

**TOWN OF HINTON**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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To the Members of Council of Town of Hinton


The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial statements.

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statement. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

JDP Wasserman LLP have been appointed by the Members of Council of the Town of Hinton to express an opinion on the consolidated financial statements.



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Jordan Panasiuk  
Chief Administrative Officer

Hinton, AB

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Council of Town of Hinton

### *Opinion*

We have audited the consolidated financial statements of the Town of Hinton (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, changes in net financial assets and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 (Members of Council) are responsible for overseeing the Town's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

*JDP Wasserman LLP*

JDP Wasserman LLP  
Chartered Professional Accountants  
Wetaskiwin, Alberta  
April 30, 2024

**TOWN OF HINTON**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 4,672,221	\$ 5,945,279
Accounts receivable (Note 2)	9,610,598	3,090,327
Loan receivable (Note 3)	51,892	101,892
Investments (Note 4)	17,034,376	17,015,625
Land held for resale	2,960	2,960
	<b>31,372,047</b>	<b>26,156,083</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	3,929,484	4,151,078
Deposit liabilities	412,514	422,214
Deferred revenue (Note 6)	5,608,932	2,155,462
Long-term debt (Note 7)	4,307,746	4,856,862
Asset retirement obligations (Note 9)	954,099	907,954
	<b>15,212,775</b>	<b>12,493,570</b>
<b>NET FINANCIAL ASSETS</b>	<b>16,159,272</b>	<b>13,662,513</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	156,299	171,375
Inventory for consumption	336,628	334,464
Tangible capital assets (Schedule 1)	155,566,169	153,220,622
	<b>156,059,096</b>	<b>153,726,461</b>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<b>\$172,218,368</b>	<b>\$167,388,974</b>

CONTINGENCIES AND GUARANTEES (Note 17)

ON BEHALF OF COUNCIL:

 Mayor

 Councillor

**TOWN OF HINTON****Consolidated Statement of Operations and Accumulated Surplus****For the Year Ended December 31, 2023**

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	\$ 13,825,941	\$ 13,550,723	\$ 13,069,545
User fees and sales of goods	7,201,297	8,357,494	7,681,031
Government transfers for operating (Schedule 4)	4,063,832	4,950,879	4,183,633
Franchise and concession contracts (Note 12)	1,844,523	1,724,510	1,844,059
Investment income	222,287	1,242,485	598,607
Rentals	477,580	565,428	532,643
Penalties and costs on taxes	180,707	206,667	211,125
Licenses and permits	184,003	273,719	196,553
Fines	110,005	571,639	145,766
Other revenues	82,370	1,003,251	107,133
	<u>28,192,545</u>	<u>32,446,795</u>	<u>28,570,095</u>
<b>EXPENSES</b>			
Infrastructure services	9,382,723	9,689,114	9,306,687
Environmental services	4,479,006	5,721,079	4,366,528
Protective services	4,473,227	5,817,782	4,220,372
General government	4,879,310	4,422,069	4,158,525
Parks, recreation and culture	3,512,538	3,522,237	3,094,975
Public health and welfare	1,628,671	1,803,637	1,566,738
Planning and development	1,056,122	938,807	1,210,502
Library	658,736	633,512	484,583
	<u>30,070,333</u>	<u>32,548,237</u>	<u>28,408,910</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	<u>(1,877,788)</u>	<u>(101,442)</u>	<u>161,185</u>
<b>OTHER REVENUES (EXPENSES)</b>			
Government transfers for capital (Schedule 4)	-	4,910,533	3,215,008
Other contributions for capital	-	79,022	89,152
Developer offsite levies	10,000	27,066	37,819
Gain (loss) on disposal of tangible capital assets	-	(85,785)	11,910
	<u>10,000</u>	<u>4,930,836</u>	<u>3,353,889</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(1,867,788)</u>	<u>4,829,394</u>	<u>3,515,074</u>
<b>ACCUMULATED SURPLUS - TO BEGIN YEAR</b>	<u>167,388,974</u>	<u>167,388,974</u>	<u>163,873,900</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$165,521,186</u>	<u>\$172,218,368</u>	<u>\$167,388,974</u>

