

SUMMER VILLAGE OF ISLAND LAKE
Financial Statements
Year Ended December 31, 2025

SUMMER VILLAGE OF ISLAND LAKE
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the municipality is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the municipality's financial position as of December 31, 2025, and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS). The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the 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 financial statements.

The municipality's council carries out its responsibilities for review of the financial statements principally through regular council meetings. Council meets 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 municipality's council has approved the financial statements.

The financial statements have been audited by the independent firm of Seniuk and Marcato, Chartered Professional Accountants, external auditors appointed by the municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's financial statements.

P. Forsyth

Ms. Phyllis Forsyth, CAO

Bruderheim, Alberta
April 21, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Summer Village of Island Lake

Opinion

We have audited the financial statements of Summer Village of Island Lake (the "municipality"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2025, and the results of its operations and 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 Financial Statements* section of our report. We are independent of the municipality in accordance with 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 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 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the municipality'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 municipality 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 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 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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


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Independent Auditor's Report to the Members of Council of Summer Village of Island Lake (*continued*)

- 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 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 municipality'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 municipality 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.

Edmonton, Alberta
April 21, 2026



Seniuk and Marcato,
Chartered Professional Accountants

SUMMER VILLAGE OF ISLAND LAKE**Statement of Financial Position****December 31, 2025**

	2025	2024
FINANCIAL ASSETS		
Cash (Note 2)	\$ 313,412	\$ 345,191
Restricted cash (Note 2)	46,360	12,333
Taxes and grants in place of taxes receivable (Note 3)	52,547	50,335
Grants and receivables from other governments (Note 4)	125,722	102,399
	538,041	510,258
LIABILITIES		
Accounts payable	29,397	30,911
Deferred revenue (Note 6)	173,667	119,796
	203,064	150,707
NET FINANCIAL ASSETS	334,977	359,551
NON-FINANCIAL ASSETS		
Prepaid expenses	137	-
Tangible capital assets (Note 5)	1,142,346	1,224,980
	1,142,483	1,224,980
ACCUMULATED SURPLUS (Schedule 4)	\$ 1,477,460	\$ 1,584,531

APPROVED ON BEHALF OF COUNCILChad Newton (Apr 29, 2026 09:22:13 MDT)

Mayor

James McIntosh (Apr 29, 2026 09:20:44 MDT)

Councilor

SUMMER VILLAGE OF ISLAND LAKE
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2025

	Budget (Unaudited) 2025	Actual 2025	Actual 2024
REVENUES			
Net municipal taxes (Schedule 1)	\$ 320,178	\$ 319,992	\$ 331,005
User fees	600	700	700
Government transfers for operating (Schedule 2)	26,450	29,776	34,739
Investment income	10,000	8,993	12,516
Penalties and costs of taxes	10,000	11,738	11,958
Licenses and permits	3,500	3,503	4,698
Other	2,500	1,027	439
	373,228	375,729	396,055
EXPENSES			
Administration and legislative	140,457	120,165	110,392
Protective services	30,993	37,685	37,551
Transportation services	57,500	210,221	199,632
Environmental services	48,000	56,583	56,583
Land use planning, zoning and development	17,500	38,256	23,577
Parks, recreation, family and community support	78,778	99,062	85,138
	373,228	561,972	512,873
DEFICIT FROM OPERATIONS	-	(186,243)	(116,818)
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	73,689	50,261	-
Contributed assets	-	28,911	-
	73,689	79,172	-
ANNUAL SURPLUS (DEFICIT)	73,689	(107,071)	(116,818)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	1,584,531	1,584,531	1,701,349
ACCUMULATED SURPLUS - END OF YEAR	\$ 1,658,220	\$ 1,477,460	\$ 1,584,531

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2025

	Budget 2025	2025	2024
ANNUAL SURPLUS (DEFICIT)	\$ 73,689	\$ (107,071)	\$ (116,818)
Purchase of tangible capital assets	(102,711)	(115,456)	(9,405)
Amortization of tangible capital assets	-	198,090	194,208
Decrease (increase) in prepaid expenses	-	(137)	-
	(102,711)	82,497	184,803
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(29,022)	(24,574)	67,985
NET FINANCIAL ASSETS - BEGINNING OF YEAR	359,551	359,551	291,566
NET FINANCIAL ASSETS - END OF YEAR	\$ 330,529	\$ 334,977	\$ 359,551

