

TOWN OF HANNA
Financial Statements
Year Ended December 31, 2024

TOWN OF HANNA
Contents
Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Hanna (the "Town") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2024 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 Town Council carries out its responsibilities for review of the financial statements primarily through its audit committee. Council meets annually 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 Town Council has approved the financial statements.

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


Matthew Norburn
Chief Administrative Officer


Winona Gutsche
Director of Corporate Services

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Hanna

Opinion

We have audited the financial statements of Town of Hanna (the "Town"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net financial assets, cash flows, and schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with *Canadian Public Sector Accounting Standards*.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town 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.

Emphasis of Matter

We draw your attention to note 2 of these financial statements, which describes the effects of a correction to the presentation of certain lands on the statement of financial position from land inventory held for resale to land inventory. Our opinion is not modified with respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards (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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

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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:

- 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 Town'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 Town'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 Town 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.

(continues)

Independent Auditor's Report to the Members of Council of the Town of Hanna (*continued*)

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 13.

Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke extending to the right. The word "scend" is written in a simpler, cursive-like font.

Ascend LLP
Chartered Professional Accountants
Hanna, Alberta
April 29, 2025

TOWN OF HANNA
Statement of Financial Position
As at December 31, 2024

	2024	2023 (Restated)
FINANCIAL ASSETS		
Cash (Note 3)	\$ 4,800,195	\$ 5,944,452
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	149,640	105,778
Trade and other receivables (Note 4)	3,066,309	2,484,762
Land inventory held for resale	141,380	253,874
Investments (Note 5)	2,343,757	2,285,738
	<u>10,501,281</u>	<u>11,074,604</u>
LIABILITIES		
Accounts payable	270,470	345,476
Deposit liabilities	7,730	6,402
Deferred revenue (Note 6)	1,585,118	2,369,362
Employee benefit obligations (Note 7)	271,337	275,635
Asset retirement obligations (Note 8)	1,251,609	1,192,009
	<u>3,386,264</u>	<u>4,188,884</u>
NET FINANCIAL ASSETS	<u>7,115,017</u>	<u>6,885,720</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	36,180,025	30,086,015
Land inventory	900,668	900,668
Prepaid expenses	5,161	17,779
	<u>37,085,854</u>	<u>31,004,462</u>
ACCUMULATED SURPLUS (Schedule 1, Note 10)	<u>\$ 44,200,871</u>	<u>\$ 37,890,182</u>

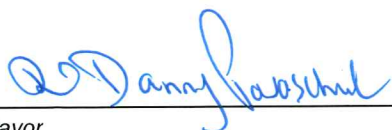
CONTAMINATED SITES LIABILITY (Note 9)

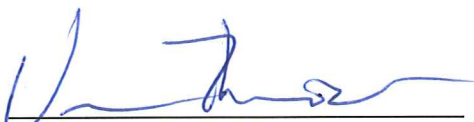
COMMITMENTS (Note 19)

CONTINGENCY (Note 20)

NON-MONETARY TRANSACTION (Note 22)

Approved on behalf of Town Council:


