

**TOWN OF HARDISTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

# 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, 2023, 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, 2023, 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

June 11, 2024



Brian King Professional Corporation

Chartered Professional Accountant

# TOWN OF HARDISTY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	5,674,117	5,293,887
Taxes and grants in place of taxes (Note 3)	166,768	171,282
Trade and other receivables	78,758	86,121
Receivable from other governments	162,804	17,449
Local improvement receivable	31,347	47,574
	<u>6,113,794</u>	<u>5,616,313</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	97,646	87,187
Deposits held in trust	21,980	19,960
Deferred revenue (Note 5)	723,825	935,040
Long term debt (Note 6)	8,365	24,513
	<u>851,816</u>	<u>1,066,700</u>
<b>NET FINANCIAL ASSETS</b>	<u>5,261,978</u>	<u>4,549,613</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	8,315,656	7,739,252
Inventory held for resale	152,624	172,378
	<u>8,468,280</u>	<u>7,911,630</u>
<b>ACCUMULATED SURPLUS (NOTE 9)</b>	<u>13,730,258</u>	<u>12,461,243</u>

# TOWN OF HARDISTY

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	1,061,400	<b>1,048,063</b>	1,042,747
User fees and sales of goods	715,450	<b>705,745</b>	747,320
Penalties	25,000	<b>29,505</b>	28,534
Licenses and permits	9,300	<b>10,517</b>	9,176
Fines	4,000	<b>266</b>	5,110
Franchise and concession contracts	136,000	<b>148,232</b>	155,443
Investment income	60,000	<b>291,084</b>	118,444
Rentals	35,000	<b>37,018</b>	32,266
Government transfers for operating	64,086	<b>40,508</b>	26,188
Other	6,000	<b>23,922</b>	9,250
Gain on disposal of assets	-	-	3,680
	<b>2,116,236</b>	<b>2,334,860</b>	<b>2,178,158</b>
<b>EXPENSES</b>			
Legislative	61,250	<b>48,089</b>	41,348
Administration	476,900	<b>364,388</b>	361,437
Protective services	114,150	<b>87,255</b>	110,776
Transportation	505,950	<b>379,565</b>	413,332
Water supply and distribution	236,000	<b>221,064</b>	195,151
Wastewater treatment and disposal	63,600	<b>73,737</b>	49,052
Waste management	108,646	<b>105,396</b>	97,409
Public health and welfare	44,970	<b>32,576</b>	24,390
Planning and development	67,000	<b>25,879</b>	35,762
Recreation	86,200	<b>62,428</b>	58,417
Culture	82,395	<b>103,956</b>	73,226
Amortization	-	<b>289,047</b>	279,254
	<b>1,847,061</b>	<b>1,793,380</b>	<b>1,739,554</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	269,175	<b>541,480</b>	438,604
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	157,234	<b>727,535</b>	29,680
<b>EXCESS OF REVENUE OVER EXPENSES</b>	426,409	<b>1,269,015</b>	468,284
<b>Contribution of Tangible Capital Assets to FRESS</b>	-	-	(218,388)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	12,461,243	<b>12,461,243</b>	12,211,347
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	12,887,652	<b>13,730,258</b>	12,461,243

# TOWN OF HARDISTY

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (unaudited)	2023	2022
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>426,409</b>	<b>1,269,015</b>	<b>468,284</b>
Acquisition of tangible capital assets	(120,731)	(865,451)	(50,224)
Proceeds on disposal of tangible capital assets	-	-	3,680
Amortization of tangible capital assets	-	289,047	279,254
Loss (gain) on sale of tangible capital assets	-	-	(3,680)
Net (increase) decrease of inventory held for resale	-	19,754	-
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>305,678</b>	<b>712,365</b>	<b>697,314</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>4,549,613</b>	<b>4,549,613</b>	<b>3,852,299</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>4,855,291</b>	<b>5,261,978</b>	<b>4,549,613</b>