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE**Statement of Cash Flows****Year Ended December 31, 2025**

	2025	2024
OPERATING ACTIVITIES		
Annual deficit for the year	\$ (107,071)	\$ (116,818)
Item not affecting cash:		
Amortization of tangible capital assets	198,089	194,210
	91,018	77,392
Changes in non-cash working capital:		
Grants and receivables from other governments	(23,323)	31,890
Current taxes and grants in place of taxes	(2,212)	14,371
Accounts payable	(1,513)	(18,014)
Deferred revenue	53,871	94,294
Prepaid expenses	(137)	-
	26,686	122,541
Cash flow from operating activities	117,704	199,933
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(115,456)	(9,405)
Cash flow used by capital activities	(115,456)	(9,405)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	(34,027)	(12,333)
Cash flow used by investing activities	(34,027)	(12,333)
INCREASE (DECREASE) IN CASH FLOW	(31,779)	178,195
Cash - beginning of year	345,191	166,996
CASH - END OF YEAR (Note 2)	\$ 313,412	\$ 345,191

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Schedule of Property and Other Taxes
Year Ended December 31, 2025

(Schedule 1)

	Budget (Unaudited) 2025	2025	2024
TAXATION			
Real property tax	\$ 688,889	\$ 688,666	\$ 633,064
Linear property taxes	1,268	1,268	4,412
	690,157	689,934	637,476
REQUISITIONS			
Alberta school foundation	352,919	352,882	303,302
Seniors' housing requisition	17,060	17,060	3,169
	369,979	369,942	306,471
NET MUNICIPAL TAXES	\$ 320,178	\$ 319,992	\$ 331,005

Schedule of Government Transfers

(Schedule 2)

	Budget (Unaudited) 2025	2025	2024
TRANSFERS FOR OPERATING			
Provincial Government	\$ 26,450	\$ 29,776	\$ 34,739
	26,450	29,776	34,739
TRANSFERS FOR CAPITAL			
Provincial Government	73,689	50,261	-
TOTAL GOVERNMENT TRANSFERS	\$ 100,139	\$ 80,037	\$ 34,739

Schedule of Expenditures by Object
Year Ended December 31, 2025

(Schedule 3)

	Budget (Unaudited) 2025	2025	2024
EXPENSES			
Salaries, wages & benefits	\$ 11,000	\$ 25,047	\$ 10,887
Contracted and general services	343,550	321,524	293,849
Materials, goods and utilities	6,100	4,818	1,469
Transfer to local boards and agencies	12,578	12,494	12,458
Amortization	-	198,089	194,210
Total Expenditures by Object	\$ 373,228	\$ 561,972	\$ 512,873

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2025

(Schedule 4)

	Unrestricted Surplus	Operating Reserves	Capital Reserve	Equity in Tangible Capital Assets	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 259,372	\$ 7,000	\$ 93,178	\$ 1,224,980	\$ 1,584,530	\$ 1,701,349
Excess (deficiency) of revenues over expenses	(107,071)	-	-	-	(107,071)	(116,818)
Current year funds used to purchase tangible capital assets	(115,456)	-	-	115,456	-	-
Annual amortization expense	198,089	-	-	(198,089)	-	-
	(24,438)	-	-	(82,633)	(107,071)	(116,818)
BALANCE, END OF YEAR	\$ 234,934	\$ 7,000	\$ 93,178	\$ 1,142,346	\$ 1,477,460	\$ 1,584,531

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE
Schedule of Segmented Disclosure
Year Ended December 31, 2025