 Mayor


 Councillor

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA
Statement of Operations
Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
Net municipal taxes (Schedule 3)	\$ 2,853,344	\$ 2,849,276	\$ 2,772,259
User fees and sale of goods	2,275,131	2,227,938	2,361,466
Government transfers for operating (Schedule 4)	4,782,766	1,461,140	1,327,996
Investment income	262,000	354,773	314,550
Penalties and costs on taxes	19,695	19,196	18,208
Franchise and concession contracts (Note 16)	514,300	548,397	508,895
Licenses and permits	23,400	22,735	22,073
Fines	5,700	1,700	4,133
Rentals	320,053	324,768	346,124
Gain on disposal of tangible capital assets	-	29,000	-
Other	374,050	40,130	156,038
Total Revenue	11,430,439	7,879,053	7,831,742
EXPENSES			
General government			
Council and other legislative	151,450	137,885	133,445
General administrative	981,444	1,182,042	1,018,637
Protective services			
Police	142,350	142,343	96,171
Fire	353,255	535,430	515,252
Disaster and emergency measures	13,300	11,320	11,353
Bylaw enforcement	73,640	79,687	80,616
Transportation services			
Common and equipment pool	578,240	634,496	606,528
Roads, streets, walks, lighting	468,500	689,381	652,708
Storm sewers and drainage	-	15,467	15,467
Airport	32,830	72,674	72,730
Environmental services			
Water supply and distribution	1,205,000	1,233,985	1,244,316
Wastewater treatment and disposal	150,880	220,893	279,435
Waste management	410,100	410,338	410,279
Public health and welfare			
Family and community support	201,181	185,407	186,530
Cemeteries and crematoriums	29,630	21,448	27,755
Planning and development			
Economic development	227,510	208,965	260,419
Subdivision land and development	-	29,818	45,376
Recreation and culture			
Parks and recreation	1,350,900	1,655,944	1,653,816
Libraries, museums, halls	447,088	511,601	433,651
Recreation boards	3,500	3,150	3,152
Total Expenses	6,820,798	7,982,274	7,747,636
EXCESS (SHORTFALL) OF REVENUE OVER			
EXPENSES - BEFORE CAPITAL REVENUE	4,609,641	(103,221)	84,106
Government transfers for capital (Schedule 4)	4,205,324	6,140,710	802,582
Other capital revenue	-	273,200	220,000
EXCESS OF REVENUE OVER EXPENSES	8,814,965	6,310,689	1,106,688
ACCUMULATED SURPLUS, BEGINNING OF YEAR	37,890,182	37,890,182	36,783,494
ACCUMULATED SURPLUS, END OF YEAR	\$ 46,705,147	\$ 44,200,871	\$ 37,890,182

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA**Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023 (Restated)
EXCESS OF REVENUE OVER EXPENSES	\$ 8,814,965	\$ 6,310,689	\$ 1,106,688
Acquisition of tangible capital assets	(7,956,679)	(7,486,021)	(1,309,657)
Amortization of tangible capital assets	-	1,311,270	1,159,170
Proceeds on disposal of tangible capital assets	-	92,900	119,000
(Gain) loss on disposal of tangible capital assets	-	(12,159)	29,416
	(7,956,679)	(6,094,010)	(2,071)
Change in prepaids expenses	-	12,618	(15,627)
Change in deposit for asset acquisition	-	-	59,708
	(7,956,679)	(6,081,392)	42,010
INCREASE IN NET FINANCIAL ASSETS	858,286	229,297	1,148,698
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,885,720	6,885,720	5,737,022
NET FINANCIAL ASSETS, END OF YEAR	\$ 7,744,006	\$ 7,115,017	\$ 6,885,720

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023 (Restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of Revenue Over Expenses	\$ 6,310,689	\$ 1,106,688
Items not affecting cash:		
Amortization of tangible capital assets	1,311,270	1,159,170
(Gain) loss on disposal of tangible capital assets	(12,159)	29,416
Accretion of asset retirement obligations (Note 8)	59,600	56,762
	<u>7,669,400</u>	<u>2,352,036</u>
Non-cash changes to operations (net change):		
Taxes and grants in place of taxes receivable	(43,862)	(31,437)
Trade and other receivables	(581,547)	(212,088)
Land inventory held for resale (Note 22)	18,749	44,659
Accounts payable	(75,006)	175,857
Deposit liabilities	1,328	(4,259)
Deferred revenue	(784,244)	(40,126)
Employee benefit obligations	(4,298)	(38,487)
Prepaid expenses	12,618	(15,627)
Deposit for asset acquisition	-	59,708
	<u>(1,456,262)</u>	<u>(61,800)</u>
	<u>6,213,138</u>	<u>2,290,236</u>
CAPITAL		
Proceeds on disposal of tangible capital assets	92,900	119,000
Acquisition of tangible capital assets (Schedule 2) (Note 22)	(7,392,276)	(1,309,657)
	<u>(7,299,376)</u>	<u>(1,190,657)</u>
INVESTING		
Purchase of investments	(58,019)	(104,631)
(Increase) decrease in restricted cash	(182,544)	239,868
	<u>(240,563)</u>	<u>135,237</u>
FINANCING		
Repayment of long-term debt	-	(229,826)
CHANGE IN CASH DURING THE YEAR	<u>(1,326,801)</u>	<u>1,004,990</u>
CASH, BEGINNING OF YEAR	<u>5,311,176</u>	<u>4,306,186</u>
CASH, END OF YEAR	<u>\$ 3,984,375</u>	<u>\$ 5,311,176</u>
CASH CONSISTS OF:		
Cash	\$ 4,800,195	\$ 5,944,452
Less: restricted portion of cash (Note 3)	(815,820)	(633,276)
	<u>\$ 3,984,375</u>	<u>\$ 5,311,176</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA

Schedule of Changes in Accumulated Surplus

Year Ended December 31, 2024

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 5,736,940	\$ 3,259,236	\$ 28,894,006	\$ 37,890,182	\$ 36,783,494
Excess of revenues over expenses	6,310,689	-	-	6,310,689	1,106,688
Unrestricted funds designated for future use	(643,592)	643,592	-	-	-
Restricted funds used for operations	59,792	(59,792)	-	-	-
Restricted funds used for tangible capital assets	-	(86,396)	86,396	-	-
Current year funds used for tangible capital assets	(7,399,625)	-	7,399,625	-	-
Net book value of disposed tangible capital assets	80,741	-	(80,741)	-	-
Annual amortization expense	1,311,270	-	(1,311,270)	-	-
Asset retirement obligations accretion expense	59,600	-	(59,600)	-	-
Change in accumulated surplus	(221,125)	497,404	6,034,410	6,310,689	1,106,688
BALANCE, END OF YEAR	\$ 5,515,815	\$ 3,756,640	\$ 34,928,416	\$ 44,200,871	\$ 37,890,182

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
BALANCE, BEGINNING OF YEAR	\$ 1,162,182	\$ 3,527,530	\$ 18,085,876	\$ 22,223,512	\$ 4,775,694	\$ 2,827,096	\$ 52,601,890	\$ 51,452,233
Acquisition of tangible capital assets	93,745	20,706	321,656	5,858,868	729,841	430,058	7,454,874	749,861
Construction-in-progress	-	-	-	31,147	-	-	31,147	559,796
Disposals of tangible capital assets	-	-	-	-	(186,325)	-	(186,325)	(160,000)
BALANCE, END OF YEAR	1,255,927	3,548,236	18,407,532	28,113,527	5,319,210	3,257,154	59,901,586	52,601,890
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	1,297,741	5,545,321	10,891,026	3,361,707	1,420,080	22,515,875	21,368,289
Amortization	-	114,814	353,993	482,319	253,418	106,726	1,311,270	1,159,170
Disposals	-	-	-	-	(105,584)	-	(105,584)	(11,584)
BALANCE, END OF YEAR	-	1,412,555	5,899,314	11,373,345	3,509,541	1,526,806	23,721,561	22,515,875
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,255,927	\$ 2,135,681	\$ 12,508,218	\$ 16,740,182	\$ 1,809,669	\$ 1,730,348	\$ 36,180,025	\$ 30,086,015
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,162,182	\$ 2,229,789	\$ 12,540,555	\$ 11,332,486	\$ 1,413,987	\$ 1,407,016	\$ 30,086,015	

The Town owns certain historical buildings and equipment, which are not included in the tangible capital assets.

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA

Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
TAXATION			
Real property taxes	\$ 3,473,997	\$ 3,469,642	\$ 3,393,056
Linear property taxes	151,896	151,896	151,220
Government grants in place of property taxes	66,551	66,833	64,641
	<u>\$ 3,692,444</u>	<u>\$ 3,688,371</u>	<u>\$ 3,608,917</u>
REQUISITIONS			
Alberta School Foundation Fund	\$ 665,000	\$ 665,017	\$ 661,795
Acadia Seniors Foundation	174,100	174,078	174,863
	<u>\$ 839,100</u>	<u>\$ 839,095</u>	<u>\$ 836,658</u>
NET MUNICIPAL TAXES	<u>\$ 2,853,344</u>	<u>\$ 2,849,276</u>	<u>\$ 2,772,259</u>

Schedule of Government Transfers

(Schedule 4)

Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Provincial government	\$ 3,635,633	\$ 431,295	\$ 411,513
Federal government	29,200	2,744	43,830
Local governments	1,117,933	1,027,101	872,653
	<u>\$ 4,782,766</u>	<u>\$ 1,461,140</u>	<u>\$ 1,327,996</u>
TRANSFERS FOR CAPITAL			
Provincial government	\$ 11,250	\$ 904,968	\$ 437,701
Federal government	4,194,074	5,005,047	-
Local governments	-	230,695	364,881
	<u>\$ 4,205,324</u>	<u>\$ 6,140,710</u>	<u>\$ 802,582</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 8,988,090</u>	<u>\$ 7,601,850</u>	<u>\$ 2,130,578</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA

