

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2019

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, 2019, 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, 2019, 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 13, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

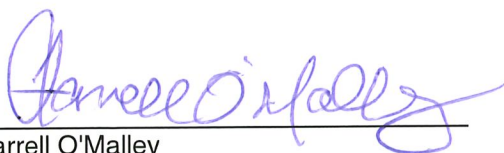
To His Worship the Mayor and Members of Council of Town of Gibbons

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, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,286,658	\$ 1,890,457
Receivables (Note 2)	1,708,581	802,774
Loans receivable (Note 3)	54,390	68,775
Land held for resale	908,968	667,729
	<u>3,958,597</u>	<u>3,429,735</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	425,645	598,105
Deposit liabilities	46,818	61,260
Deferred revenue (Note 5)	1,308,284	503,875
Long-term debt (Note 6)	6,028,974	4,471,635
	<u>7,809,721</u>	<u>5,634,875</u>
NET DEBT	<u>(3,851,124)</u>	<u>(2,205,140)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	35,707,922	34,609,336
Inventories for consumption	23,178	45,933
Prepaid expenses	21,831	20,077
	<u>35,752,931</u>	<u>34,675,346</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 31,901,807</u>	<u>\$ 32,470,206</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, 2019

	2019 (Budget) <i>(Note 18)</i>	2019 (Actual)	2018 (Actual)
REVENUE			
Net municipal taxes <i>(Schedule 2)</i>	\$ 2,768,575	\$ 2,752,954	\$ 2,628,633
Sales and user charges <i>(Schedule 4)</i>	2,329,662	2,697,371	2,205,535
Government transfers for operating <i>(Schedule 3)</i>	465,748	631,757	488,489
Franchise and concession contracts <i>(Note 11)</i>	356,836	362,120	346,632
Rentals	293,115	297,264	254,490
Other	133,035	98,821	64,155
Penalties and costs on taxes	50,000	71,007	55,956
Interest	40,000	34,426	68,494
Licenses and permits	37,905	26,826	36,913
Fines	6,500	895	6,242
	<u>6,481,376</u>	<u>6,973,441</u>	<u>6,155,539</u>
EXPENSES			
Parks and recreation	1,190,919	1,158,999	950,625
Water and wastewater	1,087,231	1,004,883	969,834
Administration	918,958	928,267	861,571
Subdivision land and development	30,800	905,073	-
Common services	588,770	653,627	579,510
Culture	427,415	412,434	399,134
Family and community support	345,639	361,893	353,497
Waste management	307,058	287,190	282,255
Other public health & welfare	-	268,749	168,913
Legislative	245,198	241,089	208,360
Roads, streets, walks and lighting	207,500	213,084	352,350
Fire and disaster services	122,638	152,026	140,928
Planning, zoning, & development	235,847	149,119	324,614
Bylaw enforcement	101,689	94,537	96,154
Cemetery	7,500	6,194	2,335
Amortization	-	1,289,127	1,237,754
	<u>5,817,162</u>	<u>8,126,291</u>	<u>6,927,834</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>664,214</u>	<u>(1,152,850)</u>	<u>(772,295)</u>
OTHER REVENUE			
Government transfers for capital <i>(Schedule 3)</i>	733,000	584,451	1,368,259
Contributed tangible capital assets	-	-	19,291
Loss on disposal of tangible capital assets	-	-	(139,177)
	<u>733,000</u>	<u>584,451</u>	<u>1,248,373</u>
ANNUAL SURPLUS (DEFICIT)	1,397,214	(568,399)	476,078
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>32,470,206</u>	<u>32,470,206</u>	<u>31,994,128</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(Note 8)</i>	<u>\$ 33,867,420</u>	<u>\$ 31,901,807</u>	<u>\$ 32,470,206</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, 2019

	2019 (Budget) <i>(Note 18)</i>	2019 (Actual)	2018 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,397,214	\$ (568,399)	\$ 476,078
Acquisition of tangible capital assets	(987,539)	(2,387,713)	(3,807,962)
Amortization of tangible capital assets	-	1,289,127	1,237,754
Proceeds on disposal of tangible capital assets	-	-	6,000
Loss on disposal of tangible capital assets	-	-	139,177
	<u>409,675</u>	<u>(1,666,985)</u>	<u>(1,948,953)</u>
Use of supplies inventory	-	22,755	21,266
Acquisition of prepaid expenses	-	(1,754)	(2,660)
	<u>409,675</u>	<u>(1,645,984)</u>	<u>(1,930,347)</u>
DECREASE (INCREASE) IN NET DEBT	<u>409,675</u>	<u>(1,645,984)</u>	<u>(1,930,347)</u>
NET DEBT - BEGINNING OF YEAR	<u>(2,205,140)</u>	<u>(2,205,140)</u>	<u>(274,793)</u>
NET DEBT - END OF YEAR	<u>\$ (1,795,465)</u>	<u>\$ (3,851,124)</u>	<u>\$ (2,205,140)</u>