# TOWN OF HARDISTY

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	1,269,015	468,284
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	289,047	279,254
Loss (gain) on disposal of tangible capital assets	-	(3,680)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	4,514	10,178
Decrease (increase) in trade and other receivables	7,363	(4,018)
Decrease (increase) in receivable from other governments	(145,355)	423,065
Decrease (increase) in inventory held for resale	19,754	200
Decrease (increase) in local improvement levy	16,227	16,324
Increase (decrease) in accounts payable and accrued liabilities	10,459	(31,880)
Increase (decrease) in deposits held in trust	2,020	(4,181)
Increase (decrease) in deferred revenue	(211,215)	150,576
	<b>1,261,829</b>	<b>1,304,122</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(865,451)	(50,224)
Sale of tangible capital assets	-	3,680
	<b>(865,451)</b>	<b>(46,544)</b>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	207,883	(496,446)
<b>FINANCING</b>		
Long-term debt repaid	(16,148)	(15,401)
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>588,113</b>	<b>745,731</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,468,272</b>	<b>3,722,541</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>5,056,385</b>	<b>4,468,272</b>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	200	200
Cash in bank	5,673,917	5,293,687
Less: restricted portion of cash and term deposits (Note 2)	(617,732)	(825,615)
	<b>5,056,385</b>	<b>4,468,272</b>

## TOWN OF HARDISTY

### SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
<b>BALANCE, BEGINNING OF YEAR</b>	2,515,579	2,230,925	7,714,739	<b>12,461,243</b>	12,211,347
Excess (deficiency) of revenues over expenses	1,269,015	-	-	<b>1,269,015</b>	468,284
Unrestricted funds designated for future use	(189,702)	189,702	-	-	-
Current year funds used for tangible capital assets	(865,451)	-	865,451	-	-
Contributed tangible capital assets	-	-	-	-	(218,388)
Annual amortization expense	289,047	-	(289,047)	-	-
Net long term debt repaid or issued	(16,148)	-	16,148	-	-
Change in accumulated surplus	486,761	189,702	592,552	<b>1,269,015</b>	249,896
<b>BALANCE, END OF YEAR</b>	<u>3,002,340</u>	<u>2,420,627</u>	<u>8,307,291</u>	<b><u>13,730,258</u></b>	<u>12,461,243</u>



## TOWN OF HARDISTY

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2023	2022
<b>COST:</b>								
Balance - beginning of year	96,270	607,038	1,350,510	10,704,818	200,875	152,354	13,111,865	13,701,716
Acquisition of tangible capital assets	-	-	-	850,726	14,725	-	865,451	19,499
Construction in progress	-	-	-	-	-	-	-	30,725
Disposal of tangible capital assets	-	-	-	-	-	-	-	(640,075)
Balance - end of year	96,270	607,038	1,350,510	11,555,544	215,600	152,354	13,977,316	13,111,865
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	244,601	634,741	4,299,005	93,878	100,388	5,372,613	5,515,046
Annual amortization	-	19,135	28,336	209,933	20,728	10,915	289,047	279,254
Accumulated amortization on disposals	-	-	-	-	-	-	-	(421,687)
Balance - end of year	-	263,736	663,077	4,508,938	114,606	111,303	5,661,660	5,372,613
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>96,270</b>	<b>343,302</b>	<b>687,433</b>	<b>7,046,606</b>	<b>100,994</b>	<b>41,051</b>	<b>8,315,656</b>	<b>7,739,252</b>
<b>OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>96,270</b>	<b>362,437</b>	<b>715,769</b>	<b>6,405,813</b>	<b>106,997</b>	<b>51,966</b>	<b>7,739,252</b>	

# TOWN OF HARDISTY

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 3)

	Budget (Unaudited)	2023	2022
<b>TAXATION</b>			
Real property taxes	1,324,623	<b>1,326,036</b>	1,322,246
Linear property taxes	25,515	<b>25,515</b>	30,875
Local improvement taxes	15,000	-	-
	<u>1,365,138</u>	<u><b>1,351,551</b></u>	<u>1,353,121</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	290,613	<b>290,613</b>	297,374
Designated Industrial Levy	125	-	-
Flagstaff Regional Housing Group	13,000	<b>12,875</b>	13,000
	<u>303,738</u>	<u><b>303,488</b></u>	<u>310,374</u>
<b>NET MUNICIPAL TAXES</b>	<u>1,061,400</u>	<u><b>1,048,063</b></u>	<u>1,042,747</u>