**TOWN OF HINTON****Consolidated Statement of Changes in Net Financial Assets****For the Year Ended December 31, 2023**

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (1,867,788)</b>	<b>\$ 4,829,394</b>	<b>\$ 3,515,074</b>
Amortization of tangible capital assets	5,050,872	<b>5,385,552</b>	5,130,442
Acquisition of tangible capital assets	-	<b>(7,924,814)</b>	(5,237,339)
Proceeds on disposal of tangible capital assets	-	<b>107,928</b>	20,841
Loss (gain) on disposal of tangible capital assets	-	<b>85,785</b>	(11,910)
Use (acquisition) of prepaid expenses	-	<b>15,078</b>	(46,435)
Use (acquisition) of inventory for consumption	-	<b>(2,164)</b>	(34,215)
	<u>5,050,872</u>	<u><b>(2,332,635)</b></u>	<u>(178,616)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>3,183,084</b>	<b>2,496,759</b>	<b>3,336,458</b>
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<u>13,662,513</u>	<u><b>13,662,513</b></u>	<u>10,326,055</u>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<u><b>\$ 16,845,597</b></u>	<u><b>\$ 16,159,272</b></u>	<u><b>\$ 13,662,513</b></u>

**TOWN OF HINTON**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 4,829,394	\$ 3,515,074
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	5,385,552	5,130,442
Loss on disposal of tangible capital assets	85,785	(11,910)
Reclassification of consolidated equity	-	-
	<u>10,300,731</u>	<u>8,633,606</u>
Changes in non-cash working capital:		
Accounts receivable	(6,520,271)	(651,713)
Loan receivable	50,000	50,000
Accounts payable and accrued liabilities	(221,594)	1,014,707
Deposit liabilities	(9,700)	(12,702)
Deferred revenue	3,453,470	(903,381)
Asset retirement obligations	46,145	43,913
Prepaid expenses	15,078	(46,435)
Inventory for consumption	(2,164)	(34,215)
	<u>(3,189,036)</u>	<u>(539,826)</u>
Cash flow from operating activities	<u>7,111,695</u>	<u>8,093,780</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(7,924,814)	(5,237,339)
Proceeds on disposal of tangible capital assets	107,928	20,841
Net change in investments	<u>(18,751)</u>	<u>(31,757)</u>
Cash flow used by investing activities	<u>(7,835,637)</u>	<u>(5,248,255)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(549,116)	(679,909)
Proceeds on issuance of long-term debt	-	820,000
Cash flow from (used by) financing activities	<u>(549,116)</u>	<u>140,091</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,273,058)</u>	<u>2,985,616</u>
Cash and cash equivalents - beginning of year	<u>5,945,279</u>	<u>2,959,663</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,672,221</u>	<u>\$ 5,945,279</u>



**TOWN OF HINTON**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2023**

(Schedule 1)

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2023	2022
<b><u>Cost:</u></b>								
Balance, beginning of year	\$ 19,530,890	\$ 17,037,664	\$ 49,485,630	\$ 156,747,334	\$ 11,537,334	\$ 6,480,661	<b>\$ 260,819,513</b>	\$ 256,164,608
Acquisition of tangible capital assets	-	1,918,096	1,166,929	3,942,050	308,799	588,940	<b>7,924,814</b>	5,237,339
Disposals	-	-	( 233,771)	-	( 157,297)	( 1,027,234)	<b>( 1,418,302)</b>	( 582,434)
<b>Balance, end of year</b>	19,530,890	18,955,760	50,418,788	160,689,384	11,688,836	6,042,367	<b>267,326,025</b>	260,819,513
<b><u>Accumulated Amortization</u></b>								
Balance, beginning of year	-	11,044,490	21,576,236	66,133,505	6,209,203	2,635,459	<b>107,598,893</b>	103,041,954
Add: Amortization	-	599,778	1,245,057	2,522,868	641,892	375,956	<b>5,385,552</b>	5,130,442
Less: Accumulated amortization on disposals	-	-	( 215,069)	-	( 157,240)	( 852,281)	<b>( 1,224,590)</b>	( 573,503)
<b>Balance, end of year</b>	-	11,644,268	22,606,224	68,656,373	6,693,856	2,159,134	<b>111,759,855</b>	107,598,893
<b>Net book value of tangible capital assets</b>	<b>\$ 19,530,890</b>	<b>\$ 7,311,492</b>	<b>\$ 27,812,564</b>	<b>\$ 92,033,011</b>	<b>\$ 4,994,980</b>	<b>\$ 3,883,232</b>	<b>\$ 155,566,169</b>	<b>\$ 153,220,620</b>
<b>2022 Net book value of tangible capital assets</b>	<b>\$ 19,530,890</b>	<b>\$ 5,993,174</b>	<b>\$ 27,909,394</b>	<b>\$ 90,613,829</b>	<b>\$ 5,328,131</b>	<b>\$ 3,845,202</b>		<b>\$ 153,220,620</b>