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2025
REVENUE							
Net municipal taxes	\$ 319,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,992
Government transfers	20,308	-	-	-	6,757	2,711	29,776
User fees and sales of goods	700	-	-	-	-	-	700
Investment income	8,993	-	-	-	-	-	8,993
Other revenues	12,765	-	-	3,503	-	-	16,268
	362,758	-	-	3,503	6,757	2,711	375,729
EXPENSES							
Contracted and general services	117,747	33,626	39,540	38,256	44,625	47,729	321,524
Salaries, wages & benefits	-	-	-	-	25,047	-	25,047
Materials, goods and utilities	2,417	-	-	-	2,401	-	4,818
Transfer to local boards and agencies	-	-	-	-	12,494	-	12,494
Amortization	-	4,058	170,682	-	14,495	8,854	198,089
	120,164	37,684	210,222	38,256	99,062	56,583	561,972
Excess (deficiency) of revenue over expenses before other	242,594	(37,684)	(210,222)	(34,753)	(92,305)	(53,872)	(186,243)
OTHER							
Government transfers for capital	-	-	-	-	50,261	-	50,261
Contributed assets	-	-	-	-	28,911	-	28,911
	-	-	-	-	79,172	-	79,172
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 242,594	\$ (37,684)	\$ (210,222)	\$ (34,753)	\$ (13,133)	\$ (53,872)	\$ (107,071)

The accompanying notes form an integral part of these financial statements

SUMMER VILLAGE OF ISLAND LAKE

Schedule of Tangible Capital Assets

(Schedule 6)

Year Ended December 31, 2025

	Opening Balance	Additions and Transfers	Disposals, Impairments and Transfers	Closing Balance
For the year ended December 31, 2025				
Cost				
Land	\$ 54,961	\$ -	\$ -	\$ 54,961
Land improvements	298,284	8,785	-	307,068
Buildings	168,015	-	-	168,015
Engineered structures	2,599,493	60,963	-	2,660,456
Machinery and equipment	18,404	-	-	18,404
Assets under construction	-	45,708	-	45,708
	<u>3,139,157</u>	<u>115,456</u>	<u>-</u>	<u>3,254,612</u>
Accumulated Amortization				
Land improvements	(92,338)	(13,995)	-	(106,333)
Buildings	(103,972)	(4,559)	-	(108,531)
Engineered structures	(1,709,057)	(178,616)	-	(1,887,673)
Machinery and equipment	(8,810)	(919)	-	(9,729)
	<u>(1,914,177)</u>	<u>(198,089)</u>	<u>-</u>	<u>(2,112,266)</u>
Net Book Value	\$ 1,224,980	\$ (82,633)	\$ -	\$ 1,142,346

For the year ended December 31, 2024

Cost				
Land	\$ 54,961	\$ -	\$ -	\$ 54,961
Land improvements	290,066	8,219	-	298,285
Buildings	168,015	-	-	168,015
Engineered structures	2,599,493	-	-	2,599,493
Machinery and equipment	30,545	1,187	(13,329)	18,403
	<u>3,143,080</u>	<u>9,406</u>	<u>(13,329)</u>	<u>3,139,157</u>
Accumulated Amortization				
Land improvements	(79,055)	(13,282)	-	(92,337)
Buildings	(99,414)	(4,558)	-	(103,972)
Engineered structures	(1,533,489)	(175,568)	-	(1,709,057)
Machinery and equipment	(21,338)	(802)	13,329	(8,811)
	<u>(1,733,296)</u>	<u>(194,210)</u>	<u>13,329</u>	<u>(1,914,177)</u>
Net Book Value	\$ 1,409,784	\$ (184,804)	\$ -	\$ 1,224,980

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Summer Village of Island Lake (the Municipality) are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. 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 as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

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 or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

Financial instruments

PS3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. The standard also requires disclosure of the nature and extent of risks arising from financial instruments and provides clarification on the derecognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

Use of Estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the municipality's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- estimated accrued receivables;
- estimated useful lives of assets;
- impairment of long-term assets; and
- estimated accrued payables.

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SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment Disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected on a basis consistent with the presentation adopted for municipal financial planning and budgeting processes.

- General Government is comprised of municipal administration and council governance;
- Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue;
- Transportation Services is comprised of roadway and parking services;
- Environmental Services is comprised of water, sewage, and garbage services;
- Planning and Development is comprised of related services for the betterment of the Municipality; and
- Recreation and Culture is comprised of parks and recreation; community and family services planning; and corporate properties and public housing.

