

TOWN OF HARDISTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Town of Hardisty:

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Town of Hardisty (the Entity), which comprise the consolidated statement of financial position as at December 31, 2024, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Hardisty as at December 31, 2024, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

- 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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 within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation:**
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 7.
- **Supplementary Accounting Principles and Standards Regulation:**
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

M.D. of Wainwright

April 8, 2025



Brian King Professional Corporation

Chartered Professional Accountant

TOWN OF HARDISTY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	6,733,060	5,674,117
Taxes and grants in place of taxes (Note 3)	169,408	166,768
Trade and other receivables	83,836	78,758
Receivable from other governments	317,122	162,804
Local improvement receivable	15,679	31,347
	<u>7,319,105</u>	<u>6,113,794</u>
LIABILITIES		
Accounts payable and accrued liabilities	86,038	97,646
Deposits held in trust	21,245	21,980
Deferred revenue (Note 5)	1,061,208	723,825
Long term debt (Note 6)	-	8,365
	<u>1,168,491</u>	<u>851,816</u>
NET FINANCIAL ASSETS	<u>6,150,614</u>	<u>5,261,978</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	8,138,184	8,315,656
Inventory held for resale	142,567	152,624
	<u>8,280,751</u>	<u>8,468,280</u>
ACCUMULATED SURPLUS (NOTE 9)	<u>14,431,365</u>	<u>13,730,258</u>

TOWN OF HARDISTY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
REVENUE			
Net municipal property taxes (Schedule 3)	1,053,000	1,057,814	1,048,063
User fees and sales of goods	752,540	731,608	705,745
Penalties	25,000	31,183	29,505
Licenses and permits	9,500	8,178	10,517
Fines	1,000	2,017	266
Franchise and concession contracts	145,000	155,233	148,232
Investment income	100,000	310,341	291,084
Rentals	35,700	41,780	37,018
Government transfers for operating	192,616	36,308	40,508
Other	1,500	18,777	23,922
Gain on disposal of assets	-	14,803	-
	<u>2,315,856</u>	<u>2,408,042</u>	<u>2,334,860</u>
EXPENSES			
Legislative	63,700	51,231	48,089
Administration	457,800	368,435	364,388
Protective services	231,340	107,584	87,255
Transportation	479,000	413,113	379,565
Water supply and distribution	252,500	188,505	221,064
Wastewater treatment and disposal	95,000	65,323	73,737
Waste management	108,646	103,977	105,396
Public health and welfare	30,700	34,541	32,576
Planning and development	78,400	50,751	25,879
Recreation	71,500	55,296	62,428
Culture	83,945	68,400	103,956
Amortization	-	299,188	289,047
	<u>1,952,531</u>	<u>1,806,344</u>	<u>1,793,380</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	363,325	601,698	541,480
OTHER			
Government transfers for capital (Schedule 4)	<u>272,591</u>	<u>99,409</u>	<u>727,535</u>
EXCESS OF REVENUE OVER EXPENSES	635,916	701,107	1,269,015
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>13,730,258</u>	<u>13,730,258</u>	<u>12,461,243</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>14,366,174</u></u>	<u><u>14,431,365</u></u>	<u><u>13,730,258</u></u>

TOWN OF HARDISTY

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (unaudited)	2024	2023
EXCESS OF REVENUE OVER EXPENSES	<u>635,916</u>	<u>701,107</u>	<u>1,269,015</u>
Acquisition of tangible capital assets	(220,000)	(121,716)	(865,451)
Proceeds on disposal of tangible capital assets	-	14,803	-
Amortization of tangible capital assets	-	299,188	289,047
Loss (gain) on sale of tangible capital assets	-	(14,803)	-
Net (increase) decrease of inventory held for resale	<u>-</u>	<u>10,057</u>	<u>19,754</u>
INCREASE IN NET FINANCIAL ASSETS	415,916	888,636	712,365
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>5,261,978</u>	<u>5,261,978</u>	<u>4,549,613</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>5,677,894</u></u>	<u><u>6,150,614</u></u>	<u><u>5,261,978</u></u>