**TOWN OF HINTON**
**Schedule of Equity in Tangible Capital Assets**
**(Schedule 2)**
**For the Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 148,522,438</b>	<b>\$ 148,701,489</b>
Purchase of tangible capital assets	<b>7,924,814</b>	5,237,339
Net disposal of tangible capital assets	<b>(193,714)</b>	(8,931)
Amortization of tangible capital assets	<b>(5,385,552)</b>	(5,130,442)
Repayment of long-term debt	<b>469,956</b>	586,896
Proceeds on issuance of long-term debt	-	(820,000)
Accretion expense on asset retirement obligations	<b>(46,145)</b>	(43,913)
<b>BALANCE, END OF YEAR</b>	<b>\$ 151,291,797</b>	<b>\$ 148,522,438</b>
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	<b>\$ 155,566,169</b>	\$ 153,220,622
Long-term debt <i>(Note 7)</i>	<b>(4,307,746)</b>	(4,856,862)
Non-capital long-term debt <i>(Note 7)</i>	<b>987,473</b>	1,066,632
Asset retirement obligations <i>(Note 9)</i>	<b>(954,099)</b>	(907,954)
	<b>\$ 151,291,797</b>	<b>\$ 148,522,438</b>

**TOWN OF HINTON****Schedule of Property Taxes****(Schedule 3)****For the Year Ended December 31, 2023**

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 19,023,956	\$ 18,633,661	\$ 18,227,192
Designated industrial property taxes	479,962	497,793	484,894
Government grants in lieu of property taxes	57,375	58,358	24,099
	19,561,293	19,189,812	18,736,185
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	4,885,978	4,559,542	4,676,960
The Evergreens Foundation	820,443	1,049,604	960,770
Designated Industrial Property	28,931	29,943	28,910
	5,735,352	5,639,089	5,666,640
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ 13,825,941	\$ 13,550,723	\$ 13,069,545

**TOWN OF HINTON****Schedule of Government Transfers****(Schedule 4)****For the Year Ended December 31, 2023**

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Local government	\$ 3,111,475	\$ 3,153,425	\$ 3,090,592
Provincial government	947,357	1,797,454	1,093,041
Federal government	5,000	-	-
	4,063,832	4,950,879	4,183,633
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	-	4,860,533	3,215,008
Federal government	-	50,000	-
	-	4,910,533	3,215,008
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 4,063,832	\$ 9,861,412	\$ 7,398,641

**TOWN OF HINTON****Schedule of Expenses by Object  
For the Year Ended December 31, 2023****(Schedule 5)**

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
Salaries, wages and benefits	\$ 12,797,502	\$ <b>12,595,166</b>	\$ 11,326,956
Contracted and general services	7,572,686	<b>8,349,230</b>	7,347,968
Amortization of tangible capital assets	5,050,872	<b>5,385,552</b>	5,130,442
Materials, goods and utilities	3,884,976	<b>4,737,879</b>	3,793,551
Transfers to local boards and agencies	553,714	<b>1,219,466</b>	475,202
Interest on long-term debt	161,497	<b>213,226</b>	189,019
Provision for allowances	21,000	<b>11,562</b>	122,408
Bank charges and short-term interest	28,086	<b>36,156</b>	23,364
	<b>\$ 30,070,333</b>	<b>\$ 32,548,237</b>	<b>\$ 28,408,910</b>

**TOWN OF HINTON**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2023**

(Schedule 6)