Schedule of Expenses by Object

(Schedule 5)

Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 2,284,408	\$ 2,201,550	\$ 2,112,489
Contracted and general services	1,892,095	1,832,291	1,794,837
Purchases from other governments	142,350	142,343	96,171
Materials, goods, supplies and utilities	2,043,675	1,991,088	2,053,786
Provision for allowances	2,500	9,810	-
Transfers to local boards and agencies	162,100	157,049	157,060
Transfers to individuals and organizations	142,610	140,980	140,649
Bank charges and short-term interest	6,000	7,092	6,137
Interest on capital long-term debt	-	-	10,035
Amortization of tangible capital assets (Schedule 2)	-	1,311,270	1,159,170
Loss on disposal of tangible capital assets	-	16,841	29,416
Other expenses	145,060	112,360	131,124
Asset retirement obligation accretion expense (Note 8)	-	59,600	56,762
	<u>\$ 6,820,798</u>	<u>\$ 7,982,274</u>	<u>\$ 7,747,636</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA

Schedule of Segmented Disclosure
Year Ended December 31, 2024

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
Revenue								
Net municipal taxes	\$ 2,849,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,849,276
User fees and sales of goods	14,779	89,473	12,011	1,895,338	11,105	37,657	167,575	2,227,938
Government transfers for operating	1,031,729	121,530	8,984	-	97,199	-	201,698	1,461,140
Investment income	354,773	-	-	-	-	-	-	354,773
Penalties and costs on taxes	19,196	-	-	-	-	-	-	19,196
Franchise and concession contracts	548,397	-	-	-	-	-	-	548,397
Licenses and permits	-	22,735	-	-	-	-	-	22,735
Fines	-	1,700	-	-	-	-	-	1,700
Rentals	14,201	-	8,400	-	1,218	-	300,949	324,768
Gain on disposal of tangible capital assets	-	-	-	-	-	29,000	-	29,000
Other	-	-	-	566	1,275	-	38,289	40,130
	4,832,351	235,438	29,395	1,895,904	110,797	66,657	708,511	7,879,053
Expenses								
Salaries, wages and benefits	615,914	119,477	375,001	162,962	53,903	117,801	756,492	2,201,550
Contract and general services	416,376	197,284	219,126	519,544	67,445	16,780	395,736	1,832,291
Purchases from other governments	-	142,343	-	-	-	-	-	142,343
Materials, goods, supplies and utilities	48,820	70,184	286,619	1,002,083	82,728	41,850	458,804	1,991,088
Provision for allowance	9,810	-	-	-	-	-	-	9,810
Transfers to local boards and agencies	-	10,000	-	-	-	45,000	102,049	157,049
Transfers to individuals and organizations	123,225	-	-	-	651	-	17,104	140,980
Bank charges and short-term interest	7,092	-	-	-	-	-	-	7,092
Loss on disposal of tangible capital assets	16,841	-	-	-	-	-	-	16,841
Other expenses	28,456	4,885	2,848	-	-	5,179	70,992	112,360
	1,266,534	544,173	883,594	1,684,589	204,727	226,610	1,801,177	6,611,404
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION AND OTHER	3,565,817	(308,735)	(854,199)	211,315	(93,930)	(159,953)	(1,092,666)	1,267,649
Government transfers for capital	-	1,126,638	4,962,926	-	-	-	51,146	6,140,710
Other capital revenue	-	273,200	-	-	-	-	-	273,200
Amortization of tangible capital assets	(53,393)	(224,607)	(522,678)	(152,332)	(2,128)	(12,173)	(343,959)	(1,311,270)
Asset retirement obligation accretion expense	-	-	(5,746)	(28,295)	-	-	(25,559)	(59,600)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 3,512,424	\$ 866,496	\$ 3,580,303	\$ 30,688	\$ (96,058)	\$ (172,126)	\$ (1,411,038)	\$ 6,310,689

The accompanying notes are an integral part of these financial statements

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The 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 and are, therefore, accountable to the Town 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 or goods have yet to be provided.

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

(c) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards 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 expenditures 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.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets;
- Fair value of contributed tangible capital assets;
- Employee benefit obligations; and
- Asset retirement obligations.