TOWN OF HARDISTY

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

	<u>2024</u>	<u>2023</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	701,107	1,269,015
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	299,188	289,047
Loss (gain) on disposal of tangible capital assets	(14,803)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(2,640)	4,514
Decrease (increase) in trade and other receivables	(5,078)	7,363
Decrease (increase) in receivable from other governments	(154,318)	(145,355)
Decrease (increase) in inventory held for resale	10,057	19,754
Decrease (increase) in local improvement levy	15,668	16,227
Increase (decrease) in accounts payable and accrued liabilities	(11,608)	10,459
Increase (decrease) in deposits held in trust	(735)	2,020
Increase (decrease) in deferred revenue	337,383	(211,215)
	<u>1,174,221</u>	<u>1,261,829</u>
CAPITAL		
Acquisition of tangible capital assets	(121,716)	(865,451)
Sale of tangible capital assets	14,803	-
	<u>(106,913)</u>	<u>(865,451)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(10,056)	207,883
FINANCING		
Long-term debt repaid	(8,365)	(16,148)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,048,887	588,113
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,056,385</u>	<u>4,468,272</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>6,105,272</u></u>	<u><u>5,056,385</u></u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	200	200
Cash in bank	6,732,860	5,673,917
Less: restricted portion of cash and term deposits (Note 2)	(627,788)	(617,732)
	<u><u>6,105,272</u></u>	<u><u>5,056,385</u></u>

TOWN OF HARDISTY

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	3,002,340	2,420,627	8,307,291	13,730,258	12,461,243
Excess (deficiency) of revenues over expenses	701,107	-	-	701,107	1,269,015
Unrestricted funds designated for future use	(432,456)	432,456	-	-	-
Restricted funds used for operations	68,728	(68,728)	-	-	-
Current year funds used for tangible capital assets	(121,716)	-	121,716	-	-
Annual amortization expense	299,188	-	(299,188)	-	-
Net long term debt repaid or issued	(8,365)	-	8,365	-	-
Change in accumulated surplus	506,486	363,728	(169,107)	701,107	1,269,015
BALANCE, END OF YEAR	<u>3,508,826</u>	<u>2,784,355</u>	<u>8,138,184</u>	<u>14,431,365</u>	<u>13,730,258</u>

TOWN OF HARDISTY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2024	2023
COST:								
Balance - beginning of year	96,270	574,063	1,350,510	11,555,544	248,575	152,354	13,977,316	13,111,865
Acquisition of tangible capital assets	-	-	-	-	121,716	-	121,716	865,451
Disposal of tangible capital assets	-	-	-	-	-	(17,000)	(17,000)	-
Balance - end of year	96,270	574,063	1,350,510	11,555,544	370,291	135,354	14,082,032	13,977,316
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	263,736	663,077	4,508,938	114,606	111,303	5,661,660	5,372,613
Annual amortization	-	19,136	27,792	216,351	24,996	10,913	299,188	289,047
Accumulated amortization on disposals	-	-	-	-	-	(17,000)	(17,000)	-
Balance - end of year	-	282,872	690,869	4,725,289	139,602	105,216	5,943,848	5,661,660
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	96,270	291,191	659,641	6,830,255	230,689	30,138	8,138,184	8,315,656
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	96,270	310,327	687,433	7,046,606	133,969	41,051	8,315,656	

TOWN OF HARDISTY

CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 3)

	Budget (Unaudited)	2024	2023
TAXATION			
Real property taxes	1,305,676	1,325,360	1,326,036
Linear property taxes	36,917	36,917	25,515
Local improvement taxes	15,000	-	-
	<u>1,357,593</u>	<u>1,362,277</u>	<u>1,351,551</u>
REQUISITIONS			
Alberta School Foundation	287,348	287,348	290,613
Designated Industrial Levy	130	-	-
Flagstaff Regional Housing Group	17,115	17,115	12,875
	<u>304,593</u>	<u>304,463</u>	<u>303,488</u>
NET MUNICIPAL TAXES	<u>1,053,000</u>	<u>1,057,814</u>	<u>1,048,063</u>

TOWN OF HARDISTY

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 4)

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Federal Government	-	-	4,200
Provincial Government	156,308	36,308	36,308
	<u>192,616</u>	<u>36,308</u>	<u>40,508</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	166,296
Provincial Government	272,591	99,409	561,239
	<u>272,591</u>	<u>99,409</u>	<u>727,535</u>
TOTAL GOVERNMENT TRANSFERS	<u>465,207</u>	<u>135,717</u>	<u>768,043</u>

TOWN OF HARDISTY

CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 5)