	General government	Protective services	Infrastructure services	Environmental services	Public health	Planning and development	Recreation and culture	2023
<b>REVENUES</b>								
Net municipal taxes	\$ 13,550,723	-	-	-	-	-	-	\$ 13,550,723
User fees and sales of goods	23,091	175,138	83,398	7,126,770	328,696	8,723	611,678	8,357,494
Government transfers for operating	2,552,145	1,272,819	-	-	632,860	157,434	335,621	4,950,879
Franchise and concession contracts	1,724,510	-	-	-	-	-	-	1,724,510
Investment income	1,241,084	-	-	-	-	-	1,401	1,242,485
Rentals	-	9,360	482,613	-	-	39,672	33,783	565,428
Penalties and costs on taxes	185,940	-	-	20,727	-	-	-	206,667
Licenses and permits	-	5,938	-	-	-	267,781	-	273,719
Fines	-	571,639	-	-	-	-	-	571,639
Other revenues	6,895	879,236	31,175	2,750	39,940	2,796	40,459	1,003,251
	19,284,388	2,914,130	597,186	7,150,247	1,001,496	476,406	1,022,942	32,446,795
<b>EXPENSES</b>								
Salaries, wages and benefits	2,633,205	1,382,566	2,901,786	592,561	1,378,453	522,097	3,184,498	12,595,166
Contracted and general services	902,403	3,378,375	932,301	2,394,552	247,470	296,969	197,160	8,349,230
Materials, goods and utilities	330,781	825,370	2,312,175	725,025	166,878	11,763	365,887	4,737,879
Transfers to local boards and agencies	523,210	1,187	-	695,069	-	-	-	1,219,466
Interest on long-term debt	-	-	139,702	-	-	64,926	8,598	213,226
Provision for allowances	6,287	-	5,275	-	-	-	-	11,562
Bank charges and short-term interest	7,335	500	-	-	5,913	-	22,408	36,156
Amortization of tangible capital assets	18,848	229,784	3,397,875	1,313,872	4,923	43,052	377,198	5,385,552
	4,422,069	5,817,782	9,689,114	5,721,079	1,803,637	938,807	4,155,749	32,548,237
<b>ANNUAL SURPLUS (DEFFICIT)</b>	<b>\$ 14,862,319</b>	<b>\$ (2,903,652 )</b>	<b>\$ (9,091,928 )</b>	<b>\$ 1,429,168</b>	<b>\$ (802,141 )</b>	<b>\$ (462,401 )</b>	<b>\$ (3,132,807 )</b>	<b>\$ (101,442 )</b>

The accompanying notes are an integral part of these consolidated financial statements  
JDP Wasserman LLP

**TOWN OF HINTON**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2022**

(Schedule 7)

	General government	Protective services	Infrastructure services	Environmental services	Public health	Planning and development	Recreation and culture	2022
<b>REVENUES</b>								
Net municipal taxes	\$ 13,069,545	-	-	-	-	-	-	\$ 13,069,545
User fees and sales of goods	22,917	124,098	1,886	6,708,220	251,355	5,600	566,955	7,681,031
Government transfers for operating	2,503,548	719,806	-	-	568,541	85,439	306,299	4,183,633
Franchise and concession contracts	1,844,059	-	-	-	-	-	-	1,844,059
Investment income	598,159	-	-	-	-	-	448	598,607
Rentals	-	9,290	453,563	-	240	41,193	28,357	532,643
Penalties and costs on taxes	186,076	-	-	25,049	-	-	-	211,125
Licenses and permits	-	6,870	-	-	-	189,683	-	196,553
Fines	-	145,766	-	-	-	-	-	145,766
Other revenues	40,584	100	14,367	11,676	31,368	1,613	7,425	107,133
	18,264,888	1,005,930	469,816	6,744,945	851,504	323,528	909,484	28,570,095
<b>EXPENSES</b>								
Salaries, wages and benefits	2,191,346	1,141,637	2,763,904	588,736	1,199,680	736,849	2,704,804	11,326,956
Contracted and general services	1,028,877	2,677,725	954,655	1,982,786	228,615	268,281	207,029	7,347,968
Materials, goods and utilities	412,338	127,359	2,221,335	500,443	131,350	102,061	298,665	3,793,551
Transfers to local boards and agencies	466,192	1,340	-	-	-	7,670	-	475,202
Interest on long-term debt	-	-	127,718	-	-	50,161	11,140	189,019
Provision for allowances	18,064	101,574	5,017	2,561	-	314	-	122,408
Bank charges and short-term interest	3,075	750	-	-	3,287	-	16,252	23,364
Amortization of tangible capital assets	38,633	169,987	3,234,058	1,297,124	3,806	45,166	341,668	5,130,442
	4,158,525	4,220,372	9,306,687	4,366,528	1,566,738	1,210,502	3,579,558	28,408,910
<b>ANNUAL SURPLUS (DEFFICIT)</b>	<b>\$ 14,106,363</b>	<b>\$ (3,214,442 )</b>	<b>\$ (8,836,871 )</b>	<b>\$ 2,378,417</b>	<b>\$ (715,234 )</b>	<b>\$ (886,974 )</b>	<b>\$ (2,670,074 )</b>	<b>\$ 161,185</b>