# TOWN OF HARDISTY

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 4)

	Budget (Unaudited)	2023	2022
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	6,616	4,200	-
Provincial Government	57,470	36,308	26,188
	<u>64,086</u>	<u>40,508</u>	<u>26,188</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	166,296	29,680
Provincial Government	157,234	561,239	-
	<u>157,234</u>	<u>727,535</u>	<u>29,680</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>221,320</u>	<u>768,043</u>	<u>55,868</u>

# TOWN OF HARDISTY

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 5)

	Budget (Unaudited)	2023	2022
<b>Expenditures</b>			
Salaries, wages and benefits	605,100	<b>499,439</b>	505,479
Contracted and general services	752,896	<b>600,029</b>	580,141
Materials, goods and utilities	328,450	<b>265,311</b>	229,870
Provision for allowances	1,500	-	2,528
Transfers to other governments	23,000	<b>20,320</b>	17,890
Transfers to local boards and agencies	84,415	<b>83,070</b>	80,638
Transfers to individuals and agencies	30,000	<b>21,390</b>	28,591
Bank charges and short term interest	15,000	<b>12,797</b>	12,667
Interest on capital long term debt	3,200	<b>774</b>	1,531
Other expenditures	3,500	<b>1,203</b>	965
Amortization of tangible capital assets	-	<b>289,047</b>	279,254
	<u>1,847,061</u>	<u><b>1,793,380</b></u>	<u>1,739,554</u>

## TOWN OF HARDISTY

### SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2023 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal property taxes (Schedule 2)	1,048,063	-	-	-	-	-	-	1,048,063
User fees and sales of goods	24,816	-	-	645,848	8,363	-	26,718	705,745
Penalties and costs on taxes	29,505	-	-	-	-	-	-	29,505
Licenses and permits	5,568	520	-	-	-	4,429	-	10,517
Fines	-	266	-	-	-	-	-	266
Franchise and concession contracts	148,232	-	-	-	-	-	-	148,232
Investment income	291,084	-	-	-	-	-	-	291,084
Rentals	11,780	-	-	-	11,700	13,538	-	37,018
Government transfers	36,308	-	4,200	-	-	-	-	40,508
Other	-	-	-	-	8,962	-	14,960	23,922
	<u>1,595,356</u>	<u>786</u>	<u>4,200</u>	<u>645,848</u>	<u>29,025</u>	<u>17,967</u>	<u>41,678</u>	<u>2,334,860</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	225,041	64	152,530	103,538	17,955	-	311	499,439
Contracted and general services	142,469	1,294	124,240	212,322	2,828	4,289	112,587	600,029
Materials, goods and utilities	30,967	-	102,795	83,563	6,702	200	41,084	265,311
Transfers to other governments	-	20,320	-	-	-	-	-	20,320
Transfers to local boards and agencies	-	65,577	-	-	5,091	-	12,402	83,070
Transfers to individuals and agencies	-	-	-	-	-	21,390	-	21,390
Bank charges and short term interest	12,797	-	-	-	-	-	-	12,797
Interest on capital long term debt	-	-	-	774	-	-	-	774
Other expenditures	1,203	-	-	-	-	-	-	1,203
	<u>412,477</u>	<u>87,255</u>	<u>379,565</u>	<u>400,197</u>	<u>32,576</u>	<u>25,879</u>	<u>166,384</u>	<u>1,504,333</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>1,182,879</u>	<u>(86,469)</u>	<u>(375,365)</u>	<u>245,651</u>	<u>(3,551)</u>	<u>(7,912)</u>	<u>(124,706)</u>	<u>830,527</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>								
Amortization of tangible capital assets	15,984	1,795	119,976	137,551	1,848	-	11,893	289,047
<b>NET REVENUE</b>	<u>1,166,895</u>	<u>(88,264)</u>	<u>(495,341)</u>	<u>108,100</u>	<u>(5,399)</u>	<u>(7,912)</u>	<u>(136,599)</u>	<u>541,480</u>