(continues)

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Land inventory held for resale	Lower of cost or net realizable value
Investments	Cost and amortized cost
Accounts payable	Cost
Deposit liabilities	Cost
Employee benefit obligations	Cost
Asset retirement obligations	Amortized cost

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

(f) Investments

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.

(g) Requisition Over-levy and Under-levy

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

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

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

(h) Land Inventories Held 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 tangible capital assets under the respective function.

(continues)

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

(j) Asset Retirement

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

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

A liability for an asset retirement obligation is recognized when, as at the financial reporting date;

- a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) the past transaction or event giving rise to the liability has occurred;
- c) it is expected that future economic benefits will be given up; and
- d) a reasonable estimate of the amount can be made.

The Town recognizes liabilities in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are initially measured at management's best estimate of the requirements to settle the retirement obligation. Costs are only discounted where the amount and timing are known with certainty such that discounting would result in a more accurate measurement of the liability.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town 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 Town 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.

(continues)

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(k) 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 the Town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(l) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations are recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(m) 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.

(n) Contribution

Contributions received from third parties are recognized as revenue when the related expenditures have been incurred.

(o) Deferred Revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(continues)

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(p) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets 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 asset is amortized on a straight-line basis over the estimated useful life as follows:

	<u>YEARS</u>
Land improvements	10 to 45
Buildings	25 to 50
Engineered structures	
Water system	45 to 75
Wastewater system	45 to 75
Other engineered structures	5 to 75
Machinery and equipment	5 to 40
Vehicles	10 to 25

ii. 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. Where the estimate of fair value cannot be made or where there is no future benefit related to the assets, the tangible capital assets is recognized at a nominal value.

iii. Cultural and Historical Tangible Capital Assets

Historical buildings and works of art for display are not recorded as tangible capital assets but are disclosed.

2. PRIOR PERIOD ADJUSTMENT

During the year, the Town corrected the presentation of certain lands on the statement of financial position from land inventory held for resale to land inventory for the year ended December 31, 2022. As a result, opening land inventory held for resale and net financial assets decreased, and opening land inventory and non-financial assets increased by \$900,668, respectively, as at January 1, 2023. There was no change to the accumulated surplus as at January 1st or December 31, 2023 as a result of this correction.

3. CASH

The Town received certain grants and donations that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$815,820 (2023 - \$633,276) of the cash on hand is not available for general use by the Town.

The Royal Bank pays prime less 1.9% interest on funds maintained in the Town's general bank account.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

4. RECEIVABLES

	2024	2023 (Restated)
Property taxes		
Current taxes and grants in place of taxes	\$ 101,388	\$ 68,362
Arrears	48,252	37,416
	<u>\$ 149,640</u>	<u>\$ 105,778</u>
Other		
Federal grant receivable	\$ 1,288,263	\$ 40,000
Provincial grants receivable	786,815	1,655,459
Trade receivables	469,336	502,415
Other governments receivable	347,568	205,736
Goods and services tax	174,327	81,152
	<u>\$ 3,066,309</u>	<u>\$ 2,484,762</u>

As at December 31, 2024, the federal government receivable relates to the Canada Coal Transition Initiative - Infrastructure Fund. This allocation is receivable as the Town has submitted eligible capital expenditures that were sufficient for the release of this funding.

The Government of Alberta receivable of 786,815 relates to the Canada Community-Building Fund (CCBF) allocations of \$189,467 from the 2024 allocation, Local Government Fiscal Framework (LGFF) allocation of \$579,831 from the 2024 allocation, and Federation of Canadian Municipalities (FCM) grant of \$17,517. These allocations are receivable as the Town has submitted eligible capital expenditures that were sufficient for the release of these funding. The previous allocation of the Canada Community-Building Fund (CCBF), and Municipal Sustainability Initiative (MSI) Capital funding amounts were received during the year.

5. INVESTMENTS

	2024 Carrying value	2024 Market value	2023 Carrying value	2023 Market value (Restated)
At amortized cost:				
Federal, provincial and local government bonds	\$ 1,224,015	\$ 1,180,001	\$ 1,376,187	\$ 1,322,971
Other institutional and private corporation bonds	692,480	694,707	786,249	759,425
Guaranteed investment certificates	427,262	427,262	123,302	123,304
	<u>\$ 2,343,757</u>	<u>\$ 2,301,970</u>	<u>\$ 2,285,738</u>	<u>\$ 2,205,700</u>

Government and private corporation bonds have effective interest rates of 1.0% to 5.6% (2023 – 1.0% to 5.6%) with maturity dates from June 2025 to December 2048.

