

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2022

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, 2022, 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, 2022, 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
October 11, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

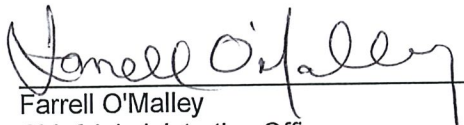
To His Worship the Mayor and Members of Council of Town of Gibbons

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, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 104,924	\$ 269,355
Receivables (Note 2)	1,045,900	1,309,796
Loans receivable (Note 3)	16,065	33,505
Land held for resale	1,814,587	925,980
	<u>2,981,476</u>	<u>2,538,636</u>
LIABILITIES		
Bank indebtedness (Note 4)	\$ 1,959,436	\$ 975,828
Accounts payable and accrued liabilities (Note 5)	491,827	853,468
Deposit liabilities	50,196	44,167
Deferred revenue (Note 7)	1,330,499	903,170
Long-term debt (Note 6)	4,888,470	5,485,840
	<u>8,720,428</u>	<u>8,262,473</u>
NET DEBT	<u>(5,738,952)</u>	<u>(5,723,837)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	36,943,455	38,008,149
Inventories for consumption	388,964	489,843
Prepaid expenses	25,147	19,948
	<u>37,357,566</u>	<u>38,517,940</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 31,618,614</u>	<u>\$ 32,794,103</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, 2022

	2022 (Budget) (Note 14)	2022 (Actual)	2021 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,162,919	\$ 3,155,414	\$ 3,020,849
Sales and user charges (Schedule 4)	2,765,406	2,500,915	2,159,394
Government transfers for operating (Schedule 3)	536,370	692,152	603,009
Franchise and concession contracts (Note 11)	405,396	452,093	389,077
Rentals	307,353	323,513	202,803
Other	138,617	60,628	14,626
Penalties and costs on taxes	100,000	54,506	93,700
Interest	4,500	21,538	6,159
Licenses and permits	29,542	20,815	27,487
Fines	22,272	14,561	11,255
	<u>7,472,375</u>	<u>7,296,135</u>	<u>6,528,359</u>
EXPENSES			
Water and wastewater	1,240,580	1,408,041	1,216,920
Administration	1,149,970	1,220,381	1,030,385
Parks and recreation	1,130,761	1,217,891	904,777
Common services	695,463	829,347	755,537
Planning, zoning, & development	447,094	474,030	420,215
Culture	610,160	467,202	369,993
Family and community support	434,239	315,092	253,463
Fire and disaster services	239,844	282,980	224,729
Legislative	263,007	267,548	216,155
Roads, streets, walks and lighting	252,048	261,830	249,777
Waste management	174,041	197,727	254,905
Subdivision land and development	41,756	164,247	44,545
Other public health & welfare	-	129,504	111,502
Policing	100,277	117,648	87,632
Bylaw enforcement	113,952	80,409	88,955
Cemetery	7,400	12,234	11,122
Amortization	-	1,541,505	1,300,246
	<u>6,900,592</u>	<u>8,987,616</u>	<u>7,540,858</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>571,783</u>	<u>(1,691,481)</u>	<u>(1,012,499)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	854,183	497,956	1,603,387
Gain (loss) on disposal of tangible capital assets	-	17,036	(1,654)
Other revenue for tangible capital assets	-	1,000	121,156
	<u>854,183</u>	<u>515,992</u>	<u>1,722,889</u>
ANNUAL SURPLUS (DEFICIT)	1,425,966	(1,175,489)	710,390
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>32,794,103</u>	<u>32,794,103</u>	<u>32,083,713</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 9)	<u>\$ 34,220,069</u>	<u>\$ 31,618,614</u>	<u>\$ 32,794,103</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, 2022