# TOWN OF HARDISTY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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### 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, 2023

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### 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, 2023

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### 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, 2023

### 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>2023</u>	<u>2022</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)		
Municipal Sustainability Initiative - capital	505,952	566,595
Canada Community Building Fund	-	116,296
Other	89,800	122,764
	<u>595,752</u>	<u>805,655</u>
Included in cash and term deposits are amounts held for deposits in trust	21,980	19,960
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)	<u>2,420,627</u>	<u>2,230,925</u>
Total restricted cash and term deposits	<u>3,634,111</u>	<u>3,862,195</u>
Total unrestricted cash and term deposits	<u>2,040,006</u>	<u>1,431,692</u>

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	80,008	86,942
Arrears taxes	35,438	33,018
Property held by the village as a result of tax forfeiture	75,918	75,918
	<u>191,364</u>	<u>195,878</u>
Less: allowance for doubtful accounts	24,596	24,596
	<u>166,768</u>	<u>171,282</u>

# TOWN OF HARDISTY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 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>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - capital	505,952	566,595
Canada Community Building Fund	-	116,296
Property tax prepayments	128,073	129,385
Other	89,800	122,764
	<u>723,825</u>	<u>935,040</u>

### 6. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Loans to Local Authorities	<u>8,365</u>	<u>24,513</u>

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>8,365</u>	<u>201</u>	<u>8,566</u>
	<u>8,365</u>	<u>201</u>	<u>8,566</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 2023 were \$984 (2022 - \$1,731).

# TOWN OF HARDISTY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 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:

	<u>2023</u>	<u>2022</u>
Total debt limit	3,502,290	3,267,237
Total debt	8,365	24,513
Surplus debt limit	<u>3,493,925</u>	<u>3,242,724</u>
Debt servicing limit	583,715	544,540
Debt servicing	8,566	17,132
Surplus debt servicing	<u>575,149</u>	<u>527,408</u>

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

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	13,977,316	13,111,865
Accumulated amortization (Schedule 2)	(5,661,660)	(5,372,613)
Long-term debt (Note 6)	(8,365)	(24,513)
	<u>8,307,291</u>	<u>7,714,739</u>

# TOWN OF HARDISTY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 9. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
<b>Unrestricted surplus</b>	<b><u>3,002,340</u></b>	<b><u>2,515,579</u></b>
<b>Restricted surplus</b>		
General	62,502	25,382
Health and safety	17,212	17,212
Fire department	216,557	363,003
Common equipment	32,662	31,841
Water and wastewater system	1,925,339	1,634,145
Cemetery	15,705	15,430
Development	14,804	14,434
Recreation	104,692	102,058
Culture	31,154	27,420
	<b><u>2,420,627</u></b>	<b><u>2,230,925</u></b>
<b>Equity in tangible capital assets</b>	<b><u>8,307,291</u></b>	<b><u>7,714,739</u></b>
	<b><u>13,730,258</u></b>	<b><u>12,461,243</u></b>

### 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, 2023

### 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:

	2023			2022
	Salary	Benefits & Allowances	Total	Total
Baumgartner	8,775	314	9,089	8,045
Campbell	4,550	149	4,699	8,045
Jackson	9,975	385	10,360	9,314
Kroening	8,450	295	8,745	8,230
Pasztor	650	21	671	-
Ruzicka-Drager	8,775	314	9,089	8,415
CAO (Usselman)	90,000	13,647	103,647	98,758
Designated officer (1)	13,184	-	13,184	12,903

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 291,259 people and 437 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 12.23% 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 11.23% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2023 were \$29,519. Total current service contributions by the employees of the town to the LAPP in 2023 were \$26,229.

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 Billion.

# TOWN OF HARDISTY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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### 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. CONTAMINATED SITES LIABILITY

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2023 (2022 – nil) as a result of this standard.

### 16. COMPARITIVE FIGURES

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

### 17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.