	Budget (Unaudited)	2024	2023
Expenditures			
Salaries, wages and benefits	598,700	535,205	499,439
Contracted and general services	873,146	569,502	600,029
Materials, goods and utilities	312,850	247,481	265,311
Provision for allowances	3,000	-	-
Transfers to other governments	27,000	29,408	20,320
Transfers to local boards and agencies	85,835	84,063	83,070
Transfers to individuals and agencies	30,000	22,848	21,390
Bank charges and short term interest	15,000	12,951	12,797
Interest on capital long term debt	1,000	92	774
Other expenditures	6,000	5,606	1,203
Amortization of tangible capital assets	-	299,188	289,047
	<u>1,952,531</u>	<u>1,806,344</u>	<u>1,793,380</u>

TOWN OF HARDISTY

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2024 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
REVENUE								
Net municipal property taxes (Schedule 2)	1,057,814	-	-	-	-	-	-	1,057,814
User fees and sales of goods	6,074	-	-	673,848	5,020	12,500	34,166	731,608
Penalties and costs on taxes	31,183	-	-	-	-	-	-	31,183
Licenses and permits	3,765	270	-	-	-	4,143	-	8,178
Fines	-	2,017	-	-	-	-	-	2,017
Franchise and concession contracts	155,233	-	-	-	-	-	-	155,233
Investment income	310,341	-	-	-	-	-	-	310,341
Rentals	14,355	-	-	-	-	27,425	-	41,780
Government transfers	36,308	-	-	-	-	-	-	36,308
Other	-	9,800	6,000	102	2,875	-	-	18,777
	<u>1,615,073</u>	<u>12,087</u>	<u>6,000</u>	<u>673,950</u>	<u>7,895</u>	<u>44,068</u>	<u>34,166</u>	<u>2,393,239</u>
EXPENSES								
Salaries, wages and benefits	226,888	1,870	163,307	121,704	20,721	-	715	535,205
Contracted and general services	146,659	9,466	139,418	178,229	345	16,968	78,417	569,502
Materials, goods and utilities	28,647	-	109,303	57,780	8,269	10,935	32,547	247,481
Transfers to other governments	-	29,408	-	-	-	-	-	29,408
Transfers to local boards and agencies	-	66,840	-	-	5,206	-	12,017	84,063
Transfers to individuals and agencies	-	-	-	-	-	22,848	-	22,848
Bank charges and short term interest	12,951	-	-	-	-	-	-	12,951
Interest on capital long term debt	-	-	-	92	-	-	-	92
Other expenditures	4,521	-	1,085	-	-	-	-	5,606
	<u>419,666</u>	<u>107,584</u>	<u>413,113</u>	<u>357,805</u>	<u>34,541</u>	<u>50,751</u>	<u>123,696</u>	<u>1,507,156</u>
NET REVENUE, BEFORE AMORTIZATION	<u>1,195,407</u>	<u>(95,497)</u>	<u>(407,113)</u>	<u>316,145</u>	<u>(26,646)</u>	<u>(6,683)</u>	<u>(89,530)</u>	<u>886,083</u>
AMORTIZATION AND DISPOSAL OF ASSETS								
Amortization of tangible capital assets	<u>16,656</u>	<u>1,795</u>	<u>127,014</u>	<u>139,982</u>	<u>1,848</u>	<u>-</u>	<u>11,893</u>	<u>299,188</u>
NET REVENUE	<u><u>1,178,751</u></u>	<u><u>(97,292)</u></u>	<u><u>(519,324)</u></u>	<u><u>176,163</u></u>	<u><u>(28,494)</u></u>	<u><u>(6,683)</u></u>	<u><u>(101,423)</u></u>	<u><u>601,698</u></u>

TOWN OF HARDISTY

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Hardisty 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 Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting Entity

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

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 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.

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

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

TOWN OF HARDISTY

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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Investments 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.

e) 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.

f) Inventories 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.

g) 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.

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town 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, as well as 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.

TOWN OF HARDISTY

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Government Transfers

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

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

j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

k) Non-Financial Assets

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

i. Tangible Capital Assets

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

	YEARS
Buildings	50
Engineered structures - other	25-75
Engineered structures - water system	50-75
Engineered structures - wastewater system	50
Land improvements	20
Machinery and equipment	5-15
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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.