	2022 (Budget) (Note 14)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,425,966	\$ (1,175,489)	\$ 710,390
Acquisition of tangible capital assets	(1,285,089)	(1,227,604)	(2,706,503)
Amortization of tangible capital assets	-	1,541,505	1,300,246
Land transferred from tangible capital assets to land held for resale	-	696,400	-
Proceeds on disposal of tangible capital assets	-	71,429	73,324
Loss (gain) on disposal of tangible capital assets	-	(17,036)	1,654
	140,877	(110,795)	(620,889)
Use of inventory held for consumption	-	100,879	(489,843)
Use (acquisition) of prepaid expenses	-	(5,199)	1,854
INCREASE IN NET DEBT	140,877	(15,115)	(1,108,878)
NET DEBT - BEGINNING OF YEAR	(5,723,837)	(5,723,837)	(4,614,959)
NET DEBT - END OF YEAR	\$ (5,582,960)	\$ (5,738,952)	\$ (5,723,837)

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

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (1,175,489)	\$ 710,390
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,541,505	1,300,246
Loss (gain) on disposal of tangible capital assets	(17,036)	1,654
	<u>348,980</u>	<u>2,012,290</u>
Changes in non-cash working capital balances related to operations:		
Receivables	263,897	(512,665)
Loans receivable	17,440	12,975
Land held for resale	(192,207)	(2,219)
Accounts payable and accrued liabilities	(361,642)	541,969
Deferred revenue	427,329	38,042
Deposit liabilities	6,029	8,470
Inventories for consumption	100,879	(489,843)
Prepaid expenses	(5,199)	1,854
	<u>256,526</u>	<u>(401,417)</u>
Cash flow from operating activities	<u>605,506</u>	<u>1,610,873</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	71,429	73,324
Purchase of tangible capital assets	(1,227,604)	(2,706,503)
Cash flow used by capital activities	<u>(1,156,175)</u>	<u>(2,633,179)</u>
FINANCING ACTIVITIES		
Advances from bank indebtedness	983,608	390,737
Long-term debt repaid	(597,370)	(688,129)
Long-term debt issued	-	705,000
Cash flow from financing activities	<u>386,238</u>	<u>407,608</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(164,431)	(614,698)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>269,355</u>	<u>884,053</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 104,924</u>	<u>\$ 269,355</u>

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, 2022

	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 33,119,724	\$ 31,927,535
Acquisition of tangible capital assets	1,227,604	2,706,503
Amortization of tangible capital assets	(1,541,505)	(1,300,246)
Long-term debt repaid	597,370	688,129
Cost of tangible capital assets disposed of	(756,838)	(112,731)
Accumulated amortization of tangible capital assets disposed of	6,045	37,752
Utilized long-term debt	(509,205)	(827,218)
BALANCE, END OF YEAR	\$ 32,143,195	\$ 33,119,724
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 36,943,455	\$ 38,008,149
Long-term debt	(4,888,470)	(5,485,840)
Total long-term debt issued but unexpended	88,210	597,415
	\$ 32,143,195	\$ 33,119,724

TOWN OF GIBBONS**Schedule of Net Municipal Taxes****(Schedule 2)****For the Year Ended December 31, 2022**

	2022 (Budget) (Note 14)	2022 (Actual)	2021 (Actual)
TAXATION			
Real property taxes	\$ 4,047,260	\$ 4,037,551	\$ 3,880,489
Local improvement	165,612	173,902	192,180
	<u>4,212,872</u>	<u>4,211,453</u>	<u>4,072,669</u>
REQUISITIONS			
Alberta School Foundation	1,012,199	1,023,454	1,014,379
Homeland Housing	37,441	32,585	37,441
Designated Industrial Property	313	-	-
	<u>1,049,953</u>	<u>1,056,039</u>	<u>1,051,820</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,162,919</u>	<u>\$ 3,155,414</u>	<u>\$ 3,020,849</u>

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

TOWN OF GIBBONS

Schedule of Government Transfers

(Schedule 3)

For the Year Ended December 31, 2022

	2022 (Budget) (Note 14)	2022 (Actual)	2021 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 353,229	\$ 349,892	\$ 337,396
Provincial government	176,841	270,302	259,313
Federal government	6,300	71,958	6,300
	<u>536,370</u>	<u>692,152</u>	<u>603,009</u>
TRANSFERS FOR CAPITAL			
Provincial government	854,183	447,956	1,553,387
Local governments	-	50,000	50,000
	<u>854,183</u>	<u>497,956</u>	<u>1,603,387</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,390,553</u>	<u>\$ 1,190,108</u>	<u>\$ 2,206,396</u>

