

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2021

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, 2021, 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, 2021, 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
May 11, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

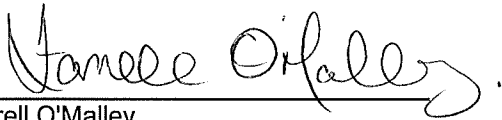
To His Worship the Mayor and Members of Council of Town of Gibbons

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

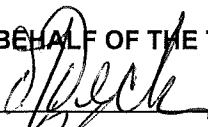
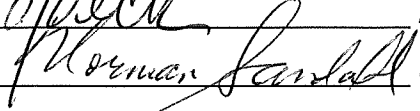


Monique Jeffrey
Director of Corporate Services

TOWN OF GIBBONS
Statement of Financial Position
As At December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 269,355	\$ 884,053
Receivables (Note 2)	1,309,796	797,131
Loans receivable (Note 3)	33,505	46,480
Land held for resale	925,980	923,761
	<u>2,538,636</u>	<u>2,651,425</u>
LIABILITIES		
Bank indebtedness (Note 4)	\$ 975,828	\$ 585,091
Accounts payable and accrued liabilities (Note 5)	853,468	311,499
Deposit liabilities	44,167	35,697
Deferred revenue (Note 7)	903,170	865,128
Long-term debt (Note 6)	5,485,840	5,468,969
	<u>8,262,473</u>	<u>7,266,384</u>
NET DEBT	<u>(5,723,837)</u>	<u>(4,614,959)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	38,008,149	36,676,870
Inventories for consumption	489,843	-
Prepaid expenses	19,948	21,802
	<u>38,517,940</u>	<u>36,698,672</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 32,794,103</u>	<u>\$ 32,083,713</u>
Contingencies (Note 10)		

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, 2021

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,048,021	\$ 3,020,849	\$ 2,815,098
Sales and user charges (Schedule 4)	2,765,418	2,159,394	2,167,999
Government transfers for operating (Schedule 3)	758,424	603,009	833,075
Franchise and concession contracts (Note 11)	392,975	389,077	355,115
Rentals	301,177	202,803	132,392
Penalties and costs on taxes	70,000	93,700	50,981
Licenses and permits	36,491	27,487	28,749
Other	129,900	14,626	41,507
Fines	19,130	11,255	3,045
Interest	19,964	6,159	9,236
	<u>7,541,500</u>	<u>6,528,359</u>	<u>6,437,197</u>
EXPENSES			
Water and wastewater	1,101,823	1,216,920	1,076,537
Administration	1,168,763	1,030,385	1,093,693
Parks and recreation	1,134,480	904,777	980,534
Common services	670,276	755,537	688,834
Planning, zoning, & development	307,771	420,215	297,633
Culture	547,192	369,993	351,217
Waste management	306,543	254,905	299,201
Family and community support	402,422	253,463	283,540
Roads, streets, walks and lighting	242,278	249,777	246,101
Fire and disaster services	268,685	224,729	144,012
Legislative	249,451	216,155	170,317
Other public health & welfare	-	111,502	172,555
Bylaw enforcement	129,770	88,955	83,667
Policing	65,142	87,632	45,106
Subdivision land and development	89,090	44,545	47,944
Cemetery	7,497	11,122	7,682
Amortization	27,500	1,300,246	1,335,973
	<u>6,718,683</u>	<u>7,540,858</u>	<u>7,324,546</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>822,817</u>	<u>(1,012,499)</u>	<u>(887,349)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,719,366	1,603,387	1,069,192
Loss on disposal of tangible capital assets	-	(1,654)	(14,937)
Other revenue for tangible capital assets	-	121,156	15,000
	<u>1,719,366</u>	<u>1,722,889</u>	<u>1,069,255</u>
ANNUAL SURPLUS	<u>2,542,183</u>	<u>710,390</u>	<u>181,906</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>32,083,713</u>	<u>32,083,713</u>	<u>31,901,807</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 9)	<u>\$ 34,625,896</u>	<u>\$ 32,794,103</u>	<u>\$ 32,083,713</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, 2021