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

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (568,399)	\$ 476,078
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,289,127	1,237,754
Loss on disposal of tangible capital assets	-	139,177
Contributed tangible capital assets	-	(19,291)
	<u>720,728</u>	<u>1,833,718</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(905,806)	(247,861)
Loans receivable	14,385	(68,775)
Land held for resale	(241,239)	(650,000)
Accounts payable and accrued liabilities	(172,460)	111,456
Deferred revenue	804,409	(145,577)
Deposit liabilities	(14,442)	1,752
Inventories for consumption	22,754	21,266
Prepaid expenses	(1,754)	(2,660)
	<u>(494,153)</u>	<u>(980,399)</u>
Cash flow from operating activities	<u>226,575</u>	<u>853,319</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,387,713)	(3,788,671)
Proceeds on sale of tangible capital assets	-	6,000
Cash flow used by capital activities	<u>(2,387,713)</u>	<u>(3,782,671)</u>
FINANCING ACTIVITIES		
Long-term debt repaid	(529,047)	(515,866)
Long-term debt issued	2,086,386	-
Cash flow from (used by) financing activities	<u>1,557,339</u>	<u>(515,866)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(603,799)	(3,445,218)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,890,457	5,335,675
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,286,658	\$ 1,890,457

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, 2019**

	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 30,960,819	\$ 29,753,786
Acquisition of tangible capital assets	2,387,713	3,807,962
Amortization of tangible capital assets	(1,289,127)	(1,237,754)
Long-term debt repaid	529,047	515,866
Long-term debt issued	(2,086,386)	-
Cost of tangible capital assets disposed of	-	(760,912)
Accumulated amortization of tangible capital assets disposed of	-	615,736
Unexpended (utilization of unexpended) long-term debt	204,596	(1,733,865)
BALANCE, END OF YEAR	\$ 30,706,662	\$ 30,960,819
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 35,707,922	\$ 34,609,336
Long-term debt	(6,028,974)	(4,471,635)
Total long-term debt issued but unexpended	1,027,714	823,118
	\$ 30,706,662	\$ 30,960,819

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

TOWN OF GIBBONS
Schedule of Property Taxes
For the Year Ended December 31, 2019

(Schedule 2)

	2019 (Budget) (Note 18)	2019 (Actual)	2018 (Actual)
TAXATION	\$ 3,818,742	\$ 3,801,607	\$ 3,678,654
REQUISITIONS			
Alberta School Foundation	1,013,717	1,012,199	1,013,369
Homeland Housing	36,137	36,141	36,529
Designated Industrial Property	313	313	123
	<u>1,050,167</u>	<u>1,048,653</u>	<u>1,050,021</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 2,768,575</u>	<u>\$ 2,752,954</u>	<u>\$ 2,628,633</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, 2019

(Schedule 3)

	2019 (Budget) <i>(Note 18)</i>	2019 (Actual)	2018 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 318,079	\$ 477,160	\$ 348,544
Local governments	140,325	150,597	132,895
Federal government	7,344	4,000	7,050
	465,748	631,757	488,489
TRANSFERS FOR CAPITAL			
Provincial government	733,000	584,451	1,368,259
TOTAL GOVERNMENT TRANSFERS	\$ 1,198,748	\$ 1,216,208	\$ 1,856,748

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

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

(Schedule 4)

	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
	<u>928,267</u>	<u>1,571,433</u>	<u>246,563</u>	<u>866,711</u>	<u>1,644,864</u>	<u>1,715,603</u>	<u>6,973,441</u>
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
	<u>928,267</u>	<u>1,571,433</u>	<u>246,563</u>	<u>866,711</u>	<u>1,292,073</u>	<u>1,932,117</u>	<u>6,837,164</u>
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)	<u>\$ (60,776)</u>	<u>\$ (321,825)</u>	<u>\$ (21,250)</u>	<u>\$ (553,179)</u>	<u>\$ 27,857</u>	<u>\$ (223,677)</u>	<u>\$ (1,152,850)</u>

