,806,769	15,384,824
Administration	7,113,939	12,041,997	9,993,530
Utility systems	8,493,966	10,706,217	11,232,743
Police and bylaw enforcement	6,171,155	6,665,891	6,113,529
Fire and emergency services	1,537,148	2,065,999	2,043,350
Public health and welfare	1,769,161	1,858,831	1,783,969
Planning and development	1,766,561	1,687,806	1,981,224
Council	539,616	552,956	801,779
Other	300,000	220,000	-
<b>TOTAL EXPENSES</b>	<b>47,580,882</b>	<b>65,372,980</b>	<b>62,849,326</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER INCOME</b>	<b>4,309,367</b>	<b>(4,054,186)</b>	<b>(6,832,987)</b>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 4)	9,253,480	7,535,147	12,462,540
Contributed tangible capital assets	-	-	6,499,777
Loss on disposal of assets	-	(2,406,279)	(1,377,233)
<b>TOTAL OTHER INCOME</b>	<b>9,253,480</b>	<b>5,128,868</b>	<b>17,585,084</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>13,562,847</b>	<b>1,074,682</b>	<b>10,752,097</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF THE YEAR, as previously stated</b>	<b>378,813,338</b>	<b>378,813,338</b>	<b>365,938,221</b>
Restatement (Note 23)	(41,044,007)	(41,044,007)	(38,920,987)
<b>ACCUMULATED SURPLUS, AS RESTATED</b>	<b>337,769,331</b>	<b>337,769,331</b>	<b>327,017,234</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (Schedule 1)</b>	<b>\$ 351,332,178</b>	<b>\$ 338,844,013</b>	<b>\$ 337,769,331</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Note 18)	2024 Actual	2023 Restated (Note 23)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 13,562,847	\$ 1,074,682	\$ 10,752,097
Acquisition of tangible capital assets	(16,633,430)	(17,857,856)	(17,349,762)
Contributed tangible capital assets	-	-	(6,499,777)
Proceeds on disposal of tangible capital assets	-	801,060	246,075
Amortization of tangible capital assets	-	11,990,673	11,426,158
Loss on disposal of tangible capital assets	-	2,406,279	1,377,233
	(16,633,430)	(2,659,844)	(10,800,073)
Acquisition of supplies and inventories	-	(120,748)	(98,232)
Acquisition of prepaid assets	-	(17,565)	(260,291)
Change in accumulated remeasurement losses	-	(1,124,854)	(1,006,045)
	-	(1,263,167)	(1,364,568)
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<b>(3,070,583)</b>	<b>(2,848,329)</b>	<b>(1,412,544)</b>
Net financial assets, beginning of year	19,767,525	19,767,525	21,180,069
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 16,696,942</b>	<b>\$ 16,919,196</b>	<b>\$ 19,767,525</b>

The accompanying notes are an integral part of these financial statements.



# City of Cold Lake

## STATEMENT OF REMEASUREMENT GAINS AND LOSSES For the Year Ended December 31, 2024

	2024	2023
<b>Accumulated remeasurement losses, beginning of year</b>	\$ (1,006,045)	\$ -
Remeasurement upon adoption	-	(2,100,936)
Amounts reclassified to statement of operations:		
Portfolio Investments	533,249	565,749
Unrealized gains (losses) attributable to:		
Investments designated at fair value	(1,626,727)	1,001,938
Financial contracts	(31,376)	(472,796)
<b>Net change for the year</b>	<b>(1,124,854)</b>	<b>(1,006,045)</b>
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>\$ (2,130,899)</b>	<b>\$ (1,006,045)</b>

# City of Cold Lake

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Actual	2023 Restated (Note 23)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ 1,074,682	\$ 10,752,097
<b>Non-cash items included in excess of revenue over expenses</b>		
Amortization of investment premiums/discounts	17,001	17,001
Amortization of tangible capital assets	11,990,673	11,426,156
Loss on disposal of tangible capital assets	2,406,279	1,377,233
Contributed tangible capital assets.	-	(6,499,777)
Subsidiary operations	39,919	(78,347)
Accretion expense	225,030	76,744
<b>Non-cash charges to operation (net change):</b>		
(Increase) decrease in taxes and grants in place of taxes receivable	(42,959)	1,049,466
(Increase) decrease in trade and other receivable	(2,840,093)	486,327
(Increase) decrease in land held for resale	(36,800)	(91,200)
Increase in accounts payable and accrued liabilities	(7,830,459)	1,145,218
Decrease in deposit liabilities	(302,346)	(162,229)
Increase (decrease) in deferred revenue	(349,406)	1,516,717
(Decrease) increase in employee benefit obligations	(529)	64,805
Decrease (increase) in inventories	(120,748)	(98,233)
(Increase) decrease in prepaid expenses	\$ (17,565)	\$ (260,291)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>4,212,679</b>	<b>20,721,687</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(10,000,545)	(317)
Proceeds of investments	14,240,900	8,839,800
Contributions to Cold Lake Primary Care Medical Clinic Ltd.	(60,000)	(1,960,184)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>4,180,355</b>	<b>6,879,299</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(3,220,442)	(2,981,395)
Acquisition of long term debt	500,000	11,000,000
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(2,720,442)</b>	<b>8,018,605</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Acquisition of tangible capital assets	(17,857,856)	(17,349,762)
Proceeds on disposal of tangible capital assets	801,060	246,075
Asset retirement obligation additions	899	3,068,765
Asset retirement obligation recovery	(179,786)	-
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>	<b>(17,235,683)</b>	<b>(14,034,922)</b>
Net (decrease) increase in cash and temporary investments	(11,563,091)	21,584,669
Net cash and temporary investments, beginning of year	33,383,504	11,798,835
<b>Net cash and temporary investments, end of year (Note 2)</b>	<b>\$ 21,820,413</b>	<b>\$ 33,383,504</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023 Restated (Note 23)
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 27,903,547</b>	<b>\$ 49,526,220</b>	<b>\$ 301,383,571</b>	<b>\$ 378,813,338</b>	<b>\$ 365,938,221</b>
Restatement (Note 23)	50,854	-	(41,094,861)	(41,044,007)	(38,920,987)
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<b>27,954,401</b>	<b>49,526,220</b>	<b>260,288,710</b>	<b>337,769,331</b>	<b>327,017,234</b>
Excess of revenues over expenses	1,074,682	-	-	<b>1,074,682</b>	10,752,097
Unrestricted funds designated for future use	(5,811,000)	5,811,000	-	-	-
Restricted funds used for operations	1,522,021	(1,522,021)	-	-	-
Restricted funds used for tangible capital assets	-	(9,204,312)	9,204,312	-	-
Current year funds used for tangible assets	(8,653,544)	-	8,653,544	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets (net of amortization)	3,207,339	-	(3,207,339)	-	-
Annual amortization expense	11,990,673	-	(11,990,673)	-	-
Long term debt repaid	(3,220,442)	-	3,220,442	-	-
Accretion expense	225,030	-	(225,030)	-	-
Asset retirement obligation additions	899	-	(899)	-	-
Asset retirement obligation recovery	(179,786)	-	179,786	-	-
<b>CHANGE IN ACCUMULATED SURPLUS</b>	<b>155,872</b>	<b>(4,915,333)</b>	<b>5,834,143</b>	<b>1,074,682</b>	<b>10,752,097</b>
<b>BALANCE, END OF YEAR</b>	<b>\$ 28,110,273</b>	<b>\$ 44,610,887</b>	<b>\$ 266,122,853</b>	<b>\$ 338,844,013</b>	<b>\$ 337,769,331</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