Guaranteed investment certificates bear interest between 4.47% to 5.25% and mature between June 2025 and July 2025.

Investment income recognized in the Statement of Operations includes \$70,636 (2023 - \$64,890) of interest income.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

6. DEFERRED REVENUE

	2023	Additions	Recognized	2024
Municipal Sustainability Initiative - Capital	\$ 1,352,927	\$ -	\$ (904,968)	\$ 447,959
Local Government Fiscal Framework Funding - Capital	-	579,831	-	579,831
Canada Community-Building Fund	759,557	189,737	(759,827)	189,467
Strategic Transportation Infrastructure Program	-	140,000	-	140,000
Special Areas Board	134,023	-	(19,370)	114,653
Alberta Community Resilience Program	37,896	-	-	37,896
Centennial Place donations	21,435	-	-	21,435
Alberta Economic Development and Trade Grant Program	20,915	-	-	20,915
Alberta Health Services Grants	14,866	-	-	14,866
Donations and unearned revenue	15,150	-	(5,000)	10,150
Fire Service Training Grant	12,593	7,946	(12,593)	7,946
	<u>\$ 2,369,362</u>	<u>\$ 917,514</u>	<u>\$ (1,701,758)</u>	<u>\$ 1,585,118</u>

Deferred revenue is comprised of the funds noted above, the use of which, together with earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

Unexpended funds related to the advance are supported by restricted cash of \$815,820 held exclusively for these projects (Note 3).

Municipal Sustainability Initiative (MSI) - Capital

The MSI is the Province of Alberta's commitment to assist municipalities in meeting growth-related challenges and enhancing long-term sustainability. It includes incentives to encourage collaboration and cooperation between municipalities. The balance as at year end represents the unspent portion of the funding received.

Local Government Fiscal Framework Funding (LGFF) - Capital

The LGFF provides capital funding to local governments to support projects that develop, improve, maintain, or otherwise alter infrastructure assets in Alberta communities; facilitate the resiliency and livability of local communities; and support local and provincial economic activities. The balance as at year end represents the unspent portion of the funding receivable.

Canada Community-Building Fund (CCBF)

The CCBF provides long-term funding to municipalities to help build and revitalize local public infrastructure within the Town. The balance as at year end represents the unspent portion of the funding received or receivable.

Strategic Transportation Infrastructure Program (STIP)

Provincial government funding received during the year to undertake certain eligible transportation infrastructure projects within the Town that have not yet been expended.

(continues)

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

6. DEFERRED REVENUE (continued)

Special Areas Board

The Special Areas Board provided funding in the prior years for certain fire department capital projects which have not yet been fully expended.

Alberta Community Resilience Program

Provincial government funding was received in the prior year to support the development of infrastructure to protect from flood and drought events that has not yet been expended.

Centennial Place Donations

Donations were received in prior years to undertake certain upgrades at Centennial Place which have not yet been expended.

Alberta Economic Development and Trade Grant Program

Provincial government funding was received in prior years to undertake expenditures within the Town under Community Action to create diversification which have not yet been expended.

Alberta Health Services Grants (AHS)

AHS funding was received in the prior years to undertake certain programs to promote healthy living within the Town which have not yet been fully expended.

Fire Service Training Grant

Provincial government funding was received in the current year for fire services training that has not yet been expended.

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2024</u>	<u>2023</u>
Vacation pay payable	\$ 116,944	\$ 140,047
Vested sick leave payable	142,064	133,227
Banked hours payable	<u>12,329</u>	<u>2,361</u>
	<u>\$ 271,337</u>	<u>\$ 275,635</u>

Vacation and banked overtime

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

Vested sick leave payable

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

8. ASSET RETIREMENT OBLIGATIONS

Asbestos abatement

The Town owns buildings which contain asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

The liability is based on management's best estimate. Undiscounted future cash flows expected are an abatement cost between year 2033 and 2043 of \$1,639,390. The estimated total liability of \$658,008 (2023 - \$626,675) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 5%. The Town has not designated assets for settling the abatement activities.