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

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 808,089	\$ 662,628	\$ 91,442	\$ 868,735	\$ -	\$ 197,739	\$ 2,628,633
Sales and user charges	21,707	87,347	99,935	46,928	1,648,779	300,839	2,205,535
Government transfers	10,000	189,316	7,250	7,622	-	274,301	488,489
All other	21,775	410,468	38,455	8,575	1,105	352,504	832,882
	<u>861,571</u>	<u>1,349,759</u>	<u>237,082</u>	<u>931,860</u>	<u>1,649,884</u>	<u>1,125,383</u>	<u>6,155,539</u>
EXPENSES							
Salaries, wages and benefits	\$ 562,948	\$ 696,274	\$ 67,019	\$ 386,235	\$ 82,328	\$ 634,677	\$ 2,429,481
Contracted and general services	60,175	750	76,454	50,658	923,599	117,523	1,229,159
Materials, goods, and supplies	123,836	276,380	60,168	241,902	26,434	298,723	1,027,443
Utilities	20,989	175,649	17,221	138,534	51,937	5,797	410,127
Repairs & maintenance	46,513	108,939	12,264	114,531	72,737	485	355,469
Interest on long-term debt	-	68,574	-	-	95,054	-	163,628
Insurance	47,110	23,193	3,956	-	-	514	74,773
	<u>861,571</u>	<u>1,349,759</u>	<u>237,082</u>	<u>931,860</u>	<u>1,252,089</u>	<u>1,057,719</u>	<u>5,690,080</u>
NET REVENUE BEFORE AMORTIZATION							
Amortization	-	-	-	-	397,795	67,664	465,459
	60,776	313,977	21,985	519,552	314,301	7,163	1,237,754
NET REVENUE (DEFICIT)	<u>\$ (60,776)</u>	<u>\$ (313,977)</u>	<u>\$ (21,985)</u>	<u>\$ (519,552)</u>	<u>\$ 83,494</u>	<u>\$ 60,501</u>	<u>\$ (772,295)</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

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, 2019

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, 2019

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, 2021, 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, 2022, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. RECEIVABLES

	2019	2018
Trade and other	\$ 1,040,900	\$ 308,192
Taxes and grants in place of taxes	350,561	242,053
Utilities	162,221	159,621
Goods and Services Tax rebate	159,899	97,908
	1,713,581	807,774
Less: allowance for doubtful accounts	(5,000)	(5,000)
	\$ 1,708,581	\$ 802,774

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade and other	\$ 285,185	\$ 482,652
Accrued employee vacation pay	110,079	97,555
Accrued debenture interest	30,381	17,898
	<u>\$ 425,645</u>	<u>\$ 598,105</u>

5. DEFERRED REVENUE

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

	<u>2018</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>2019</u>
Municipal Sustainability Initiative - Capital	\$ -	\$ 888,970	\$ (350,119)	\$ 538,851
Other	110,203	481,944	(293,756)	298,391
Alberta Municipal Water / Wastewater Program	283,672	4,733	-	288,405
Community Facility Enhancement Program	110,000	-	(110,000)	-
Federal Gas Tax Fund	-	356,969	(174,332)	182,637
	<u>\$ 503,875</u>	<u>\$ 1,732,616</u>	<u>\$ (928,207)</u>	<u>\$ 1,308,284</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

6. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$144,782 including interest at 2.532% maturing December 2027.	\$ 2,085,078	\$ 2,317,426
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$82,615 including interest at 2.298% maturing September 2034.	2,086,386	-
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$75,879 including interest at 4.781% maturing June 2033.	1,496,856	1,574,264
Alberta Capital Finance Authority debenture repayable in annual installments of \$38,331 including interest at 6.000% maturing April 2028.	260,716	282,120
Alberta Capital Finance Authority debenture repayable in annual installments of \$114,091 including interest at 1.339% maturing June 2020.	56,666	168,870
Alberta Capital Finance Authority debenture repayable in annual installments of \$87,124 including interest at 1.339% maturing June 2020.	43,272	128,955
	\$ 6,028,974	\$ 4,471,635

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 560,005	\$ 185,485	\$ 745,490
2021	474,152	170,731	644,883
2022	488,726	156,157	644,883
2023	503,809	141,074	644,883
2024	519,421	125,462	644,883
To maturity	3,482,861	481,395	3,964,256
	<u>\$ 6,028,974</u>	<u>\$ 1,260,304</u>	<u>\$ 7,289,278</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

7. TANGIBLE CAPITAL ASSETS

	2019 Net Book Value	2018 Net Book Value
Engineered structures	\$ 18,968,023	\$ 18,140,404
Buildings	6,635,399	6,435,495
Land	5,776,998	5,776,998
Land improvements	1,715,943	1,551,168
Machinery and equipment	1,621,343	1,543,386
Vehicles	815,239	840,398
Work in progress	174,977	321,487
	\$ 35,707,922	\$ 34,609,336

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures	\$ 32,149,960	\$ 1,596,612	\$ -	\$ -	\$ 33,746,572
Land	5,776,998	-	-	-	5,776,998
Buildings	8,897,145	49,817	-	353,950	9,300,912
Vehicles	1,842,908	92,453	-	-	1,935,361
Land improvements	2,294,717	274,321	-	-	2,569,038
Machinery and equipment	1,778,795	43,438	-	123,632	1,945,865
Work in progress	321,487	331,072	-	(477,582)	174,977
	\$ 53,062,010	\$ 2,387,713	\$ -	\$ -	\$ 55,449,723