	Land	Land Improvement	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	2024	2023 (Restated) (Note 23)
<b>COST:</b>									
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 41,048,045	\$ 28,046,276	\$ 103,368,020	\$ 308,031,167	\$ 17,618,497	\$ 10,870,924	\$ 27,679,432	\$ 536,662,361	\$ 511,055,599
RESTATEMENT (NOTE 23)	-	99,030	-	(57,294,023)	-	-	(3,422,711)	(60,617,704)	(57,147,241)
<b>BALANCE, BEGINNING OF YEAR, RESTATED</b>	<b>41,048,045</b>	<b>28,145,306</b>	<b>103,368,020</b>	<b>250,737,144</b>	<b>17,618,497</b>	<b>10,870,924</b>	<b>24,256,721</b>	<b>476,044,657</b>	<b>453,908,358</b>
Acquisition of tangible capital assets	689,375	384,962	305,062	15,499	720,708	767,947	14,974,303	17,857,856	17,349,762
Contributed assets	-	-	-	-	-	-	-	-	6,499,777
Transfer of construction in progress	-	1,803,471	5,229,409	5,118,924	615,069	30,000	(12,796,873)	-	-
Disposal of tangible capital assets	(592,914)	(13,666)	(821,446)	(556,582)	(403,484)	(354,883)	(1,396,054)	(4,139,029)	(1,713,240)
<b>BALANCE, END OF YEAR</b>	<b>41,144,506</b>	<b>30,320,073</b>	<b>108,081,045</b>	<b>255,314,985</b>	<b>18,550,790</b>	<b>11,313,988</b>	<b>25,038,097</b>	<b>489,763,484</b>	<b>476,044,657</b>
<b>ACCUMULATED AMORTIZATION:</b>									
<b>BALANCE, BEGINNING OF YEAR</b>	-	7,757,035	21,984,069	135,938,641	8,732,356	5,269,973	-	179,682,074	167,049,260
RESTATEMENT (NOTE 23)	-	(497,385)	-	(19,025,458)	-	-	-	(19,522,843)	(18,175,401)
<b>BALANCE, BEGINNING OF YEAR, RESTATED</b>	<b>-</b>	<b>7,259,650</b>	<b>21,984,069</b>	<b>116,913,183</b>	<b>8,732,356</b>	<b>5,269,973</b>	<b>-</b>	<b>160,159,231</b>	<b>148,873,859</b>
Annual amortization	-	1,413,377	2,524,231	5,852,706	1,435,728	764,631	-	11,990,673	11,426,158
Accumulated amortization on disposals	-	-	-	(403,476)	(227,964)	(300,250)	-	(931,690)	(140,786)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>8,673,027</b>	<b>24,508,300</b>	<b>122,362,413</b>	<b>9,940,120</b>	<b>5,734,354</b>	<b>-</b>	<b>171,218,214</b>	<b>160,159,231</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>41,144,506</b>	<b>21,647,046</b>	<b>83,572,745</b>	<b>132,952,572</b>	<b>8,610,670</b>	<b>5,579,634</b>	<b>25,038,097</b>	<b>318,545,270</b>	<b>315,885,426</b>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 41,048,045	\$ 20,885,656	\$ 81,383,951	\$ 133,823,961	\$ 8,886,141	\$ 5,600,951	\$ 24,256,721	\$ 315,885,426	

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Note 18)	2024	2023
<b>TAXATION</b>			
Real property taxes	\$ 23,101,791	\$ 23,116,301	\$ 21,820,967
Linear property taxes	486,000	485,996	455,392
Government grants in place of taxes	6,668,000	6,667,379	6,483,319
	<b>30,255,791</b>	<b>30,269,676</b>	<b>28,759,678</b>
<b>REQUISITIONS</b>			
Alberta school foundation fund	6,584,170	6,591,544	6,303,447
Lakeland lodge and housing foundation	222,987	223,416	219,705
Designated industrial property	2,205	2,205	2,092
	<b>6,809,362</b>	<b>6,817,165</b>	<b>6,525,244</b>
<b>NET MUNICIPAL TAXES</b>	<b>\$ 23,446,429</b>	<b>\$ 23,452,511</b>	<b>\$ 22,234,434</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Note 18)	2024	2023
<b>TRANSFERS FOR OPERATING:</b>			
Other government transfers (ID349)	\$ 8,128,000	\$ 8,128,000	\$ 8,128,000
Local government transfers	2,435,353	2,457,763	2,434,349
Family and community support services	527,165	529,415	522,566
Police support grant	520,000	525,288	519,688
Local government fiscal framework	114,287	228,574	-
Other provincial grants	60,000	215,908	86,401
Other federal grants	5,000	139,371	500,000
Clean energy improvement program grant	-	36,193	-
Municipal sustainability initiative	-	-	228,574
	<b>11,789,805</b>	<b>12,260,512</b>	<b>12,419,578</b>
<b>TRANSFERS FOR CAPITAL:</b>			
Other local governments (ID349)	5,284,000	5,967,827	6,647,607
Canada community building fund	2,033,280	1,567,320	2,311,309
Local government fiscal framework	1,936,200	-	-
Municipal sustainability initiative	-	-	3,503,624
	<b>9,253,480</b>	<b>7,535,147</b>	<b>12,462,540</b>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$21,043,285</b>	<b>\$19,795,659</b>	<b>\$24,882,118</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Note 18)	2024	2023 Restated (Note 23)
<b>EXPENSES</b>			
Salaries, wages and benefits	\$18,828,902	\$18,113,131	\$17,286,491
Amortization of tangible capital assets	-	11,990,673	11,426,158
Contracts and general services	10,386,812	11,436,047	12,955,351
Purchases from other governments	7,162,995	7,420,557	6,873,320
Provision for allowances	1,008,000	6,123,734	4,517,998
Materials, goods, supplies and utilities	6,052,600	5,779,879	5,511,320
Transfers to individuals and organizations	1,680,128	2,230,335	2,396,079
Interest on capital long-term debt	2,049,395	1,708,551	1,690,742
Loss on disposal of tangible capital assets	-	2,406,279	1,377,233
Accretion	-	225,030	76,744
Other operating expenses	366,700	286,388	61,301
Bank charges and short-term interest	45,350	58,655	53,822
<b>TOTAL EXPENSES</b>	<b>\$47,580,882</b>	<b>\$67,779,259</b>	<b>\$64,226,559</b>