Lagoon reclamation

The Town operates lagoon sites and is legally required to perform reclamation of the land surface upon retirement of these sites. Reclamation activities include disposal of waste, removal of overflow culvert and other structures, lagoon deconstruction, surface restoration, and landscaping. A liability for the total obligation has been accrued. The Town estimates that no obligation is incurred incrementally due to volume of wastewater accepted; therefore, no further obligation is being accrued based on volume of wastewater.

The liability is based on management's best estimate. Undiscounted future cash flows expected include closure costs in year 2043 of \$1,500,000. The estimated total liability of \$593,601 (2023 - \$565,334) is based on the discounted future cash flows for reclamation activities using a discount rate of 5%. The Town has not designated assets for settling the reclamation activities.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,192,009	\$ 1,135,247
Asset retirement obligation accretion expense	<u>59,600</u>	<u>56,762</u>
Estimated total liability	<u>\$ 1,251,609</u>	<u>\$ 1,192,009</u>

9. CONTAMINATED SITES LIABILITY

The Town owns certain properties that contain levels of soil contaminant that could pose an environmental liability. In prior year, the Town conducted exploratory work for future road and infrastructure improvements and soil samples taken from this work were analyzed and a portion were found to be contaminated.

The extent and severity of the contamination cannot be evaluated or estimated until the associated roads are removed, as a result, the financial liability relating to these sites cannot be reasonably estimated and no accrual has been made in these financial statements.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

10. ACCUMULATED SURPLUS

	2024	2023
Unrestricted Surplus	\$ 5,515,815	\$ 5,736,940
Internally restricted surplus:		
Operating:		
Administrative	44,167	60,459
Police	1,306	1,306
Family and community support services	11,500	11,500
Commercial building reserve	31,165	31,165
Roads and streets	105,555	119,053
Recreation	32,400	32,400
General contingency	899,165	899,165
Capital restricted surplus:		
Administrative	7,777	7,777
Water	592,500	542,500
Wastewater	464,000	389,000
Recreation	543,593	469,593
Fitness centre	5,781	5,781
Culture	77,926	96,796
General contingency	47,873	47,873
Fire	114,653	55,023
Garbage	54,800	35,638
Streets and roads	722,479	442,826
Cemetery	-	11,381
Equity in Tangible Capital Assets (Note 11)	34,928,416	28,894,006
	<u>\$ 44,200,871</u>	<u>\$ 37,890,182</u>

11. EQUITY IN TANGIBLE CAPITAL ASSET

	2024	2023
Tangible capital assets (Schedule 2)	\$ 59,901,586	\$ 52,601,890
Accumulated amortization (Schedule 2)	(23,721,561)	(22,515,875)
Asset retirement obligations (Note 8)	(1,251,609)	(1,192,009)
	<u>\$ 34,928,416</u>	<u>\$ 28,894,006</u>

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

12. TRUST FUNDS

The Town administers the following trusts:

	2024	2023
Hiltbrand trust	\$ 20,000	\$ 20,000
Tax sale trust	66,804	66,804
Geuder Educational bursary trust	58,792	61,621
	<u>\$ 145,596</u>	<u>\$ 148,425</u>

13. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Hanna be disclosed as follows:

	2024	2023
Total debt limit	\$ 11,818,580	\$ 11,747,613
Total debt	-	-
Amount of debt limit unused	<u>\$ 11,818,580</u>	<u>\$ 11,747,613</u>
Debt servicing limit	\$ 1,969,763	\$ 1,957,936
Debt servicing	-	-
Amount of debt servicing limit unused	<u>\$ 1,969,763</u>	<u>\$ 1,957,936</u>

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purpose of capital property (as defined in Alberta Regulation 255/2000) and the service on debt 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.

14. SEGMENTED DISCLOSURE

The Town of Hanna 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (*Schedule 6*).

General government includes council and other legislative and general administration. Protective services includes police, fire, disaster and emergency services, and bylaw enforcement. Transportation services includes common and equipment pool, roads, streets, walks and lighting, storm sewers and drainage, and airport. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management. Public health and welfare includes family and community support and cemeteries and crematoriums. Planning and development includes economic development and subdivision land and development. Recreation and culture includes parks and recreation, libraries, museums and halls, and recreation boards.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

15. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 11,621,565
Capital budget	4,205,324
Transfer to other funds	<u>(191,126)</u>
Total revenues	<u>15,635,763</u>
Expenses	
Operating budget	7,911,068
Capital budget	7,956,679
Transfer to other funds	(1,090,270)
Capital expenses	<u>(7,956,679)</u>
Total expenses	<u>6,820,798</u>
Excess of revenue over expenses	<u><u>\$ 8,814,965</u></u>

16. UTILITY FRANCHISE AGREEMENTS

The following franchise fees are disclosed as required under Supplementary Accounting Principles and Standards Regulation required by Alberta Regulation 313/2000.