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures	\$ 14,009,556	\$ 768,993	\$ -	\$ -	\$ 14,778,549
Buildings	2,461,650	203,863	-	-	2,665,513
Vehicles	1,002,510	117,612	-	-	1,120,122
Land improvements	743,549	109,546	-	-	853,095
Machinery and equipment	235,409	89,113	-	-	324,522
	\$ 18,452,674	\$ 1,289,127	\$ -	\$ -	\$ 19,741,801

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

8. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
Restricted surplus		
Operating reserves (Note 13)	\$ 19,500	\$ 19,500
Capital reserves (Note 13)	1,175,645	1,489,887
Equity in tangible capital assets (Schedule 1)	<u>30,706,662</u>	<u>30,960,819</u>
	<u>\$ 31,901,807</u>	<u>\$ 32,470,206</u>

9. CREDIT FACILITIES

The Town has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime rate less 0.25%. At December 31, 2019, the balance owing was \$Nil (2018 - \$589,855).

Also, due to the COVID-19 pandemic (Note 19), the Town has access to additional revolving lines of credit for both resident tax and utility payment deferrals with limits of \$2,000,000 and \$1,000,000 respectively, both bearing interest at prime rate less 0.25%. At December 31, 2019, the balances owing were \$Nil.

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:

	2019 (Budget) (Note 18)	2019 (Actual)	2018 (Actual)
ATCO Gas	\$ 212,000	\$ 220,963	\$ 209,592
Fortis Alberta	144,836	141,157	137,040
	<u>\$ 356,836</u>	<u>\$ 362,120</u>	<u>\$ 346,632</u>

12. 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, 2019

13. RESTRICTED SURPLUS

	<u>2019</u>	<u>2018</u>
Operating Reserves		
Family and Community Support Services	\$ 19,500	\$ 19,500
Capital Reserves		
Water	\$ 433,217	\$ 405,360
Roads off site levy	230,075	230,076
Sewage off site levy	218,091	218,091
Sewage	178,909	245,761
General	64,964	312,353
General administration	35,367	63,224
Water off site levy	10,397	10,397
Planning/Zoning	4,625	4,625
	<u>\$ 1,175,645</u>	<u>\$ 1,489,887</u>

14. 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:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 10,460,162	\$ 9,233,309
Total debt	<u>(6,028,974)</u>	<u>(4,471,635)</u>
Total debt limit remaining	<u>\$ 4,431,188</u>	<u>\$ 4,761,674</u>
Service on debt limit	\$ 1,743,360	\$ 1,538,885
Service on debt	<u>(745,490)</u>	<u>(680,869)</u>
Total service on debt limit remaining	<u>\$ 997,870</u>	<u>\$ 858,016</u>

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.

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

15. 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)	2019	2018
Mayor Deck	\$ 25,770	\$ 154	\$ 25,924	\$ 25,348
Councillors				
McCann	28,790	154	28,944	25,173
Berry	19,470	65	19,535	19,333
Sandahl	19,340	154	19,494	15,964
Millante	18,540	154	18,694	17,662
Harris	18,270	167	18,437	19,842
Woodger	18,360	65	18,425	17,803
			-	
Chief Administrative Officer				
O'Malley	175,948	32,008	207,956	182,532
Designated Officers (5)	379,270	73,022	452,292	229,839
	<u>\$ 703,758</u>	<u>\$ 105,943</u>	<u>\$ 809,701</u>	<u>\$ 553,496</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.

16. 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:

	2019	2018
Balance, Beginning of Year.	\$ 6,133	\$ 5,202
Sale of plots	2,500	850
Interest income	119	81
	<u>\$ 8,752</u>	<u>\$ 6,133</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2019

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. BUDGET FIGURES

	2019 (Budget)	2019 (Actual)
Annual surplus	\$ 1,397,214	\$ (568,399)
Amortization	-	1,289,127
Acquisition of tangible capital assets	(987,539)	(2,387,713)
Long-term debt repayments	(531,988)	(529,047)
Long-term debt proceeds	-	2,086,386
Net transfers (to) from reserves	122,313	314,242
	<hr/>	<hr/>
Results of operations	\$ -	\$ 204,596

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on January 23, 2019 and April 10, 2019, respectively. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

19. SUBSEQUENT EVENTS

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and on March 17, 2020 the Province of Alberta declared a public health emergency. Many businesses and individuals in a vast array of sectors may experience an economic loss due to COVID-19 which may have a financial effect on the Town. An estimate of the potential financial impact cannot be made at this time.

20. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