The accompanying notes are an integral part of these financial statements.

# City of Cold Lake

## SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protective Services	Utility Systems	Transportation Service	Public Health & Welfare	Planning & Development	Recreation & Culture	Total Actual	2023 Total Restated-(Note 23)
<b>REVENUE</b>									
Government transfers	\$ 14,635,853	\$ 824,101	\$ 24,881	\$ 1,726,691	\$ 819,133	\$ 30,000	\$ 1,735,000	\$ 19,795,659	\$ 24,882,118
Net municipal taxes	23,452,511	-	-	-	-	-	-	23,452,511	22,234,434
User fees and sale of goods	1,947,391	464,450	9,619,883	475,006	100,528	367,938	2,942,243	15,917,439	14,263,137
Contributed assets	-	-	-	-	-	-	-	-	6,499,777
Other revenues	5,812,505	166,808	29,596	469,452	102,245	377,164	83,504	7,041,274	5,421,121
Investment income	2,647,058	-	-	-	-	-	-	2,647,058	1,678,069
	<b>48,495,318</b>	<b>1,455,359</b>	<b>9,674,360</b>	<b>2,671,149</b>	<b>1,021,906</b>	<b>775,102</b>	<b>4,760,747</b>	<b>68,853,941</b>	<b>74,978,656</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	3,808,585	2,570,873	2,771,353	2,942,725	1,038,580	1,012,393	3,968,622	18,113,131	17,286,491
Contracted and general services	2,249,849	741,936	1,483,615	3,027,792	243,785	560,298	3,128,772	11,436,047	12,928,352
Purchases from other governments	-	4,260,580	3,159,977	-	-	-	-	7,420,557	6,873,320
Materials, goods, supplies and utilities	121,054	320,337	912,299	2,047,080	166,932	52,610	2,159,568	5,779,880	5,502,924
Other expenses	6,407,432	9,371	9,059	7,184	1,798	(200)	34,132	6,468,776	4,668,516
Transfers to individuals and organizations	-	18,300	665,010	-	100,426	48,400	1,398,199	2,230,335	2,396,079
Interest on capital long-term debt	9,493	169,979	28,527	497,590	78,911	-	924,051	1,708,551	1,690,742
Loss (gain) on disposal	(17,530)	(42,772)	3,497	1,056,885	35,996	-	1,370,203	2,406,279	1,377,233
Accretion	-	2,851	60,862	716	-	-	160,601	225,030	76,744
	<b>12,578,883</b>	<b>8,051,455</b>	<b>9,094,199</b>	<b>9,579,972</b>	<b>1,666,428</b>	<b>1,673,501</b>	<b>13,144,148</b>	<b>55,788,586</b>	<b>52,800,401</b>
<b>NET REVENUE BEFORE AMORTIZATION</b>	<b>35,916,435</b>	<b>(6,596,096)</b>	<b>580,161</b>	<b>(6,908,823)</b>	<b>(644,522)</b>	<b>(898,399)</b>	<b>(8,383,401)</b>	<b>13,065,355</b>	<b>22,178,255</b>
Amortization expense	219,917	637,663	1,615,515	5,283,683	228,400	12,927	3,992,568	11,990,673	11,426,158
<b>NET REVENUE (EXPENSE)</b>	<b>\$ 35,696,518</b>	<b>\$ (7,233,759)</b>	<b>\$ (1,035,354)</b>	<b>\$ (12,192,506)</b>	<b>\$ (872,922)</b>	<b>\$ (911,326)</b>	<b>\$ (12,375,969)</b>	<b>\$ 1,074,682</b>	<b>\$ 10,752,097</b>

The accompanying notes are an integral part of these financial statements.



# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cold Lake (the "City") are the representations of management, prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the City are as follows:

#### a. Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, change in fund balances, and the 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 City and are, therefore, accountable to City Council for the administration of their financial affairs and resources. Included with the City are the following:

City of Cold Lake  
Cold Lake Family and Community Support Services  
Cold Lake Primary Care Medical Clinic Inc.

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

The financial statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues, can be reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c. Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards. This requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statement and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Such estimates include the provisions for uncollected accounts receivable, provision for amortization of tangible capital assets, asset retirement obligations, fair value of contributed tangible capital assets, and accrued liabilities. Actual results could differ from estimates.

In addition, developer contributions and offsite levies utilize forecasted development costs, staging, and financing requirements.

#### d. Cash and Temporary Investments

Cash and temporary investments include items that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, with a maturity of three months or less at the time of acquisition.

#### e. Revenue Recognition

Revenue related to transactions with performance obligations is recognized when the performance obligations have been completed. This includes providing promised services and/or goods to the payor. Items such as user fees have revenue recognized over the period of use. License and permit revenue is recognized upon issuance unless a continued performance obligation spanning over a greater period of time exists.