The accompanying notes are an integral part of these consolidated financial statements  
JDP Wasserman LLP

**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**1. ACCOUNTING POLICIES**

The consolidated financial statements of Town of Hinton (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards. 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 expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources. The reporting entity is comprised of the municipal operations of the Town and the Town of Hinton Municipal Library. Interdepartmental and organizational transactions and balances are eliminated.

The Town is a member of the West Yellowhead Regional Waste Management Authority (the "Authority"). The Town accounts for the Authority as a government partnership using the proportionate consolidation method. Under this method, the Town's proportionate share of assets, liabilities, revenues and expenses are included in the consolidated financial statements.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

*(b) Basis of Accounting*

The Town follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Investment income is reported as revenue in the year earned. When required by the funding government or by legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

*(c) Cash and Cash Equivalents*

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purposes of operations rather than for investing.

*(d) Investments*

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

*(continues)*

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**1. ACCOUNTING POLICIES (continued)**

*(e) Land 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 leveling 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.

*(f) 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 annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

*(g) Inventories for Consumption*

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

*(h) 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:

Land improvements	15 - 50 years
Buildings	50 years
Engineered structures	10 - 100 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

*(continues)*

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**1. ACCOUNTING POLICIES (*continued*)**

*(i) Landfill Closure and Post-Closure Liability*

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Town may be required to fund its share of the closure of the landfill site and provide for its share of the post-closure costs of the facility. By statute, the Authority must provide for these costs and it is the opinion of the Town's management that the Authority has sufficient reserves to cover the future closure and post-closure.

*(j) Contaminated Sites*

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

Asset Retirement Obligation

A liability 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 liability for the removal of asbestos and other hazardous material in several of the buildings owned by the Town has been initially recognized using the modified retroactive method. The liability has been measured at the present value of the estimated future costs. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (Note 1(h)). The asset retirement obligation is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the excess of revenues over expenses when remediation is completed. Assumptions used in the calculations are reviewed annually.

*(k) Tax Revenue*

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year in which the local improvement project is completed.

*(continues)*

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**1. ACCOUNTING POLICIES (continued)**

*(l) Requisition Over-levies and Under-levies*

Requisition 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. If 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.

*(m) Use of Estimates*

The preparation of consolidated financial statements in conformity with Canadian 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities, tangible capital asset useful lives, the fair value of contributed tangible capital assets, as well as provisions made for allowances for amounts receivable or any provision for impairment.

*(n) New Accounting Standards not yet Adopted*

Effective for fiscal years beginning on or after April 1, 2023, *PS3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

**2. ACCOUNTS RECEIVABLE**

	2023	2022
Utility accounts	\$ 964,197	\$ 1,085,975
Current taxes and grants in place of taxes	628,416	775,690
Trade and other	1,754,601	713,725
Goods and Services Tax recoverable	174,150	227,959
Receivable from other governments	177,480	185,509
Tax arrears	121,884	134,381
Government grants receivable	5,789,870	-
	<b>9,610,598</b>	<b>3,123,239</b>
Less: allowance for doubtful accounts	-	(32,912)
	<b>\$ 9,610,598</b>	<b>\$ 3,090,327</b>

**3. LOAN RECEIVABLE**

In 2020, the Town loaned the Hinton Golfing Society \$250,000, repayable in annual instalments of \$50,000. Principal balance receivable as at December 31, 2023 was \$51,892 (2022 - \$101,892)

**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**4. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Notice on amounts - bank accounts	<b>\$ 17,034,376</b>	<b>\$ 17,015,625</b>

Notice on amounts have effective interest rates ranging from prime minus 1.25% to 1.65% (2022 - prime minus 1.25% to 1.65%) and requires 31 to 90 days (2022 - 31 to 90 days) notice prior to withdrawal.