	2021 (Budget) <i>(Note 14)</i>	2021 (Actual)	2020 (Actual)
ANNUAL SURPLUS	\$ 2,542,183	\$ 710,390	\$ 181,906
Acquisition of tangible capital assets	(2,578,511)	(2,706,503)	(2,400,113)
Amortization of tangible capital assets	-	1,300,246	1,335,973
Proceeds on disposal of tangible capital assets	-	73,324	80,254
Loss on disposal of tangible capital assets	-	1,654	14,937
	(36,328)	(620,889)	(787,043)
Use of inventory held for consumption	-	(489,843)	23,178
Use (acquisition) of prepaid expenses	-	1,854	30
INCREASE IN NET DEBT	(36,328)	(1,108,878)	(763,835)
NET DEBT - BEGINNING OF YEAR	(4,614,959)	(4,614,959)	(3,851,124)
NET DEBT - END OF YEAR	\$ (4,651,287)	\$ (5,723,837)	\$ (4,614,959)

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

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 710,390	\$ 181,906
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,300,246	1,335,973
Loss on disposal of tangible capital assets	1,654	14,937
	<u>2,012,290</u>	<u>1,532,816</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(512,665)	911,451
Loans receivable	12,975	7,910
Land held for resale	(2,219)	(14,793)
Accounts payable and accrued liabilities	541,969	(114,146)
Deferred revenue	38,042	(443,156)
Deposit liabilities	8,470	(11,121)
Inventories for consumption	(489,843)	23,178
Prepaid expenses	1,854	29
	<u>(401,417)</u>	<u>359,352</u>
Cash flow from operating activities	<u>1,610,873</u>	<u>1,892,168</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	73,324	80,254
Purchase of tangible capital assets	(2,706,503)	(2,400,113)
Cash flow used by capital activities	<u>(2,633,179)</u>	<u>(2,319,859)</u>
FINANCING ACTIVITIES		
Advances from bank indebtedness	390,737	585,091
Long-term debt repaid	(688,129)	(560,005)
Long-term debt issued	705,000	-
Cash flow from financing activities	<u>407,608</u>	<u>25,086</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(614,698)	(402,605)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	884,053	1,286,658
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 269,355	\$ 884,053

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, 2021**

	<u>2021</u>	<u>2020</u>
BALANCE, BEGINNING OF YEAR	\$ 31,927,535	\$ 30,706,662
Acquisition of tangible capital assets	2,706,503	2,400,113
Amortization of tangible capital assets	(1,300,246)	(1,335,973)
Long-term debt repaid	688,129	560,005
Cost of tangible capital assets disposed of	(112,731)	(328,428)
Accumulated amortization of tangible capital assets disposed of	37,752	233,236
Utilized long-term debt	(827,218)	(308,080)
BALANCE, END OF YEAR	\$ 33,119,724	\$ 31,927,535
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 38,008,149	\$ 36,676,870
Long-term debt	(5,485,840)	(5,468,969)
Total long-term debt issued but unexpended	597,415	719,634
	\$ 33,119,724	\$ 31,927,535

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

TOWN OF GIBBONS**Schedule of Net Municipal Taxes****(Schedule 2)****For the Year Ended December 31, 2021**

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
TAXATION			
Real property taxes	\$ 3,931,375	\$ 3,880,489	\$ 3,793,833
Local improvement	165,299	192,180	46,374
	<u>4,096,674</u>	<u>4,072,669</u>	<u>3,840,207</u>
REQUISITIONS			
Alberta School Foundation	1,012,199	1,014,379	989,267
Homeland Housing	36,141	37,441	35,842
Designated Industrial Property	313	-	-
	<u>1,048,653</u>	<u>1,051,820</u>	<u>1,025,109</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,048,021</u>	<u>\$ 3,020,849</u>	<u>\$ 2,815,098</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, 2021

(Schedule 3)

	2021 (Budget) (Note 14)	2021 (Actual)	2020 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 379,741	\$ 337,396	\$ 160,893
Provincial government	366,683	259,313	672,182
Federal government	12,000	6,300	-
	<u>758,424</u>	<u>603,009</u>	<u>833,075</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,719,366	1,553,387	1,069,192
Local governments	-	50,000	-
	<u>1,719,366</u>	<u>1,603,387</u>	<u>1,069,192</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,477,790</u>	<u>\$ 2,206,396</u>	<u>\$ 1,902,267</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, 2021