Revenue related to transactions with no performance obligations is recognized upon receipt.

#### f. Investments

Investments are recorded at amortized cost with the exception of investments containing derivatives which are measured at fair market value. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss of value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Investment income is recognized on an accrual basis. As the investment income is deemed to be earned the amount of interest income is recognized. For investments where there is an uncertainty of amount that will be earned no accrual is made and the income is realized when received.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g. 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.

#### h. 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.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the City. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition bylaw.

#### i. Government Transfers

Government transfers are the transfer of assets from other government entities that are not the result of an exchange transaction, are not expected to be repaid in the future, and are not 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.

The deferred revenue includes any grants that are unspent at December 31, 2024 and the revenue will be realized as the grant is utilized in the following year.

#### j. Developer Contributions

Developer contributions are recognized as revenue in the period they are used for the purpose specified.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k. Developer Offsite Levies

Offsite levies are collected from developers upon the execution of a development agreement as per the offsite levy bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the infrastructure has been built and the City has provided a construction completion certificate.

#### l. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost for land acquisition and improvements required to prepare the land for servicing, such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as capital assets under their respective function.

#### m. Derivatives

The City uses derivative financial instruments consisting of bank interest rate swap agreements to manage its interest rate exposure. The City specifically designates these agreements as hedges of debt instruments and recognizes interest rate differentials as adjustments to interest expense in the period the differentials occur. Under interest rate swap agreements, the City agrees with other parties to exchange at specific intervals, the difference between fixed-rate and variable-rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The fair value of the interest rate swap agreements is estimated using quotes from counterparties and represents the cash requirement if the existing agreements had been settled at year end.

#### n. Remeasurement gains and losses

Unrealized gains and losses from changes in the fair market value of financial assets and liabilities are recognized in the statement of remeasurement gains and losses.

#### o. Financial Instruments

The City's carrying value of cash and temporary investments, taxes and grants in place of taxes receivable, trade and other receivables, investments, accounts payable, and accrued liabilities, and deposit liabilities approximates its fair value due to the immediate or short-term liquidity of these instruments.

The carrying value of long-term debt approximates fair value as the interest rates are consistent with the current rates available for instruments with similar terms.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### p. 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 the acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized, other than land, on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	15 - 20
Buildings	10 - 25
<b>Engineered structures:</b>	
Roadway systems	20 - 40
Water/wastewater system	40 - 50
IT infrastructure	5 - 30
Machinery and equipment	10
Vehicles	10 - 25

Annual amortization is charged in the first full year after an asset is acquired. 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. The date of receipt is the day the City issues a construction completion certificate.

#### III) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets and are not amortized. Costs for public art are expressed in the period they are incurred.

#### IV) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the first-in-first-out method.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### p. Non-Financial Assets (Continued)

##### V) Asset Retirement Obligations

Asset retirement obligations are statutory, contractual, or legal obligations associated with the retirement of tangible capital assets. These asset retirement activities include all activities related to an asset retirement obligation which may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed, or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities (monitoring, etc.); and,
- constructing other tangible capital assets to perform post-retirement activities.

An obligation occurs at the later of acquisition date or legislative obligation date and is initially measured at fair value, determined using the present value methodology. Costs related to the asset retirement are added to the carrying amount of the related tangible capital asset and are amortized over the useful estimated life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated costs to settle the liability. When the future retirement date is known, a present value technique is used to measure the liability. In subsequent periods, the asset retirement obligation liability is adjusted for the accretion of discount which is recognized in the statement of operations.

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

These liabilities reflect the City's best estimate, as of December 31, 2023, of the amount required to retire tangible capital assets. Estimates are made by management using professional judgement, similar contractor costs, and third-party quotes, and are subsequently re-measured considering any new information and the appropriateness of assumptions used.

#### q. Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### r. Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Public Sector Accounting Standards. The City will continue to assess the impact and prepare for the adoption of these standards.

#### l) Financial Statement Presentation

PS 1202, Financial Statement Presentation, establishes standards on how to present info in general purpose financial statements. This standard is applicable to fiscal years beginning on or after April 1, 2026.

#### s. Changes in Accounting Policy - Prospective

Effective January 1, 2024, the City of Cold Lake has adopted Canadian Public Sector Accounting Standards PS 3400 Revenue, PS PSG-8 Purchased Intangible Assets, and PS 3160 Public Private Partnerships, required for government organization year ends beginning on or after April 1, 2023. These new accounting standards have been applied prospectively. The adoption of these standards did not result in any material changes to the City's financial statements.

### 2. CASH AND TEMPORARY INVESTMENTS

	2024	2023
Cash floats and undeposited receipts	\$ 2,975	\$ 3,575
Bank accounts	4,045,437	25,114,628
Temporary investments	17,772,001	8,265,301
	<b>\$ 21,820,413</b>	<b>\$ 33,383,504</b>

Temporary investments consist of short term deposits with original maturities of three months or less, which currently have effective interest rates of 3.80% (2023 - 5.55%). Temporary investments are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year from the date of purchase.

The City has an authorized overdraft limit in the amount of \$10,000,000 which bears interest at prime minus 0.25% and is secured by an overdraft protection agreement. At year end, the City had used no part of this limit (2023- \$Nil).

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 3. RECEIVABLES

	2024	2023
<b>TAXES AND GRANTS IN PLACE OF TAXES</b>		
Current taxes and grants in place of taxes	1,350,831	\$ 1,215,752
Arrears	41,543,483	35,479,590
Allowance for doubtful accounts	(41,984,076)	(35,828,063)
	<b>910,238</b>	<b>867,279</b>
<b>TRADE AND OTHER RECEIVABLES</b>		
Trade accounts	4,385,900	2,820,416
Due from province	159,722	151,562
Goods and Services Tax receivable	526,398	587,147
Local improvement levies	64,108	70,588
Due from other local governments	275,843	129,714
Due from Cold Lake Regional Utility Service Commission	1,196,930	-
Allowance for doubtful accounts	(132,195)	(122,814)
	<b>6,476,706</b>	<b>3,636,613</b>
	<b>\$ 7,386,944</b>	<b>\$ 4,503,892</b>

The City received the interim payment from PSPC (Public Services and Procurement Canada) for the PILT (Payment in Lieu of Taxes) in June 2024 with a final payment notice issued in January 2025. There is a disputed balance of \$6,121,480 (2023 - \$4,499,427) between the City and PSPC, and the total disputed shortfall amount of \$6,121,480 included in allowance for doubtful accounts is being appealed. The significant increase in both arrears and allowance for doubtful accounts is due to an allowance for the PILT. The City does not budget for the penalty on this disputed balance; however, the City does charge the penalty in accordance with the bylaw and sets up an allowance as PSPC is disputing the balance.