TOWN OF GIBBONS
Schedule of Segmented Information
For the Year Ended December 31, 2022

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 1,224,796	\$ 918,714	\$ 327,644	\$ 684,260	\$ -	\$ -	\$ 3,155,414
Sales and user charges	23,190	269,855	133,624	22,690	1,946,778	104,778	2,500,915
All other	42,351	478,563	50,144	15,753	3,539	357,304	947,654
Government transfers	-	476,564	7,749	-	-	207,839	692,152
	<u>1,290,337</u>	<u>2,143,696</u>	<u>519,161</u>	<u>722,703</u>	<u>1,950,317</u>	<u>669,921</u>	<u>7,296,135</u>
EXPENSES							
Salaries, wages and benefits	670,185	894,607	104,696	559,839	130,313	653,085	3,012,725
Materials, goods, and supplies	147,208	329,268	218,796	161,566	184,816	606,046	1,647,700
Contracted and general services	214,251	1,790	83,054	149,435	1,011,605	37,634	1,497,769
Utilities	19,967	230,684	18,421	167,212	64,613	4,583	505,480
Repairs & maintenance	80,509	160,564	50,505	44,530	126,244	14,634	476,986
Interest on long-term debt	-	38,998	-	-	77,093	42,461	158,552
Insurance	36,832	29,182	5,563	8,596	11,085	4,211	95,469
Interest and bank charges	51,430	-	-	-	-	-	51,430
	<u>\$ 1,220,382</u>	<u>\$ 1,685,093</u>	<u>\$ 481,035</u>	<u>\$ 1,091,178</u>	<u>\$ 1,605,769</u>	<u>\$ 1,362,654</u>	<u>\$ 7,446,111</u>
NET REVENUE BEFORE AMORTIZATION	69,955	458,603	38,126	(368,475)	344,548	(692,733)	(149,976)
Amortization	69,955	458,603	38,126	589,550	333,712	51,559	1,541,505
NET REVENUE (DEFICIT)	\$ -	\$ -	\$ -	\$ (958,025)	\$ 10,836	\$ (744,292)	\$ (1,691,481)

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 5)

	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	-	45,224	-	-	103,317	44,545	193,086
Insurance	54,593	20,751	4,954	-	-	5,963	86,261
Interest and bank charges	8,616	-	-	-	-	-	8,616
	<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							
Amortization	-	-	-	-	383,041	(95,294)	287,747
	<u>65,970</u>	<u>331,909</u>	<u>42,225</u>	<u>516,098</u>	<u>324,615</u>	<u>19,429</u>	<u>1,300,246</u>
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
Notes to Financial Statements
For the Year Ended December 31, 2022

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, 2022

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, 2022

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>2022</u>	<u>2021</u>
Trade and other	\$ 433,853	\$ 823,135
Taxes and grants in place of taxes	310,853	252,993
Utilities	191,175	185,303
Goods and Services Tax rebate	115,019	53,365
	<u>1,050,900</u>	<u>1,314,796</u>
Less: allowance for doubtful accounts	(5,000)	(5,000)
	<u>\$ 1,045,900</u>	<u>\$ 1,309,796</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2022

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>2022</u>	<u>2021</u>
Trade and other	\$ 388,379	\$ 752,877
Accrued employee vacation pay	87,381	83,100
Accrued debenture interest	16,067	17,491
	<u>\$ 491,827</u>	<u>\$ 853,468</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2022

6. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Government of Alberta debenture repayable in semi-annual installments of \$82,615 including interest at 2.298% maturing September 2034.	\$ 1,724,271	\$ 1,847,744
Government of Alberta debenture repayable in semi-annual installments of \$144,782 including interest at 2.532% maturing December 2027.	1,351,906	1,602,472
Government of Alberta debenture repayable in semi-annual installments of \$75,879 including interest at 4.781% maturing June 2033.	1,241,429	1,330,624
Government of Alberta debenture repayable in semi-annual installments of \$75,397 including interest at 2.480% maturing December 2026.	<u>570,864</u>	<u>705,000</u>
	<u>\$ 4,888,470</u>	<u>\$ 5,485,840</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2027	535,536	71,015	606,551
To maturity	<u>1,789,147</u>	<u>202,133</u>	<u>1,991,280</u>
	<u>\$ 4,888,470</u>	<u>\$ 738,743</u>	<u>\$ 5,627,213</u>