Cash and short term investments

Cash and cash equivalents consist of cash on deposit and short term investments maturing within 90 days from the date of purchase, are capable of reasonably prompt liquidation, and may be used to manage the Municipality's cash position throughout the year.

Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of, the accumulated gains or losses are reclassified to the statement of operations. Investments in interest-bearing securities are recorded at amortized cost. 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 in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Land Inventory for Resale

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

Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

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SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Debt Charges Recoverable

Debt charges recoverable consist of amounts borrowed under long term debt that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at an amount equivalent to the related outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the Municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period in which the project costs are incurred.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	25 years
Engineered structures	20 - 25 years
Buildings	20 - 25 years
Machinery and equipment	10 - 20 years

The municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Government transfers related to tangible capital assets are recognized as revenue when the related expenditures are incurred and are reported within the applicable capital asset function.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributions of Tangible Capital Assets

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

Impairment of long lived assets

The municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows that the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

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SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-Financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

Long term Debt

Long term debt is initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long term debt is subsequently measured at amortized cost.

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality's Council in accordance with legislation and the Municipality's Council-approved policies. The purpose is to raise the funds required to provide municipal services and to meet requisition obligations. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

(continues)

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

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.

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Municipality are in the form of tangible capital assets, grants and subsidies.

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.

(continues)

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Contaminated Sites Liability

Contaminated sites are the result of a chemical, organic or radioactive material or living organisms in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Municipality recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Municipality is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Municipality's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Municipality's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed for a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Municipality will measure the liability using present value techniques. This liability is reported in the Statement of Financial Position.

SUMMER VILLAGE OF ISLAND LAKE**Notes to Financial Statements****Year Ended December 31, 2025****2. CASH AND RESTRICTED CASH**

	2025	2024
Cash	\$ 313,412	\$ 345,191
Restricted cash	46,360	12,333
	\$ 359,772	\$ 357,524

Temporary investments are short term deposits with original maturities of three months or less.

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 6.)

Not included in cash are funds held in trust from the tax sale surplus of \$31,731 (2024 - \$30,740).

3. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2025	2024
Current taxes and grants in place of taxes	\$ 43,964	\$ 43,951
Arrears taxes and grants in place of taxes	8,583	6,384
	\$ 52,547	\$ 50,335

4. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2025	2024
Canada Community-Building Fund grant receivable	\$ 30,705	\$ 15,137
Local Government Fiscal Framework - Capital grant receivable	91,743	87,262
Subtotal	122,448	102,399
Goods and services tax refundable	3,274	-
	\$ 125,722	\$ 102,399

SUMMER VILLAGE OF ISLAND LAKE**Notes to Financial Statements****Year Ended December 31, 2025****5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 54,961	\$ -	\$ 54,961	\$ 54,961
Land improvements	307,068	106,333	200,735	205,946
Engineered structures	2,660,456	1,887,673	772,783	890,436
Assets under construction	45,708	-	45,708	-
Buildings	168,015	108,531	59,484	64,043
Machinery and equipment	18,404	9,729	8,675	9,594
	\$ 3,254,612	\$ 2,112,266	\$ 1,142,346	\$ 1,224,980

For additional information, see the Schedule of Tangible Capital Assets (Schedule 6).

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

6. DEFERRED REVENUE

Deferred revenue is comprised of:

2025	2024 Balance	Allocations	Disbursements	2025 Balance
Grant Funding				
Canada Community-Building Fund \$	15,137	\$ 15,568	\$ -	\$ 30,705
Municipal Sustainability Initiative - Capital	12,333	62	(12,333)	62
Local Government Fiscal Framework - Capital	87,262	92,638	(41,797)	138,103
	114,732	108,268	(54,130)	168,870
Other Deferred Revenue				
Prepaid Taxes	5,064	-	(267)	4,797
	\$ 119,796	\$ 108,268	\$ (54,397)	\$ 173,667

2024	2023 Balance	Allocations	Disbursements	2024 Balance
Grant Funding				
Canada Community-Building Fund	-	15,137	-	15,137
Municipal Sustainability Initiative - Capital	19,605	-	(7,272)	12,333
Local Government Fiscal Framework - Capital	-	87,262	-	87,262
	19,605	102,399	(7,272)	114,732
Other Deferred Revenue				
Prepaid Taxes	5,897	-	(833)	5,064
	25,502	102,399	(8,105)	119,796

Grant funding is comprised of the funds noted above and is allocated to the Municipality by the Provincial Government as approved by the individual restricted funding agreements. These grants are restricted to specific projects that must be approved per the agreement and are scheduled for completion in the next few years. These funds are recognized as revenue in the period they are used for the purpose specified. Unexpended funds related to the advances, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 2.).