### 4. LAND HELD FOR RESALE

Land inventory is comprised of multiple vacant properties acquired through purchases. A specific use for the land has not been determined and the City may dispose of the land if no plan can be developed for the land. During 2024 no additional land was purchased.

At year-end the carrying value of the land is \$1,215,000 (2023 - \$1,178,200).

### 5. INVESTMENTS

	2024	2023
Portfolio investments - amortized cost	\$ 47,948,888	\$ 37,965,344
Portfolio investments - fair value	9,570,272	24,904,651
<b>TOTAL INVESTMENTS</b>	<b>\$ 57,519,160</b>	<b>\$ 62,869,995</b>



# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 5. INVESTMENTS (Continued)

The composition of investments measured at amortized cost is as follows:

	2024		2023	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed income securities	\$ 47,937,513	\$ 45,536,007	\$ 37,954,514	\$ 34,387,316
Common shares	11,375	11,375	10,830	10,830
	<b>\$ 47,948,888</b>	<b>\$ 45,547,382</b>	<b>\$ 37,965,344</b>	<b>\$ 34,398,146</b>

Fixed income securities bear interest ranging from 1.25% to 5.55% (2023 - 1.25% to 3.05%) and maturity periods from 2025 to 2035.

The composition of investments measured at fair market value is as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Principal protected notes	\$ -	\$ 9,570,272	\$ -	\$ -
	2023			
	Level 1	Level 2	Level 3	Total
Principal protected notes	\$ -	\$ 24,904,651	\$ -	\$ -

Fair value measurements are those derived from:

Level 1: Fair value is based on quoted market prices in an active market.

Level 2: Fair value is based on model-based valuation methods for which all significant assumptions are observable in the market or quoted prices for similar but not identical assets.

Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation.

Principal protected notes have various interest rates tied to the market with maturity periods from 2031 to 2032.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 6. SUBSIDIARY OPERATIONS - COLD LAKE PRIMARY CARE MEDICAL CLINIC LTD.

Cold Lake Primary Care Medical Clinic Ltd., established by City Council resolution CRM20230214.1004, is wholly owned by the City. Cold Lake Primary Care Medical Clinic Ltd. owns and operates a medical clinic in Cold Lake, Alberta.

Cold Lake Primary Care Medical Clinic Ltd. has a year end of February 28.

The following table provides condensed supplementary information for Cold Lake Primary Care Medical Clinic Ltd. as at December 31, 2024:

	2024	2023
<b>Financial Position:</b>		
Current assets	\$ 269,880	\$ 195,731
Non-current assets	1,833,039	1,860,184
<b>Total assets</b>	<b>2,102,919</b>	<b>2,055,915</b>
Current liabilities	40,645	15,634
Long term liabilities	1,750	1,750
<b>Total liabilities</b>	<b>42,395</b>	<b>17,384</b>
Retained Earnings	78,347	-
Contributed capital	2,020,174	1,960,159
Common shares	10	25
Current earnings	(39,919)	78,347
<b>Total shareholder's equity</b>	<b>2,058,612</b>	<b>2,038,531</b>
<b>Results of operations:</b>		
Revenue	364,765	283,856
Expenses	(404,684)	(205,509)
<b>Net income</b>	<b>(39,919)</b>	<b>78,347</b>
<b>Changes in shareholder's equity:</b>		
Shareholder's equity, beginning of year	2,038,531	-
Share capital issued	-	25
Contributed capital	60,000	1,960,159
Net income	(39,919)	78,347
<b>Shareholder's equity, end of year</b>	<b>\$ 2,058,612</b>	<b>\$ 2,038,531</b>

In 2024, the City contributed \$NIL (2023 - \$1,860,184) in tangible capital assets and \$60,000 in funding (2023 - \$100,000) to Cold Lake Primary Care Medical Clinic Ltd.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 6. SUBSIDIARY OPERATIONS - COLD LAKE PRIMARY CARE MEDICAL CLINIC LTD. (Continued)

	2024	2023
Investment in Cold Lake Primary Care Medical Clinic Ltd., beginning of the year	\$ 2,038,531	\$ -
Initial investment	-	1,960,184
Contributed capital	60,000	-
Subsidiary operations	(39,919)	78,347
<b>Investment in Cold Lake Primary Care Medical Clinic Ltd., end of the year</b>	<b>\$ 2,058,612</b>	<b>\$ 2,038,531</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023 Restated (Note 23)
Trade and other accounts payable	\$ 4,611,554	\$ 6,630,863
Due to Cold Lake Regional Utility Services Commission	-	5,956,312
Due to provincial government	4,048,419	3,916,199
Financial contracts payable	504,172	472,796
Accrued interest	257,323	282,350
Due to federal government	243,408	187,227
Due to library	26,379	44,592
	<b>\$ 9,691,255</b>	<b>\$ 17,490,339</b>

Due to the provincial government includes the education taxes payable related to the Payment in Lieu of Taxes for the deferral of the deferral of the education portion of the property taxes outstanding from Public Services and Procurement Canada (PSPC).

Amounts due to the Cold Lake Regional Utility Services Commission (CLRUSC) and the library are related parties to the City of Cold Lake.