	<u>2024</u>	<u>2023</u>
APEX Utilities Inc. - Gas	\$ 316,408	\$ 279,662
ATCO Electric Ltd. - Power	230,408	227,520
East Central Gas Co-op Ltd. - Gas	<u>1,581</u>	<u>1,713</u>
	<u><u>\$ 548,397</u></u>	<u><u>\$ 508,895</u></u>

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

17. SALARY AND BENEFITS

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:

	Salary	Benefits and allowances	2024	2023
Councillors				
Mayor Povaschuk	\$ 21,664	\$ 1,090	\$ 22,754	\$ 21,766
Councillor Beaudoin	11,017	540	11,557	11,637
Councillor Crowle	11,067	528	11,595	12,150
Councillor Murphy	11,667	528	12,195	11,725
Councillor Olsen	11,117	540	11,657	11,412
Councillor Thuroo	11,017	528	11,545	11,850
Councillor A. Warwick	15,767	540	16,307	14,587
	<u>\$ 93,316</u>	<u>\$ 4,294</u>	<u>\$ 97,610</u>	<u>\$ 95,127</u>
Chief Administrative Officer (2 positions)	\$ 194,319	\$ 26,441	\$ 220,760	\$ 166,233
Town Assessor	\$ 47,163	\$ -	\$ 47,163	\$ 46,827

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.

18. 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 *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current services are recorded as expenditures in the year in which they become due.

	2024	2023
Current service contributions by the Town	\$ 96,158	\$ 86,937
Current service contributions by the employees	85,262	77,089
	<u>\$ 181,420</u>	<u>\$ 164,026</u>

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.

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion. This amount is not specifically allocated to the participating government organizations. The 2024 actuarial balance was not available at the date these financial statements were released.

TOWN OF HANNA
Notes to Financial Statements
Year Ended December 31, 2024

19. COMMITMENTS

On January 24, 2007 the Town became a shareholder of Palliser Regional Municipal Services Company Limited (the "Company"), a Part IX company under The Companies Act of Alberta. The Company provides municipal planning services to its members. This investment commits the Town to funding the annual operational and special needs of the company. Annually, the Town is requisitioned as a shareholder determined by the Board, in the ordinary course of business, and based on the population and the tax assessment as determined by the Town who is a shareholder. The requisition for the year was \$44,400 (2023 - \$39,000). The Town has the right to cease being a shareholder by giving 600 days notice.

The Town is committed under an agreement with the Marigold Library System to funding certain library initiatives annually based on a per capita formula. The Town provided funding during the year of \$15,465 (2023 - \$16,878). It is the understanding of the Town, that it can withdraw from the agreement at anytime by giving a one-year notice period.

The Town has entered into a lease agreement with Quadient to rent certain equipment in use by the Town. The aggregate future minimum lease payments are \$32,529 (2023 - \$5,069).

The minimum lease payments for each of the next five years are as follows:

	<u>2024</u>	<u>2023</u>
2025	\$ 7,654	\$ 5,069
2026	7,654	-
2027	7,654	-
2028	7,654	-
2029	1,913	-
	<u>\$ 32,529</u>	<u>\$ 5,069</u>

20. CONTINGENCY

The Town is a member of the Alberta Local Authorities Reciprocal 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.

21. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, receivables, investments, accounts payable, deposit liabilities, employee benefit obligations, and asset retirement obligations. 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 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 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. The Town is exposed to market price risk from investments in bonds instruments whose value fluctuates with changes in quoted market prices.

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

TOWN OF HANNA
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22. NON-MONETARY TRANSACTION

During the year, the Town had a non-monetary transaction that resulted in an increase to tangible capital assets and decrease in land held for resale of \$93,745. The transaction was measured at the exchange amount.

23. SUBSEQUENT EVENTS

For the purpose of the accompanying financial statements, subsequent events have been evaluated by management.

There were no subsequent events that would have a material impact on these financial statements.

24. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to the financial statement presentation adopted for the current year. There is no impact on the Town's accumulated surplus.

25. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.