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade and other	<b>\$ 2,626,953</b>	<b>\$ 3,054,428</b>
Employee earned vacation, sick and overtime liability	<b>978,483</b>	<b>704,973</b>
Construction holdbacks	<b>324,048</b>	<b>391,677</b>
	<b>\$ 3,929,484</b>	<b>\$ 4,151,078</b>

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**6. DEFERRED REVENUE**

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - Capital	<b>\$ 5,079,101</b>	<b>\$ 1,616,673</b>
Federal Gas Tax Fund	<b>326,114</b>	<b>268,452</b>
Other	<b>203,717</b>	<b>137,523</b>
CMHC Rapid Housing Initiative	<b>-</b>	<b>132,814</b>
	<b>\$ 5,608,932</b>	<b>\$ 2,155,462</b>

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**7. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debentures repayable in semi-annual installments including interest at 2.226% - 6.625% maturing between 2025 and 2032.	<b>\$ 3,302,461</b>	\$ 3,766,745
Alberta Treasury Branches loan bearing interest at prime minus 0.25% and matures on June 30, 2032. Interest is payable monthly, and principal payments of \$16,667 are payable seasonally for 6 months of each year.	<b>987,473</b>	1,066,631
Canada Mortgage and Housing Corporation loans bearing interest at rates of 1.43% to 8.25%, maturing between January 2023 and December 2026. Repayable in annual installments of \$13,203 and monthly installments of \$503, respectively.	<b>17,812</b>	23,486
	<b><u>\$ 4,307,746</u></b>	<b><u>\$ 4,856,862</u></b>

Long-term debt is comprised of \$3,320,273 (2022 - \$3,790,231) of capital debt and \$987,473 (2022 - \$1,066,631) of non-capital debt. The Town has access to an operating revolving line of credit of \$1,900,000 not to exceed the prime lending rate from time to time, no funds were advanced as of December 31, 2023 or 2022.

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 608,922	\$ 138,689	\$ 747,611
2025	635,564	112,047	747,611
2026	340,508	116,755	457,263
2027	348,457	102,896	451,353
2028	356,694	88,560	445,254
Thereafter	2,017,601	19,417	2,037,018
	<b><u>\$ 4,307,746</u></b>	<b><u>\$ 578,364</u></b>	<b><u>\$ 4,886,110</u></b>

**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**8. 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 be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 48,670,193	\$ 42,855,143
Total debt	<u>(4,307,746)</u>	<u>(4,856,862)</u>
<b>Total debt limit remaining</b>	<b><u>\$ 44,362,447</u></b>	<b><u>\$ 37,998,281</u></b>
Service on debt limit	\$ 8,111,699	\$ 7,142,524
Service on debt	<u>(747,611)</u>	<u>(749,123)</u>
<b>Total service on debt limit remaining</b>	<b><u>\$ 7,364,088</u></b>	<b><u>\$ 6,393,401</u></b>

The debt limit is calculated at 1.5 times revenues of the Town (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits 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 stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

**9. ASSET RETIREMENT OBLIGATION**

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials, such as asbestos, within some Town owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach, as at January 1, 2023. The obligation has been measured at the present value of the estimated future costs. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials, such as asbestos, within some Town owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach, as at January 1, 2023. The liability has been measured at the present value of the estimated future costs. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives. The asset retirement obligation is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability.

Asset Retirement Obligation, January 1, 2023	\$ 907,954
Annual accretion expense	46,145
Settlements during the year	<u>-</u>
	<b><u>\$ 954,099</u></b>

**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**10. ACCUMULATED SURPLUS**

	<u>2023</u>	<u>2022</u>
Unrestricted surplus (deficit)	<b>\$ 493,470</b>	\$ 331,288
Restricted surplus		
Operating reserves ( <i>Note 11</i> )	<b>4,175,396</b>	4,025,854
Capital reserves ( <i>Note 11</i> )	<b>16,257,705</b>	14,509,394
Equity in tangible capital assets ( <i>Schedule 2</i> )	<b>151,291,797</b>	148,522,438
	<b><u>\$172,218,368</u></b>	<b><u>\$167,388,974</u></b>