Due to the federal government are amounts that consist of payroll remittances outstanding at year end.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 8. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	2023 (Restated) Note 23	Amounts Received	Interest and Other	Amounts Recognized	2024 Actual
<b>GOVERNMENT TRANSFERS</b>					
<b>CAPITAL</b>					
Municipal sustainability initiative	\$ 79,103	\$ -	\$ 233	\$ -	\$ 79,336
Canada community building fund	604,354	962,364	602	1,567,320	-
	<b>683,457</b>	<b>962,364</b>	<b>835</b>	<b>1,567,320</b>	<b>79,336</b>
<b>GOVERNMENT TRANSFERS</b>					
<b>OPERATING</b>					
Local government fiscal framework	-	288,574	-	288,574	-
Other	320,718	37,285	-	47,975	310,028
Family resource network	-	25,750	-	-	25,750
	<b>320,718</b>	<b>351,609</b>	<b>-</b>	<b>336,549</b>	<b>335,778</b>
<b>OTHER DEFERRED AMOUNTS</b>					
Other	2,315,872	731,732	-	669,267	2,378,337
Offsite levies	5,478,162	160,573	16,617	-	5,655,352
	<b>7,794,034</b>	<b>892,305</b>	<b>16,617</b>	<b>669,267</b>	<b>8,033,689</b>
	<b>\$ 8,798,209</b>	<b>\$ 2,206,278</b>	<b>\$ 17,452</b>	<b>\$ 2,573,136</b>	<b>\$ 8,448,803</b>

### 9. EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Vacation and overtime	\$ 1,257,534	\$ 1,258,063

The vacation and overtime liability is comprised of the vacation and overtime costs that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 10. LONG-TERM DEBT

	2024	2023
<b>FEDERATION OF CANADIAN MUNICIPALITIES</b>		
Tax supported debentures	\$ 500,000	\$ -
<b>PROVINCE OF ALBERTA</b>		
Tax supported debentures	37,056,777	40,033,830
<b>CANADIAN IMPERIAL BANK OF COMMERCE</b>		
Tax supported debenture	10,639,106	10,882,495
Total long-term debt	48,195,883	50,916,325
Less: current portion	(3,349,871)	(3,220,443)
	<b>\$ 44,846,012</b>	<b>\$ 47,695,882</b>

Principal and interest payments are as follows:

	Principal	Interest	Total
2025	\$ 3,349,871	\$ 1,735,351	\$ 5,085,222
2026	3,098,220	1,604,602	4,702,822
2027	2,729,598	1,490,061	4,219,659
2028	2,506,499	1,382,118	3,888,617
2029	2,306,552	1,294,816	3,601,368
Thereafter	34,205,143	9,942,233	44,147,376
	<b>\$ 48,195,883</b>	<b>\$ 17,449,181</b>	<b>\$ 65,645,064</b>

In 2024, The City entered into a long-term financing agreement with the Federation of Canadian Municipalities under the Green Municipal Fund to support the Clean Energy Improvement Program. Loan disbursements are received in separate draws, with each draw carrying a fixed interest rate determined at the time of issuance. Interest is calculated as the greater of the Government of Canada bond yield minus 2.00% or a minimum of 2.00%. In the event of default, an additional interest spread of 2.50% applies. The debenture term is 25 years and includes an interest-only period.

Debenture debt in the amount of \$37,556,777 payable to the Province of Alberta bears interest at rates ranging from 2.881% to 6.250% (2023 - 2.881% to 6.250%) per annum, before provincial subsidy, and mature in various amounts between 2025 through 2043 (2023 - 2025 through 2043).

Debenture debt in the amount of \$10,639,106 payable to the Canadian Imperial Bank of Commerce bears interest at a fixed swap rate of 4.69% versus 1-month CAD-CORRA+1.17138% and matures in 2048. Debenture debt is issued on the credit and security of the City.

Debenture payments occur annually, semi-annually, or quarterly and the interest paid during the year amounted to \$1,708,551 (2023 - \$1,690,742). The City's total cash payments for interest is \$1,859,766 (2023 - \$1,719,071).

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt limits, as defined by Alberta Regulation 255/2000, for the City of Cold Lake be disclosed as follows:

	2024	2023
Total long-term debt limit	\$ 100,916,045	\$ 93,906,439
Total long-term debt actual	48,195,883	50,916,325
<b>AMOUNT OF DEBT LIMIT UNUSED</b>	<b>52,720,162</b>	<b>42,990,114</b>
Debt servicing limit	16,819,341	15,651,073
Debt servicing actual	5,085,222	5,075,236
<b>AMOUNT OF DEBT SERVICING LIMIT UNUSED</b>	<b>\$ 11,734,119</b>	<b>\$ 10,575,837</b>

The debt limit is calculated at 1.5 times the revenue of the City (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 City. Rather, the financial statements must be interpreted as a whole.

### 12. ASSET RETIREMENT OBLIGATIONS

	2024	2023
<b>Asset retirement obligation liability, beginning of year</b>	<b>\$ 4,680,391</b>	<b>\$ 1,534,882</b>
Additions	899	3,068,765
Accretion	225,030	76,744
Recovery	(179,786)	-
<b>Asset retirement obligation liability, end of year</b>	<b>\$ 4,726,534</b>	<b>\$ 4,680,391</b>

Tangible capital assets with associated asset retirement obligations include buildings, machinery and equipment, land improvements, vehicles, and engineered structures.

The City has asset retirement obligations to remove and remediate various buildings, machinery/equipment, land improvements, vehicles, and engineered structures. Regulations and legal obligations require the City to dispose of hazardous materials (such as asbestos), and remove structures and remediate the area in a prescribed manner under legislation and/or contractual obligation. Timing of the disposal or removal is conditional; however, regulations and contractual obligations create an existing obligation when the asset retirement activities occur.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 12. ASSET RETIREMENT OBLIGATIONS (Continued)

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.

Asset retirement obligations of \$4,726,534 (2023 - \$4,680,391) are measured using a present value technique. The present value was calculated using an estimated total undiscounted cash flow of \$29,089,352 (2023 - \$29,087,887), a discount rate of 5.00% (2023 - 5.00%), with retirement and reclamation activities expected to be settled between 2029 and 2074.

### 13. CONTINGENCIES

The City is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 14. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues are required by Alberta Regulation 313/2020 is as follows:

	2024	2023
ATCO Electric	\$ 1,188,769	\$ 863,580
ATCO Gas	632,274	500,240
	<b>\$ 1,821,043</b>	<b>\$ 1,363,820</b>

### 15. INVESTMENT INCOME

For the year ended December 31, 2024, the City earned a total of \$2,647,058 in investment income (2023 - \$1,678,069). This amount includes interest and dividends received during the year, as well as amortization of bond premiums and discounts, and realized gains on the sale of investments.

The investment income includes \$17,001 in amortization of bond premiums and discounts (2023 - \$17,001), and a realized gain on sale of investments of \$611,315 (2023 - \$NIL), which is reported as part of investment income on the Statement of Operations.