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 995,222	\$ 477,996	\$ 270,866	\$ 958,689	\$ -	\$ 318,076	\$ 3,020,849
Sales and user charges	18,650	40,624	96,280	18,800	1,854,864	130,176	2,159,394
All other	16,513	371,861	25,329	437	-	330,967	745,107
Government transfers	-	384,288	8,842	27,390	-	182,489	603,009
	<u>1,030,385</u>	<u>1,274,769</u>	<u>401,317</u>	<u>1,005,316</u>	<u>1,854,864</u>	<u>961,708</u>	<u>6,528,359</u>
EXPENSES							
Salaries, wages and benefits	588,087	731,785	90,827	592,100	113,879	527,433	2,644,111
Contracted and general services	193,061	750	85,823	48,362	1,045,445	22,792	1,396,233
Materials, goods, and supplies	106,140	251,482	171,739	137,406	42,413	447,124	1,156,304
Utilities	17,260	161,376	17,078	161,892	45,852	3,645	407,103
Repairs & maintenance	62,628	63,401	30,896	65,556	120,917	5,500	348,898
Interest on long-term debt	8,616	45,224	-	-	103,317	44,545	201,702
Insurance	54,593	20,751	4,954	-	-	5,963	86,261
	<u>\$ 1,030,385</u>	<u>\$ 1,274,769</u>	<u>\$ 401,317</u>	<u>\$ 1,005,316</u>	<u>\$ 1,471,823</u>	<u>\$ 1,057,002</u>	<u>\$ 6,240,612</u>
NET REVENUE BEFORE AMORTIZATION	-	-	-	-	-	383,041	(95,294)
Amortization	65,970	331,909	42,225	516,098	324,615	19,429	1,300,246
NET REVENUE (DEFICIT)	<u>\$ (65,970)</u>	<u>\$ (331,909)</u>	<u>\$ (42,225)</u>	<u>\$ (516,098)</u>	<u>\$ 58,426</u>	<u>\$ (114,723)</u>	<u>\$ (1,012,499)</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, 2020

(Schedule 5)

	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
Contracted and general services	209,877	750	125,929	53,316	991,143	6,076	1,387,091
Materials, goods, and supplies	158,310	254,417	60,466	118,531	41,961	372,679	1,006,364
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
Notes to Financial Statements
For the Year Ended December 31, 2021

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, 2021

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.

(continues)

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

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>2021</u>	<u>2020</u>
Trade and other	\$ 823,135	\$ 208,588
Taxes and grants in place of taxes	252,993	320,775
Utilities	185,303	189,251
Goods and Services Tax rebate	<u>53,365</u>	<u>83,517</u>
	1,314,796	802,131
Less: allowance for doubtful accounts	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 1,309,796</u>	<u>\$ 797,131</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

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 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>2021</u>	<u>2020</u>
Trade and other	\$ 752,877	\$ 200,981
Accrued employee vacation pay	83,100	82,377
Accrued debenture interest	17,491	28,141
	<u>\$ 853,468</u>	<u>\$ 311,499</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

6. LONG-TERM DEBT

	<u>2021</u>	<u>2020</u>
Government of Alberta debenture repayable in semi-annual installments of \$82,615 including interest at 2.298% maturing September 2034.	\$ 1,847,744	\$ 1,968,428
Government of Alberta debenture repayable in semi-annual installments of \$144,782 including interest at 2.532% maturing December 2027.	1,602,472	1,846,810
Government of Alberta debenture repayable in semi-annual installments of \$75,879 including interest at 4.781% maturing June 2033.	1,330,624	1,415,703
Government of Alberta debenture repayable in semi-annual installments of \$75,397 including interest at 2.480% maturing December 2026.	705,000	-
Government of Alberta debenture repayable in semi-annual installments of \$38,331 including interest at 6.000% maturing April 2028.	-	238,028
	\$ 5,485,840	\$ 5,468,969

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 597,370	\$ 159,975	\$ 757,345
2023	614,271	143,075	757,346
2024	631,692	125,653	757,345
2025	649,653	107,692	757,345
2026	668,171	89,175	757,346
To maturity	<u>2,324,683</u>	<u>273,148</u>	<u>2,597,831</u>
	\$ 5,485,840	\$ 898,718	\$ 6,384,558

7. DEFERRED REVENUE

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

	<u>2020</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>2021</u>
Canada Community-Building Fund	\$ 321,695	\$ 369,883	\$ (357,575)	\$ 334,003
Alberta Municipal Water / Wastewater Program	290,622	1,760	-	292,382
Other	252,811	172,841	(148,867)	276,785
	\$ 865,128	\$ 544,484	\$ (506,442)	\$ 903,170

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

8. TANGIBLE CAPITAL ASSETS

	2021	2020
	Net Book	Net Book
	Value	Value
Engineered structures	\$ 19,493,157	\$ 19,435,617
Buildings	6,462,950	6,583,686
Land	6,473,400	5,776,998
Land improvements	1,934,313	1,716,598
Machinery and equipment	1,697,490	1,800,697
Vehicles	1,173,708	974,226
Work in progress	773,131	389,048
	\$ 38,008,149	\$ 36,676,870