TOWN OF HARDISTY

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. 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.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

2. CASH AND TERM DEPOSITS

	<u>2024</u>	<u>2023</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 5)		
Alberta Indigenous/Municipal Police Transition Study	120,000	0
Municipal Sustainability Initiative - capital	406,543	505,952
Other	<u>80,000</u>	<u>89,800</u>
	606,543	595,752
 Included in cash and term deposits are amounts held for deposits in trust	 <u>21,245</u>	 <u>21,980</u>
 Total restricted cash and term deposits	 <u><u>627,788</u></u>	 <u><u>617,732</u></u>

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2024</u>	<u>2023</u>
Current taxes and grants in place of taxes	70,663	80,008
Arrears taxes	26,895	35,438
Property held by the village as a result of tax forfeiture	<u>96,446</u>	<u>75,918</u>
	194,004	191,364
Less: allowance for doubtful accounts	<u>24,596</u>	<u>24,596</u>
	<u><u>169,408</u></u>	<u><u>166,768</u></u>

TOWN OF HARDISTY

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

4. BANK INDEBTEDNESS

Bank indebtedness consists of an authorized overdraft in the amount of \$400,000 bearing interest at prime, secured by a borrowing resolution authorizing the overdraft.

5. DEFERRED INCOME

Deferred income consists of the following:

	<u>2024</u>	<u>2023</u>
Alberta Indigenous/Municipal Police Transition Study	120,000	-
Municipal Sustainability Initiative - capital	406,543	505,952
Local Government Fiscal Framework	222,591	-
Canada Community Building Fund	81,925	-
Property tax prepayments	150,149	128,073
Other	80,000	89,800
	<u>1,061,208</u>	<u>723,825</u>

6. LONG TERM DEBT

	<u>2024</u>	<u>2023</u>
Capital		
Loans to Local Authorities	<u>-</u>	<u>8,365</u>

Debenture debt repayable to the Loans to Local Authorities bears interest at 4.795% and matures in 2024 and is secured by the credit and security of the town at large.

The town's total cash payments for interest in 2024 were \$201 (2023 - \$984).

TOWN OF HARDISTY

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

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 Town of Hardisty be disclosed as follows:

	2024	2023
Total debt limit	3,612,063	3,502,290
Total debt	-	8,365
Surplus debt limit	3,612,063	3,493,925
Debt servicing limit	602,011	583,715
Debt servicing	-	8,566
Surplus debt servicing	602,011	575,149

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, which 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

	2024	2023
Tangible capital assets (Schedule 2)	14,082,032	13,977,316
Accumulated amortization (Schedule 2)	(5,943,848)	(5,661,660)
Long-term debt (Note 6)	-	(8,365)
	8,138,184	8,307,291

TOWN OF HARDISTY

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

9. ACCUMULATED SURPLUS

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	<u>3,508,826</u>	<u>3,002,340</u>
Restricted surplus		
General	57,620	62,502
Health and safety	-	17,212
Fire department	169,923	216,557
Common equipment	35,394	32,662
Water and wastewater system	2,334,623	1,925,339
Cemetery	17,090	15,705
Development	15,532	14,804
Recreation	116,126	104,692
Culture	38,047	31,154
	<u>2,784,355</u>	<u>2,420,627</u>
Equity in tangible capital assets	<u>8,138,184</u>	<u>8,307,291</u>
	<u>14,431,365</u>	<u>13,730,258</u>

10. SEGMENTED DISCLOSURE

The Town of Hardisty 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 6)

TOWN OF HARDISTY

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

11. SALARY AND BENEFITS DISCLOSURE

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

	2024			2023
	Salary	Benefits & Allowances	Total	Total
Baumgartner	8,775	314	9,089	9,089
Campbell	-	-	-	4,699
Jackson	9,175	338	9,513	10,360
Kroening	8,775	314	9,089	8,745
Pasztor	9,275	344	9,619	671
Ruzicka-Drager	8,775	314	9,089	9,089
CAO	93,000	14,167	107,167	103,647
Designated officer (1)	13,470	-	13,470	13,184

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

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including 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.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 304,451 people and 444 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2024 were \$32,026. Total current service contributions by the employees of the town to the LAPP in 2024 were \$28,416.

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 Billion.

TOWN OF HARDISTY

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

13. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town 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.

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

14. CONTINGENCIES

The town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the town 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.

The town is a member of the Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the town could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

15. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.