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**11. RESTRICTED SURPLUS**

	2023	2022
<b>Operating Reserves</b>		
Municipal reserve	\$ 1,048,269	\$ 1,319,089
Emergency response	972,403	931,742
Automated traffic enforcement	839,404	609,561
Library	418,418	418,994
RCMP retroactive pay raise	270,396	-
F.C.S.S.	43,183	43,183
Operating - other	35,586	25,894
Operating - project requests	23,529	99,142
West Yellowhead Regional Waste Management Authority	524,208	444,342
Housing	-	133,907
	<b>\$ 4,175,396</b>	<b>\$ 4,025,854</b>
<b>Capital Reserves</b>		
Water and sewer	\$ 5,212,034	\$ 4,513,730
Offsite levy fund	2,063,198	2,036,132
Roads and sidewalks	1,744,557	1,085,053
Facilities and components	1,290,077	1,321,391
Recreation centre construction	1,248,467	990,010
Equipment and fleet	1,050,425	721,257
West Yellowhead Regional Waste Management Authority	913,911	1,057,736
Parks and trails infrastructure	760,174	646,961
Fire department	697,742	53,234
New infrastructure	651,363	1,572,522
Other capital	357,179	280,979
Information technology	268,578	230,389
	<b>\$ 16,257,705</b>	<b>\$ 14,509,394</b>

**12. FRANCHISE AND CONCESSION CONTRACTS**

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2023 (Budget) (Note 13)	2023 (Actual)	2022 (Actual)
Fortis Alberta Inc.	\$ 1,330,665	\$ 1,350,831	\$ 1,332,952
ATCO natural gas	513,858	373,679	511,107
	<b>\$ 1,844,523</b>	<b>\$ 1,724,510</b>	<b>\$ 1,844,059</b>



**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**13. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by Alberta Regulation 313/200 is as follows:

	Salary (1)	Benefits (2)	2023	2022
<b>Mayor Michaels</b>	\$ 56,725	\$ 4,246	\$ <b>60,971</b>	\$ 80,489
<b>Mayor Nissen</b>	4,375	294	4,669	-
<b>Councillors</b>				
Haas	31,625	2,254	<b>33,879</b>	38,139
LaBerge	24,120	1,708	<b>25,828</b>	35,262
Ostashek	30,000	2,128	<b>32,128</b>	34,969
Taylor	28,325	1,999	<b>30,324</b>	34,489
Race	32,575	580	<b>33,155</b>	33,993
Maguhn	27,100	1,904	<b>29,004</b>	30,786
Chambers	3,350	215	<b>3,565</b>	-
<b>Chief Administrative Officer</b>				
Panasiuk	218,946	41,340	<b>260,286</b>	60,043
Olsen	-	-	-	194,749
Hanlan	-	-	-	177,929
Howarth	-	-	-	27,342
	<b>\$ 457,141</b>	<b>\$ 56,668</b>	<b>\$ 513,809</b>	<b>\$ 748,190</b>

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

**14. BUDGET FIGURES**

	2023 Budget	2023 Actual
Annual surplus (deficit)	\$ (1,867,788)	\$ <b>4,829,394</b>
West Yellowhead Regional Waste Management Authority surplus	-	<b>(804,945)</b>
Acquisition of tangible capital assets	-	<b>(7,924,814)</b>
Repayment of long-term debt	(586,113)	<b>(549,116)</b>
Proceeds on issuance of long-term debt	-	-
Net transfers (to) from reserves:	(2,596,952)	<b>(1,961,815)</b>
<b>Results of operations</b>	<b>\$ (5,050,853)</b>	<b>\$ (6,411,296)</b>

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by Town Council on December 6, 2022. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

**15. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the Town's credit risk.

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**16. SEGMENTED INFORMATION**

The Town provides a range of services to its citizens. 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 consolidated financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6 & Schedule 7*).

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**17. CONTINGENCIES AND GUARANTEES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of 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 involved in various legal disputes at December 31, 2023, the outcomes of which are not currently determinable. Any related settlements not covered by insurance will be recorded as an expense in the year incurred.

In prior years, the Town provided a refundable grant to a developer for the construction of an affordable housing development, Happy Creek Estates Ltd ("Happy Creek"). The developer agreed to operate Happy Creek for a period of 20 years (2009 to 2029). At the end of the 20 year period, if the Town determines that Happy Creek is no longer required as an affordable housing development, the Town will be entitled to a refund of the original grant of \$1,619,646 or 19.6% of Happy Creek's fair value, whichever is greater.