Investment income is recognized on an accrual basis.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 16. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023 Restated (Note 23)
Tangible capital assets (Schedule 2)	\$ 489,763,484	\$ 476,044,657
Accumulated amortization (Schedule 2)	(171,218,214)	(160,159,231)
Long-term debt related to capital (Note 10)	(47,695,883)	(50,916,325)
Asset retirement obligation liability (Note 12)	(4,726,534)	(4,680,391)
	<b>\$ 266,122,853</b>	<b>\$ 260,288,710</b>

### 17. ACCUMULATED SURPLUS

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

	2024 Actual	2023 Restated (Note 23)
<b>INTERNALLY RESTRICTED</b>		
Public works and infrastructure	\$ 32,327,648	\$ 34,490,365
Community services	3,840,517	7,887,712
General government	3,627,261	2,755,670
Planning and development	2,544,061	2,155,003
Electrical utility contribution	1,252,719	1,252,719
MD waterline	500,355	466,425
Developer contribution	385,678	385,678
Municipal reserve	132,648	132,648
<b>TOTAL RESTRICTED</b>	<b>44,610,887</b>	<b>49,526,220</b>
Unrestricted funds	28,110,273	27,954,401
<b>TOTAL RESTRICTED AND UNRESTRICTED</b>	<b>72,721,160</b>	<b>77,480,621</b>
Equity in tangible capital assets (Note 16)	266,122,853	260,288,710
Accumulated remeasurement gain and loss	(2,130,899)	(1,006,045)
<b>ACCUMULATED SURPLUS</b>	<b>\$ 336,713,114</b>	<b>\$ 336,763,286</b>



# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 18. BUDGET

The budget figures presented in these financial statements are based on the budget approved by the City's council on December 12, 2023. The City compiles a budget on a modified accrual basis. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	2024 (Budget)	2024 Actual	2023 Restated (Note 23)
<b>ANNUAL SURPLUS</b>	<b>\$ 13,562,847</b>	<b>\$ 1,074,682</b>	<b>\$ 10,752,097</b>
Add back (deduct):			
Contributed tangible capital assets	-	-	(6,499,777)
Amortization of tangible capital assets	-	11,990,673	11,426,158
Debt proceeds	-	500,000	11,000,000
Principal debt repayments	(3,318,367)	(3,220,442)	(2,981,395)
Disposal of tangible capital assets (net of amortization)	-	3,207,339	1,572,455
Tangible capital asset purchases	(16,633,430)	(17,857,856)	(17,349,762)
Net transfers from reserves	6,388,950	4,288,979	2,838,750
<b>OPERATING (DEFICIT) SURPLUS</b>	<b>\$ -</b>	<b>\$ (16,625)</b>	<b>\$ 10,758,526</b>

### 19. DERIVATIVES

The City has entered into interest rate swap agreements with Canadian Imperial Bank of Commerce ("CIBC") to manage volatility of interest rates. As at December 31, 2024, the City held a contract for settlement in 2048 with a notional amount of \$10,639,106 (2023 - \$10,882,495). The fair value of outstanding contracts payable is \$504,172 (2023 - \$472,796)

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 20. LOCAL AUTHORITIES PENSION PLAN

Employees of the City participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. LAPP serves 304,451 people and 444 employers. 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 City is required to make current service contributions to the plan of 8.45% of pension earnings up to the year's maximum pension earnings under the Canada Pension Plan and 11.65% for the excess. Employees of the City are required to make current service contributions of 7.45% of pension salary up to the year's maximum pension salary and 10.65% for the excess.

Total current service contributions by the City to the Local Authorities Pension Plan in 2024 were \$1,071,812 (2023 - \$1,037,281). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2024 were \$953,986 (2023 - \$925,163).

As at December 31, 2023, LAPP disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion).

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 21. SALARY AND BENEFITS DISCLOSURE

Disclosures of salaries and benefits for elected municipal officials, the chief administrative officer and other designated officers as required by Alberta Regulation 313/2000 as follows:

		Salary	Allowances and benefits	2024 Total	2023 Restated
Mayor	Craig Copeland	\$ 78,213	\$ 4,190	\$ 82,403	\$ 76,137
	Ryan Bailey	33,706	1,870	35,576	36,911
	Robert Mattice	35,706	2,023	37,729	38,010
	Adele Richardson	37,956	2,122	40,078	38,898
	Vicky Lefebvre	42,506	2,393	44,899	42,606
	Chris Vining	37,831	2,115	39,946	36,647
	William Parker	41,456	72	41,528	43,821
Chief Administrative Officer	Kevin Nagoya	292,008	42,173	334,181	303,727
Designated officer (contract)		138,384	-	138,384	134,825
		<b>\$ 737,766</b>	<b>\$ 56,958</b>	<b>\$ 794,724</b>	<b>\$ 751,582</b>

- (a) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (b) The employer's share of all employee benefits and contributions or payments made on behalf of employees including; pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships, and tuition.
- (c) Designated officers include the City's third party assessor.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 22. FINANCIAL RISK MANAGEMENT

The City's financial instruments consist of cash and temporary investments, investments, taxes and grants in place of taxes receivable, trade and other receivables, land held for resale, accounts payable and accrued liabilities, deposit liabilities, bank loan, and long-term debt.

#### a. Credit risk

Credit risk is the risk of loss arising from the failure of a counterparty to fulfill its contractual obligations. The City is exposed to credit risk through its cash and temporary investments, investments, interest receivable, and trades receivable.

Cash, temporary investments and investments are held with highly rated financial institutions with strong credit standings. The City considers its exposure to credit risk on cash and investments to be low.

Credit risk arises from the potential that a customer will fail to perform its obligations. The City is exposed to credit risk from its customers. In order to reduce this risk, the City conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends, and other information.

The two most significant revenue sources for the City are property taxes and government transfers. The City has a significant number of taxpayers, which minimizes concentration of credit risk. No one taxpayer makes up a significant portion of such revenue. The majority of government transfers are received from provincial and federal government agencies. Due to the nature of these payers, the City is not exposed to significant credit risk on such transactions.