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

7. 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 Summer Village of Island Lake, be disclosed as follows:

	2025	2024
Total debt limit	\$ 563,594	\$ 594,083
Total debt	-	-
Amount of debt limit unused	563,594	594,083
Debt servicing limit	93,932	99,014
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 93,932	\$ 99,014

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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2025	2024
Tangible capital assets (Note 5.)	\$ 3,254,612	\$ 3,139,157
Accumulated amortization (Note 5.)	(2,112,266)	(1,914,177)
	\$ 1,142,346	\$ 1,224,980

9. SEGMENTED DISCLOSURE

The Summer Village of Island Lake 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 the Schedule of Segmented Disclosure (Schedule 5).

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

10. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the municipality is not exposed to significant currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the municipality manages risk exposure on these items similar to other receivables and payables.

The municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the municipality's risk exposure and concentration as of December 31, 2025.

Credit risk

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk

Liquidity risk is the risk that the municipality will be unable to meet its financial obligations as they come due. The municipality is exposed to this risk primarily through its accounts payable. Liquidity risk is managed through the monitoring of cash balances and the timing of property tax collections and other municipal revenues to ensure sufficient funds are available to meet obligations when due.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the municipality's financial position, potentially increasing borrowing costs or reducing investment income. This risk can indirectly impact taxpayers through higher future funding requirements. It is management's assessment that the municipality is not exposed to this risk in any significant manner.

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

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

11. ACCUMULATED SURPLUS

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

	2025	2024
Unrestricted surplus	\$ 234,936	\$ 259,374
Reserves - Elections	2,000	2,000
Reserves - Tree Removal	500	500
Reserves - Roads	1,000	1,000
Reserves - Legal	500	500
Reserves - Infrastructure	3,000	3,000
Restricted surplus - operating	7,000	7,000
Capital Reserves - General	93,178	93,178
Restricted surplus - capital	93,178	93,178
Equity in tangible capital assets	1,142,347	1,224,979
	\$ 1,477,461	\$ 1,584,531

12. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2025		2024	
	Salary (1)	Benefits & allowances (2)	Total	Total
C. Newton - Mayor	\$ 1,750	\$ -	\$ 1,750	\$ 1,800
J. Wasmuth - Councillor	900	-	900	2,149
A. Fisher - Councillor	-	-	-	2,050
J. McIntosh - Councillor	1,050	-	1,050	-
M. Lachambre - Councillor	750	-	750	-
Chief Administrative Officer	71,697	-	71,697	71,002
Designated Officers (2)	27,478	-	27,478	24,941
	\$ 103,625	\$ -	\$ 103,625	\$ 101,942

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

2. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

13. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2025 (2024 – Nil) as a result of this standard.

SUMMER VILLAGE OF ISLAND LAKE

Notes to Financial Statements

Year Ended December 31, 2025

14. ASSET RETIREMENT OBLIGATIONS

The Municipality has adopted PS3280 Asset Retirement Obligations. The Municipality did not identify any financial liabilities in 2025 (2024 – Nil) as a result of this standard

15. CONTRACTUAL OBLIGATIONS

The Summer Village has entered into a sponsorship agreement with the Athabasca Regional Multiplex Society to fund the waterslide. Commitments over the next few years are as follows:

Contractual obligation repayment schedule:

2026	\$	10,000
2027		10,000
2028		10,000
		<hr/>
	\$	<u>30,000</u>

16. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

17. BUDGET AMOUNTS

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









Final 2025 financial statements

Final Audit Report

2026-04-29

Created:	2026-04-29
By:	Phyllis Forsyth (pforsyth36@gmail.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAEt4_5-ActXU6Vd8klamSO8pyONzNOWc

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