In August 2021, a collective bargaining agreement was announced between the federal government and the National Police Federation, representing nearly 20,000 RCMP officers across Canada. The agreement includes an increase in pay for RCMP officers and retroactive pay going back to 2017. The new agreement has financial impacts on municipalities that use contract RCMP police services, such as the Town. Future costs to the Town for this retroactive pay are estimated to be as much as \$750,000. No amount payable has been recorded as of December 31, 2023 or 2022.

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

**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 *Alberta Public Sector Pension Plans Act*.

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

The Town is required to make current service contributions to the LAPP of 8.45% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2023 totalled \$753,513 (2022 - \$651,700). Total current and past service contributions by the employees of the Town to the LAPP in 2023 totalled \$675,005 (2022 - \$583,707).

As at December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$5.0 billion). This amount was not specifically allocated to the participating government organizations. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years.

**19. GOVERNMENT PARTNERSHIP**

The Town of Hinton, Yellowhead County, Town of Edson, Municipal District of Greenview No. 16 and Municipality of Jasper (the "members") jointly own and operate the West Yellowhead Regional Waste Management Authority to construct, maintain, control and manage a regional solid waste disposal system.

The members have agreed to proportionately share costs associated with expenditures arising from the operation of the Authority. The proportions are based on each member's volume of municipal solid waste hauled and deposited to the system for disposal, relative to the total tonnage of solid waste hauled and deposited by all members.

The following is 100% of the financial position and results of operations of the Authority partnership, of which 20% has been proportionately consolidated in the financial statements of the Town.

	<b>2023</b> <i>Actual</i>	<b>2022</b> <i>Actual</i>
Financial assets	\$ 7,340,790	\$ 6,786,865
Non-financial assets	7,156,647	3,395,692
Asset retirement obligations	(4,230,950)	(4,026,600)
Accounts payable and accrued liabilities	(150,191)	(64,386)
<b>Accumulated surplus</b>	<b>\$ 10,116,296</b>	<b>\$ 6,091,571</b>
Total revenues	\$ 5,815,994	\$ 3,490,791
Total expenses	(1,791,269)	(1,535,815)
<b>Annual surplus</b>	<b>\$ 4,024,725</b>	<b>\$ 1,954,976</b>

**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**20. PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING POLICY**

On January 1, 2023 the Town adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. This new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of certain tangible capital assets such as asbestos removal in buildings that will undergo major renovation or demolition in the future (see Note 10). This standard was adopted using the modified retroactive approach.

On January 1, 2023 the Town recognized an asset retirement obligation relating to several owned buildings that contain asbestos and other hazardous materials. The liability has been measured at the present value of estimated future costs. The associated costs have been reported as an increase to the carrying value of the associated tangible capital assets. Accumulated amortization has been recorded from the later of, the date of acquisition of the related asset or April 1, 1988 (effective date of the Hazardous Waste Regulation (April 1, 1988) – Part 6 – Management of Specific Hazardous Wastes).

The impact of the prior period adjustment on the December 31, 2022 comparative amounts is as follows:

Asset retirement obligation	\$ 102,634
Tangible capital assets - cost	52,032
Tangible capital assets - accumulated amortization	28,416
Recreation and culture - amortization expense	1,416
Recreation and culture - accretion expense	5,017
Accumulated surplus - equity in tangible capital assets	(72,584)

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**21. PRIOR PERIOD ADJUSTMENT - CHANGE IN ACCOUNTING POLICY**

Effective January 1, 2023, the West Yellowhead Regional Waste Management Authority (the "Authority") adopted Canadian public sector accounting standard 3280, Asset Retirement Obligations, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

A summary of the changes are as follows:

- The recording of an asset retirement obligation totaling \$4,026,600
- The removal of the landfill closure and post-closure liability of \$617,459
- An increase in tangible capital assets of \$587,935
- A decrease in annual surplus of \$170,732
- A decrease in opening accumulated surplus of \$2,650,473

The Town of Hinton has proportionately consolidated, at a rate of 20%, these prior period adjustments in the financial statements of the Town.

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**TOWN OF HINTON**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2023**

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**22. COMPARATIVE FIGURES**

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

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**23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by Town Council and management.

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