

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Town of Gibbons

Opinion

We have audited the financial statements of Town of Gibbons (the Town), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows 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, 2020, and the results of its operations 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 relating 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 (Council) are responsible for overseeing the Town's financial reporting process.

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Auditors' 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 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 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 28, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To His Worship the Mayor and Members of Council of Town of Gibbons

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.


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 financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Town Council to express an opinion on the Town's financial statements.



Farrell O'Malley
Chief Administrative Officer

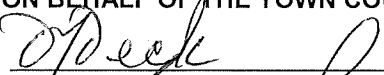



Monique Jeffrey
Director of Corporate Services

TOWN OF GIBBONS
Statement of Financial Position
As At December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 884,053	\$ 1,286,658
Receivables (Note 2)	797,131	1,708,581
Loans receivable (Note 3)	46,480	54,390
Land held for resale	923,761	908,968
	<u>2,651,425</u>	<u>3,958,597</u>
LIABILITIES		
Bank indebtedness (Note 4)	\$ 585,091	\$ -
Accounts payable and accrued liabilities (Note 5)	311,499	425,645
Deposit liabilities	35,697	46,818
Deferred revenue (Note 7)	865,128	1,308,284
Long-term debt (Note 6)	5,468,969	6,028,974
	<u>7,266,384</u>	<u>7,809,721</u>
NET DEBT	<u>(4,614,959)</u>	<u>(3,851,124)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	36,676,870	35,707,922
Inventories for consumption	-	23,178
Prepaid expenses	21,802	21,831
	<u>36,698,672</u>	<u>35,752,931</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 32,083,713</u>	<u>\$ 31,901,807</u>
Contingencies (Note 11)		

ON BEHALF OF THE TOWN COUNCIL:

 Mayor
 Councillor

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2020

	2020 (Budget) <i>(Note 15)</i>	2020 (Actual)	2019 (Actual)
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 2,956,656	\$ 2,815,098	\$ 2,752,954
Sales and user charges <i>(Schedule 4)</i>	2,525,786	2,167,999	2,697,371
Government transfers for operating <i>(Schedule 3)</i>	288,196	833,075	631,757
Franchise and concession contracts <i>(Note 12)</i>	356,836	355,115	362,120
Rentals	328,380	132,392	297,264
Penalties and costs on taxes	70,000	50,981	71,007
Other	112,833	41,507	98,821
Licenses and permits	50,775	28,749	26,826
Interest	35,000	9,236	34,426
Fines	6,500	3,045	895
	<u>6,730,962</u>	<u>6,437,197</u>	<u>6,973,441</u>
EXPENSES			
Administration	1,066,055	1,093,693	928,267
Water and wastewater	1,153,487	1,076,537	1,004,883
Parks and recreation	1,120,612	980,534	1,158,999
Common services	620,794	688,834	653,627
Culture	440,098	351,217	412,434
Waste management	301,374	299,201	287,190
Family and community support	384,058	283,540	361,893
Roads, streets, walks and lighting	229,763	246,101	213,084
Subdivision land and development	47,271	195,939	905,073
Other public health & welfare	-	172,555	268,749
Legislative	245,659	170,317	241,089
Planning, zoning, & development	192,131	149,638	149,119
Fire and disaster services	139,789	144,012	152,026
Bylaw enforcement	107,254	83,667	94,537
Policing	-	45,106	-
Cemetery	7,400	7,682	6,194
Amortization	-	1,335,973	1,289,127
	<u>6,055,745</u>	<u>7,324,546</u>	<u>8,126,291</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>675,217</u>	<u>(887,349)</u>	<u>(1,152,850)</u>
OTHER REVENUE			
Government transfers for capital <i>(Schedule 3)</i>	1,098,454	1,069,192	584,451
Loss on disposal of tangible capital assets	-	(14,937)	-
Donations for tangible capital assets	-	15,000	-
	<u>1,098,454</u>	<u>1,069,255</u>	<u>584,451</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,773,671</u>	<u>181,906</u>	<u>(568,399)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>31,901,807</u>	<u>31,901,807</u>	<u>32,470,206</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(Note 9)</i>	<u>\$ 33,675,478</u>	<u>\$ 32,083,713</u>	<u>\$ 31,901,807</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Statement of Changes in Net Debt
For the Year Ended December 31, 2020