	Cost				Cost
	Beginning of	Additions	Disposals	Transfers	End of
	Year				Year
Engineered structures	\$ 34,958,637	\$ 780,815	-	-	\$ 35,739,452
Land	5,776,998	361,203	-	335,199	6,473,400
Buildings	9,459,401	89,466	-	-	9,548,867
Vehicles	2,013,949	417,763	(112,731)	-	2,318,981
Land improvements	2,694,597	332,042	-	-	3,026,639
Machinery and equipment	2,228,779	5,933	-	-	2,234,712
Work in progress	389,048	719,282	-	(335,199)	773,131
	\$ 57,521,409	\$ 2,706,504	\$ (112,731)	\$ -	\$ 60,115,182

	Accumulated				Accumulated
	Amortization	Current	Disposals	Transfers	Amortization
	Beginning of	Amortization			End of
	Year				Year
Engineered structures	\$ 15,523,020	\$ 723,275	-	-	\$ 16,246,295
Buildings	2,875,715	210,202	-	-	3,085,917
Vehicles	1,039,723	143,302	(37,752)	-	1,145,273
Land improvements	977,999	114,327	-	-	1,092,326
Machinery and equipment	428,082	109,140	-	-	537,222
	\$ 20,844,539	\$ 1,300,246	\$ (37,752)	\$ -	\$ 22,107,033

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

9. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted surplus (deficit)	\$ (325,621)	\$ 156,178
Equity in tangible capital assets <i>(Schedule 1)</i>	<u>33,119,724</u>	<u>31,927,535</u>
	<u>\$ 32,794,103</u>	<u>\$ 32,083,713</u>

10. 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.

11. 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:

	2021 (Budget) <i>(Note 14)</i>	2021 (Actual)	2020 (Actual)
ATCO Gas	\$ 239,800	\$ 221,177	\$ 198,145
Fortis Alberta	153,175	<u>167,900</u>	<u>156,970</u>
	<u>\$ 392,975</u>	<u>\$ 389,077</u>	<u>\$ 355,115</u>

TOWN OF GIBBONS**Notes to Financial Statements****For the Year Ended December 31, 2021****12. 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)	2021	2020
Mayor Deck	\$ 26,100	\$ 1,407	\$ 27,507	\$ 23,794
Councillors				
McCann	24,114	1,299	25,413	20,734
Berry	18,664	65	18,729	18,665
Sandahl	17,454	65	17,519	15,335
Millante	15,954	854	16,808	16,564
Harris	14,354	767	15,121	17,724
Woodger	-	-	-	15,225
Kozak	2,970	159	3,129	-
			-	
Chief Administrative Officer				
O'Malley	169,699	33,319	203,018	223,612
Designated Officers (4)	420,741	84,717	505,458	556,978
	\$ 710,050	\$ 122,652	\$ 832,702	\$ 908,631

(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.

13. 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:

	2021	2020
Balance, Beginning of Year.	\$ 9,260	\$ 8,752
Sale of plots	1,700	-
Perpetual care fees	450	450
Interest income	42	58
	\$ 11,452	\$ 9,260

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2021

14. BUDGET FIGURES

	2021 (Budget)	2021 (Actual)
Annual surplus	\$ 2,542,183	\$ 710,390
Amortization	-	1,300,246
Acquisition of tangible capital assets	(2,578,511)	(2,706,503)
Long-term debt repayments	(594,835)	(688,129)
Net transfers (to) from reserves	631,163	-
	<u>\$ -</u>	<u>\$ (1,383,996)</u>

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.

15. 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:

	2021	2020
Total debt limit	\$ 9,792,539	\$ 9,655,796
Total debt	<u>(5,485,840)</u>	<u>(5,468,969)</u>
Total debt limit remaining	\$ 4,306,699	\$ 4,186,827
Service on debt limit	\$ 1,632,090	\$ 1,609,299
Service on debt	<u>(757,345)</u>	<u>(644,883)</u>
Total service on debt limit remaining	\$ 874,745	\$ 964,416

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.

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 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, 2021

17. 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.

18. SUBSEQUENT EVENT

In April 2022 Town Council approved the sale of lands held for resale for proceeds of \$2,631,524. Pursuant to the terms of the Offer to Purchase, the Town is required to complete various infrastructure, necessary to ready the lands for development, at an estimated cost of \$1,814,059.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.