The City is exposed to credit risk on investments and has established an investment policy in compliance with the MGA to limit investments with required minimum credit quality standards. The City's exposure, based on the risk rating of money market holdings and bonds, has not changed significantly year over year.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 22. FINANCIAL RISK MANAGEMENT (Continued)

#### b. Interest rate risk

Interest rate risk is the risk that future cash flows or fair values of financial instruments will be affected by the fluctuation and degree of volatility in interest rates. The City is exposed to interest rate risk through variable-rate financial instruments and debentures.

Interest rate risk is managed by investment policies that limit the maturity of certain fixed income instruments. The City has also adopted a maximum interest rate cap of 10% under its Clean Energy Improvement Tax Bylaw.

The City uses interest rate swap agreements to manage its interest rate exposure. The City specifically designates these agreements as hedges of debt instruments and recognizes interest rate differentials as adjustments to interest expense in the period the differentials occur. Under interest rate swap agreements, the City agrees with other parties to exchange, at specific intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed-upon notional principal amount. The fair value of the interest rate swap agreements is estimated using quotes from counterparties and represents the cash requirement if the existing agreements had been settled at year end.

#### c. Currency risk

Currency risk is the risk to the City's surplus that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the City is not exposed to significant currency risks arising from transactions in US funds.

Unless otherwise noted, it is management's opinion that the City is not exposed to significant other price risks arising from these financial instruments.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 23. RESTATEMENT

The City has adjusted certain financial statement accounts as of December 31, 2023 due to the following:

- (a) Recalculation of tangible capital assets;
- (b) Reclassification of deferred revenue.

The above change has been applied retroactively and the 2023 comparative figures have been restated as follows:

	As Previously Stated	(a) Recalculation of Tangible Capital Assets	(b) Reclassification of Deferred Revenue	As Restated
<b>STATEMENT OF FINANCIAL POSITION</b>				
Accounts payable and accrued liabilities	\$ 17,607,612	\$ (50,854)	\$ (66,419)	\$ 17,490,339
Deferred revenue	8,731,790	-	66,419	8,798,209
Tangible capital assets	356,980,287	(41,094,861)	-	315,885,426
<b>STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS</b>				
Transportation Systems	14,601,472	783,352	-	15,384,824
Recreation and culture	13,566,472	(52,094)	-	13,514,378
Utility systems	10,943,219	289,524	-	11,232,743
Fire and emergency services	1,997,057	46,293	-	2,043,350
Loss on disposal	(321,287)	(1,055,946)	-	(1,377,233)
Accumulated surplus, beginning of year	365,938,221	(38,920,987)	-	327,017,234
Accumulated surplus, end of year	378,813,338	(41,044,007)	-	337,769,331
<b>STATEMENT OF CHANGE IN NET FINANCIAL ASSETS</b>				
Excess of revenue over expenses	12,875,117	(2,123,020)	-	10,752,097
Amortization of tangible capital assets	12,966,971	(1,540,813)	-	11,426,158
Proceeds on disposal of tangible capital assets	189,696	56,379	-	246,075
Decrease in net financial assets	(1,463,399)	50,855	-	(1,412,544)
Net financial assets, end of year	19,716,671	50,854	-	19,767,525
<b>STATEMENT OF CASH FLOWS</b>				
Excess revenue over expenditures	12,875,117	(2,123,020)	-	10,752,097
Amortization of tangible capital assets	12,966,971	(1,540,813)	-	11,426,158
Increase in accounts payable and accrued liabilities	1,199,262	(50,852)	(3,192)	1,145,218
Increase (decrease) in deferred revenue	1,513,525	-	3,192	1,516,717
Acquisition of tangible capital assets	(19,952,125)	2,602,363	-	(17,349,762)
Proceeds on disposal of tangible capital assets	\$ 189,696	\$ 56,379	\$ -	\$ 246,075

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 24. SEGMENTED DISCLOSURE

Segmented information has been identified based upon lines of services provided by the City. Municipal services are provided by departments and their activities are reported by function area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide are as follows:

**a. General Government**

General government is comprised of City Council, general revenues, general expenses, and net taxes for municipal council. This segment makes decisions regarding the service delivery and services levels on behalf of the City in order to balance the needs and wants of the City residents in a financially responsible manner.

**b. Protective Services**

Protective services is comprised of policing, fire rescue services, disaster services, and bylaw services. This segment is responsible for providing emergency services and ensuring safety within the City. Policing and bylaw services provide bylaw and enhanced policing enforcement that ranges from community standards, to traffic safety, to animal control, as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta. Regional fire services is responsible to provide fire suppression services, fire prevention programs, training and education related to fire prevention, and detection or extinguishing of fires. The mandate of disaster services is to help maintain safe communities and public safety in disaster situations.

**c. Utility Systems**

Utility systems is comprised of water treatment, water supply, sewer collection, waste, and recycling services. This segment is responsible for the general operating and supply of water to residents, the collection of sewer from residents, and the management and collection of physical waste and recycling from residents.

**d. Transportation Services**

Transportation services is comprised of public works operations, airport, public transportation, and storm sewer services. Public works operations is responsible for providing maintenance and development of City roadways, infrastructure, and maintenance of the City fleet. The airport is responsible for maintaining the current airport and managing the use of the areas. Public transportation is responsible for the provision of bussing services to residents within the City. Storm sewer services is responsible for the collection and outflow of sanitary run-off.

**e. Public Health & Welfare**

Public health and welfare is comprised of Family and Community Support Services (FCSS), daycares, playschools, seniors, special transportation, and cemetery services. This segment is responsible for providing support to the community with a strong emphasis on providing support to the vulnerable persons within the community.

# City of Cold Lake

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 24. SEGMENTED DISCLOSURE (Continued)

#### f. Planning & Development

Planning and development is comprised of municipal planning, and economic development services. Planning and development work with developers in planning the growth of the City in a sustainable manner. Economic development works with businesses in the City to encourage investment and attraction as well as economic sustainability.

#### g. Recreation & Culture

Recreation and culture is responsible for providing leisure services to residents to promote the well-being of residents. This is accomplished through the maintenance and management of the arenas, the leisure facility, the golf and winter club, the parks and sports fields, the marina, and funding the library and museum. In addition, the City will manage concerts and events to promote and engage the community.

### 25. COMPARATIVE INFORMATION

Certain other comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

### 26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by Council and Management on April 22, 2025.