	2020 (Budget) <i>(Note 15)</i>	2020 (Actual)	2019 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,773,671	\$ 181,906	\$ (568,399)
Acquisition of tangible capital assets	(2,310,877)	(2,400,113)	(2,387,713)
Amortization of tangible capital assets	-	1,335,973	1,289,127
Proceeds on disposal of tangible capital assets	-	80,254	-
Gain on disposal of tangible capital assets	-	14,937	-
	(537,206)	(787,043)	(1,666,985)
Use of inventory held for consumption	-	23,178	22,755
Use (acquisition) of prepaid expenses	-	30	(1,754)
DECREASE (INCREASE) IN NET DEBT	(537,206)	(763,835)	(1,645,984)
NET DEBT - BEGINNING OF YEAR	(3,851,121)	(3,851,124)	(2,205,140)
NET DEBT - END OF YEAR	\$ (4,388,327)	\$ (4,614,959)	\$ (3,851,124)

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 181,906	\$ (568,399)
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,335,973	1,289,127
Loss on disposal of tangible capital assets	14,937	-
	<u>1,532,816</u>	<u>720,728</u>
Changes in non-cash working capital balances related to operations:		
Receivables	911,451	(905,806)
Loans receivable	7,910	14,385
Land held for resale	(14,793)	(241,239)
Accounts payable and accrued liabilities	(114,146)	(172,460)
Deferred revenue	(443,156)	804,409
Deposit liabilities	(11,121)	(14,442)
Inventories for consumption	23,178	22,754
Prepaid expenses	29	(1,754)
	<u>359,352</u>	<u>(494,153)</u>
Cash flow from operating activities	<u>1,892,168</u>	<u>226,575</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	80,254	-
Purchase of tangible capital assets	(2,400,113)	(2,387,713)
Cash flow used by capital activities	<u>(2,319,859)</u>	<u>(2,387,713)</u>
FINANCING ACTIVITIES		
Advances from bank indebtedness	585,091	-
Long-term debt repaid	(560,005)	(529,047)
Long-term debt issued	-	2,086,386
Cash flow from financing activities	<u>25,086</u>	<u>1,557,339</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(402,605)	(603,799)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,286,658	1,890,457
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 884,053	\$ 1,286,658

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS**Schedule of Equity in Tangible Capital Assets***(Schedule 1)***For the Year Ended December 31, 2020**

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 30,706,662	\$ 30,960,819
Acquisition of tangible capital assets	2,400,113	2,387,713
Amortization of tangible capital assets	(1,335,973)	(1,289,127)
Long-term debt repaid	560,005	529,047
Long-term debt issued	-	(2,086,386)
Cost of tangible capital assets disposed of	(328,428)	-
Accumulated amortization of tangible capital assets disposed of	233,236	-
Unexpended (utilized) long-term debt	(308,080)	204,596
BALANCE, END OF YEAR	\$ 31,927,535	\$ 30,706,662
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 36,676,870	\$ 35,707,922
Long-term debt	(5,468,969)	(6,028,974)
Total long-term debt issued but unexpended	719,634	1,027,714
	\$ 31,927,535	\$ 30,706,662

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Schedule of Property Taxes
For the Year Ended December 31, 2020

(Schedule 2)

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
TAXATION			
Real property taxes	\$ 3,816,772	\$ 3,793,833	\$ 3,801,607
Local improvement	165,299	46,374	-
	<u>3,982,071</u>	<u>3,840,207</u>	<u>3,801,607</u>
REQUISITIONS			
Alberta School Foundation	989,267	989,267	1,012,199
Homeland Housing	35,842	35,842	36,141
Designated Industrial Property	306	-	313
	<u>1,025,415</u>	<u>1,025,109</u>	<u>1,048,653</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 2,956,656</u>	<u>\$ 2,815,098</u>	<u>\$ 2,752,954</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Schedule of Government Transfers
For the Year Ended December 31, 2020

(Schedule 3)

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 140,047	\$ 672,182	\$ 477,160
Local governments	140,149	160,893	150,597
Federal government	8,000	-	4,000
	288,196	833,075	631,757
TRANSFERS FOR CAPITAL			
Provincial government	1,098,454	1,069,192	584,451
TOTAL GOVERNMENT TRANSFERS	\$ 1,386,650	\$ 1,902,267	\$ 1,216,208

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Schedule of Segmented Information
For the Year Ended December 31, 2020

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 727,588	\$ 768,814	\$ 93,514	\$ 883,671	\$ -	\$ 341,511	\$ 2,815,098
Sales and user charges	9,571	64,428	97,002	39,434	1,793,831	163,733	2,167,999
Government transfers	334,877	214,494	7,448	-	-	276,256	833,075
All other	21,657	284,015	29,715	11,830	2,196	271,612	621,025
	<u>1,093,693</u>	<u>1,331,751</u>	<u>227,679</u>	<u>934,935</u>	<u>1,796,027</u>	<u>1,053,112</u>	<u>6,437,197</u>
EXPENSES							
Salaries, wages and benefits	584,541	759,853	53,746	547,587	121,374	542,602	2,609,703
Materials, goods, and supplies	158,310	254,417	60,466	118,531	41,961	372,679	1,006,364
Contracted and general services	209,877	750	125,929	53,316	991,143	6,076	1,387,091
Utilities	21,881	180,251	18,300	159,947	51,796	4,684	436,859
Repairs & maintenance	56,965	68,463	10,830	55,554	82,256	4,971	279,039
Interest on long-term debt	7,398	48,093	-	-	87,208	47,945	190,644
Insurance	54,721	19,924	3,514	-	-	714	78,873
	<u>1,093,693</u>	<u>1,331,751</u>	<u>272,785</u>	<u>934,935</u>	<u>1,375,738</u>	<u>979,671</u>	<u>5,988,573</u>
NET REVENUE BEFORE AMORTIZATION	-	-	(45,106)	-	420,289	73,441	448,624
Amortization	65,970	332,559	42,225	533,057	335,811	26,351	1,335,973
NET REVENUE (DEFICIT)	<u>\$ (65,970)</u>	<u>\$ (332,559)</u>	<u>\$ (87,331)</u>	<u>\$ (533,057)</u>	<u>\$ 84,478</u>	<u>\$ 47,090</u>	<u>\$ (887,349)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Schedule of Segmented Information
For the Year Ended December 31, 2019

(Schedule 5)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 875,785	\$ 721,175	\$ 80,897	\$ 794,579	\$ -	\$ 280,518	\$ 2,752,954
Sales and user charges	13,599	131,241	129,227	22,451	1,642,947	757,906	2,697,371
Government transfers	10,000	263,619	7,348	6,598	-	344,192	631,757
All other	28,883	455,398	29,091	43,083	1,917	332,987	891,359
	928,267	1,571,433	246,563	866,711	1,644,864	1,715,603	6,973,441
EXPENSES							
Salaries, wages and benefits	\$ 534,108	\$ 867,964	\$ 79,884	\$ 469,524	\$ 82,545	\$ 696,478	\$ 2,730,503
Materials, goods, and supplies	104,312	255,850	56,046	101,858	34,069	1,198,592	1,750,727
Contracted and general services	176,220	750	78,471	44,800	939,491	15,984	1,255,716
Utilities	20,608	194,355	18,099	153,964	53,090	6,563	446,679
Repairs & maintenance	47,238	169,039	10,050	96,565	92,666	-	415,558
Interest on long-term debt	-	60,169	-	-	90,212	13,924	164,305
Insurance	45,781	23,306	4,013	-	-	576	73,676
	928,267	1,571,433	246,563	866,711	1,292,073	1,932,117	6,837,164
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	352,791	(216,514)	136,277
Amortization	60,776	321,825	21,250	553,179	324,934	7,163	1,289,127
NET REVENUE (DEFICIT)	\$ (60,776)	\$ (321,825)	\$ (21,250)	\$ (553,179)	\$ 27,857	\$ (223,677)	\$ (1,152,850)

The accompanying notes are an integral part of these financial statements.

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

1. ACCOUNTING POLICIES

The financial statements of the Town of Gibbons (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 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 schedule of property taxes also includes requisitions for education that are not part of the reporting entity.

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

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(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 have a maturity of 90 days or less at acquisition.

(d) Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses 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.

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

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TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

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) 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.

(g) 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:

Engineered structures:	
Water system	45 - 75 years
Wastewater system	45 - 75 years
Other	10 - 40 years
Buildings	25 - 50 years
Vehicles	10 - 25 years
Land improvements	15 - 25 years
Machinery and equipment	5 - 40 years

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

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

(h) Landfill Closure and Post-Closure Liability

The Town is a member of the Roseridge Solid Waste Management Services Commission (the Commission) and, 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 Commission must provide for these costs and it is the opinion of the Town's management that the Commission has sufficient reserves to cover the future closure and post-closure costs.

(i) 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 municipality and are recognized as revenue in the year in which the local improvement project is completed.

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TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

1. ACCOUNTING POLICIES (continued)

(j) 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.

(k) Non-Financial Assets

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

(l) 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.

(m) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and non-exchange transactions.

2. RECEIVABLES

	<u>2020</u>	<u>2019</u>
Taxes and grants in place of taxes	\$ 320,775	\$ 350,561
Trade and other	208,588	1,040,900
Utilities	189,251	162,221
Goods and Services Tax rebate	<u>83,517</u>	<u>159,899</u>
	802,131	1,713,581
Less: allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 797,131</u>	<u>\$ 1,708,581</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2020

3. LOANS RECEIVABLE

In 2018, as part of the its Williams Park Sanitary Service Upgrades project and upon residents entering into a Letter of Agreement for Repayment, the Town undertook remediation work necessary to upgrade or replace the sanitary lines originating from resident homes to the Town's primary service line, which was approved under Council motion 18.158.

The loans were issued to residents of 18 tax rolls. Loans are repayable in equal annual installments ranging between 1 and 10 years and are non-interest bearing as long as the resident does not default on a regularly scheduled payment without prior authorization of the Town.

In the event of a defaulted payment without prior authorization of the Town, the Town has secured the loans by way of requiring the loan balance to be due in full and applied against the applicable tax roll, bearing interest at a rate of 3% per annum beginning from the first day after the date of the defaulted regularly scheduled payment.

4. BANK INDEBTEDNESS

The Town has available lines of credit with a combined maximum limit of \$4,000,000, bearing interest at prime (currently 2.45%), less 0.25%. The lines of credit are secured by a general security agreement over the assets of the Town.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade and other	\$ 200,981	\$ 284,951
Accrued employee vacation pay	82,377	110,079
Accrued debenture interest	28,141	30,615
	<u>\$ 311,499</u>	<u>\$ 425,645</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

6. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Government of Alberta debenture repayable in semi-annual installments of \$144,782 including interest at 2.532% maturing December 2027.	\$ 1,846,810	\$ 2,085,078
Government of Alberta debenture repayable in semi-annual installments of \$82,615 including interest at 2.298% maturing September 2034.	1,968,428	2,086,386
Government of Alberta debenture repayable in semi-annual installments of \$75,879 including interest at 4.781% maturing June 2033.	1,415,703	1,496,856
Government of Alberta debenture repayable in annual installments of \$38,331 including interest at 6.000% maturing April 2028.	238,028	260,716
Government of Alberta debenture repayable in annual installments of \$114,091 including interest at 1.339% maturing June 2020.	-	56,666
Government of Alberta debenture repayable in annual installments of \$87,124 including interest at 1.339% maturing June 2020.	-	43,272
	<u>\$ 5,468,969</u>	<u>\$ 6,028,974</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 474,152	\$ 170,731	\$ 644,883
2022	488,726	156,157	644,883
2023	503,809	141,074	644,883
2024	519,421	125,461	644,882
2025	535,584	109,298	644,882
To maturity	<u>2,947,278</u>	<u>372,097</u>	<u>3,319,375</u>
	<u>\$ 5,468,970</u>	<u>\$ 1,074,818</u>	<u>\$ 6,543,788</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

7. DEFERRED REVENUE

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

	2019	Funds Received	Funds Expended	2020
Federal Gas Tax Fund	\$ 182,637	\$ 180,700	\$ (41,642)	\$ 321,695
Alberta Municipal Water / Wastewater Program	288,405	2,217	-	290,622
Other	298,391	201,590	(247,170)	252,811
Municipal Sustainability Initiative - Capital	538,851	352,652	(891,503)	-
	<u>\$ 1,308,284</u>	<u>\$ 737,159</u>	<u>\$ (1,180,315)</u>	<u>\$ 865,128</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

8. TANGIBLE CAPITAL ASSETS

	2020 Net Book Value	2019 Net Book Value
Engineered structures	\$ 19,435,617	\$ 18,968,023
Buildings	6,583,686	6,635,399
Land	5,776,998	5,776,998
Land improvements	1,716,598	1,715,943
Machinery and equipment	1,800,697	1,621,343
Vehicles	974,226	815,238
Work in progress	389,048	174,977
	<u>\$ 36,676,870</u>	<u>\$ 35,707,922</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures	\$ 33,746,572	\$ 1,212,065	-	-	\$ 34,958,637
Land	5,776,998	-	-	-	5,776,998
Buildings	9,300,912	158,489	-	-	9,459,401
Vehicles	1,935,361	400,686	(322,098)	-	2,013,949
Land improvements	2,569,038	125,559	-	-	2,694,597
Machinery and equipment	1,945,865	289,244	(6,330)	-	2,228,779
Work in progress	174,977	389,048	-	(174,977)	389,048
	<u>\$ 55,449,723</u>	<u>\$ 2,575,091</u>	<u>\$ (328,428)</u>	<u>\$ (174,977)</u>	<u>\$ 57,521,409</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures	\$ 14,778,549	\$ 744,471	-	-	\$ 15,523,020
Buildings	2,665,513	210,202	-	-	2,875,715
Vehicles	1,120,123	146,506	(226,906)	-	1,039,723
Land improvements	853,095	124,904	-	-	977,999
Machinery and equipment	324,522	109,890	(6,330)	-	428,082
	<u>\$ 19,741,802</u>	<u>\$ 1,335,973</u>	<u>\$ (233,236)</u>	<u>\$ -</u>	<u>\$ 20,844,539</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

9. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 156,178	\$ -
Restricted surplus		
Operating reserves (Note 10)	-	\$ 19,500
Capital reserves (Note 10)	-	1,175,645
Equity in tangible capital assets (Schedule 1)	<u>31,927,535</u>	<u>30,706,662</u>
	<u>\$ 32,083,713</u>	<u>\$ 31,901,807</u>

10. RESTRICTED SURPLUS

	<u>2020</u>	<u>2019</u>
Operating Reserves		
Family and Community Support Services	\$ -	\$ 19,500
Capital Reserves		
Roads off site levy	\$ -	\$ 230,076
Sewage off site levy	-	218,091
Water	-	433,217
Sewage	-	178,908
Water off site levy	-	10,397
Planning/Zoning	-	4,625
General administration	-	35,367
General	-	64,964
	<u>\$ -</u>	<u>\$ 1,175,645</u>

11. CONTINGENCIES

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 shares 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.

12. FRANCHISE FEES 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:

	2020 (Budget) (Note 15)	2020 (Actual)	2019 (Actual)
ATCO Gas	\$ 212,000	\$ 198,145	\$ 220,963
Fortis Alberta	144,836	156,970	141,157
	<u>\$ 356,836</u>	<u>\$ 355,115</u>	<u>\$ 362,120</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2020

13. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2, 3)	2020	2019
Mayor Deck	\$ 23,640	\$ 154	\$ 23,794	\$ 25,924
Councillors				
McCann	20,580	154	20,734	28,944
Berry	18,600	65	18,665	19,535
Sandahl	15,240	95	15,335	19,494
Millante	16,410	154	16,564	18,694
Harris	17,570	154	17,724	18,437
Woodger	15,160	65	15,225	18,425
			-	
Chief Administrative Officer				
O'Malley	180,080	43,532	223,612	207,956
Designated Officers (4)	443,202	113,776	556,978	452,292
	<u>\$ 750,482</u>	<u>\$ 158,149</u>	<u>\$ 908,631</u>	<u>\$ 809,701</u>

(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.

(3) Benefits and allowances figures 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. FUNDS HELD IN TRUST

The Town administers the following trust funds on behalf of third parties. As related trust assets are not owned by the Town, the trust funds have been excluded from the financial statements. Transactions during the year are as follows:

	2020	2019
Balance, Beginning of Year.	\$ 8,752	\$ 6,133
Sale of plots	-	2,500
Perpetual care fees	450	-
Interest income	58	119
	<u>\$ 9,260</u>	<u>\$ 8,752</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2020

15. BUDGET FIGURES

	2020 (Budget)	2020 (Actual)
Annual surplus	\$ 1,773,671	\$ 181,906
Amortization	-	1,335,973
Acquisition of tangible capital assets	(2,310,877)	(2,400,113)
Long-term debt repayments	(560,004)	(560,004)
Net transfers (to) from reserves	1,097,210	1,175,646
	<u>1,097,210</u>	<u>1,175,646</u>
Results of operations	\$ -	\$ (266,592)

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on January 15, 2020 and March 28, 2020, respectively. The table above reconciles the approved financial plan to the figures reported in these financial statements.

16. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Gibbons be disclosed as follows:

	2020	2019
Total debt limit	\$ 9,655,796	\$ 10,460,162
Total debt	(5,468,969)	(6,028,974)
Total debt limit remaining	\$ 4,186,827	\$ 4,431,188
Service on debt limit	\$ 1,609,299	\$ 1,743,360
Service on debt	(644,883)	(745,490)
Total service on debt limit remaining	\$ 964,416	\$ 997,870

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. 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 a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Town. Rather, the financial statements must be interpreted as a whole.

17. 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 financial statements as disclosed in Note 1. For additional information see the Schedules of Segmented Disclosure (Schedule 4 & Schedule 5).

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2020

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, receivables, loans receivable, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit 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 receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Town's credit risk.

19. UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused significant disruptions to businesses, governments, and other organizations resulting in an economic slow-down and increased volatility. Governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

While COVID-19 has not significantly impacted the Town's operations or financial condition to date, the rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may have a financial impact on the Town's activities, operations and financial condition in the future.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.