7. DEFERRED REVENUE

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

	<u>2021</u>	<u>Funds Received</u>	<u>Funds Expended</u>	<u>2022</u>
Canada Community-Building Fund	\$ 334,003	\$ 189,306	\$ -	\$ 523,309
Other	276,785	231,678	(160,125)	348,338
Alberta Municipal Water / Wastewater Program	292,382	6,321	-	298,703
Municipal Sustainability Initiative Capital Program	-	548,777	(430,764)	118,013
Municipal Stimulus Program	-	54,828	(12,692)	42,136
	<u>\$ 903,170</u>	<u>\$ 1,030,910</u>	<u>\$ (603,581)</u>	<u>\$ 1,330,499</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2022

8. TANGIBLE CAPITAL ASSETS

	2022 Net Book Value	2021 Net Book Value
Engineered structures	\$ 18,994,611	\$ 19,493,157
Buildings	6,912,582	6,462,950
Land	5,982,176	6,473,400
Land improvements	2,220,018	1,934,313
Machinery and equipment	1,597,126	1,697,490
Vehicles	1,018,687	1,173,708
Work in progress	218,255	773,131
	<u>\$ 36,943,455</u>	<u>\$ 38,008,149</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures	\$ 35,739,452	\$ 275,482	-	-	\$ 36,014,934
Land	6,473,400	205,178	(696,402)	-	5,982,176
Buildings	9,548,867	271,790	-	382,886	10,203,543
Vehicles	2,318,981	119,666	(60,436)	-	2,378,211
Land improvements	3,026,639	105,342	-	374,875	3,506,856
Machinery and equipment	2,234,712	31,891	-	15,370	2,281,973
Work in progress	773,131	218,255	-	(773,131)	218,255
	<u>\$ 60,115,182</u>	<u>\$ 1,227,604</u>	<u>\$ (756,838)</u>	<u>\$ -</u>	<u>\$ 60,585,948</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures	\$ 16,246,295	\$ 774,028	-	-	\$ 17,020,323
Buildings	3,085,917	205,044	-	-	3,290,961
Vehicles	1,145,273	220,296	(6,045)	-	1,359,524
Land improvements	1,092,326	194,512	-	-	1,286,838
Machinery and equipment	537,222	147,625	-	-	684,847
	<u>\$ 22,107,033</u>	<u>\$ 1,541,505</u>	<u>\$ (6,045)</u>	<u>\$ -</u>	<u>\$ 23,642,493</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2022

9. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (deficit)	\$ (586,081)	\$ (325,621)
Equity in tangible capital assets (Schedule 1)	32,143,195	33,119,724
Capital reserves	61,500	-
	<u>\$ 31,618,614</u>	<u>\$ 32,794,103</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.

Where the outcome of a claim against the Town is considered likely to result in a loss and the amount of the loss can be reasonably estimated, accrued liabilities are recorded. Where the resulting potential losses, if any, cannot be determined or the occurrence of future events is unknown, accrued liabilities are not established.

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:

	2022 (Budget) (Note 14)	2022 (Actual)	2021 (Actual)
ATCO Gas	\$ 239,800	\$ 273,180	\$ 221,177
Fortis Alberta	165,596	178,913	167,900
	<u>\$ 405,396</u>	<u>\$ 452,093</u>	<u>\$ 389,077</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2022

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)	2022	2021
Mayor Deck	\$ 35,063	\$ 1,983	\$ 37,046	\$ 27,507
Councillors				
Berry	22,381	1,983	24,364	18,729
Harris	22,381	1,285	23,666	15,121
Kozak	22,381	1,260	23,641	3,129
Millante	22,381	1,260	23,641	16,808
Sandahl	22,381	68	22,449	17,519
McCann	6,565	368	6,933	25,413
Yushchyshyn	614	352	966	-
			-	
Chief Administrative Officer				
O'Malley	196,265	39,872	236,137	203,018
Designated Officers (4)	520,578	105,700	626,278	621,010
	\$ 870,990	\$ 154,131	\$ 1,025,121	\$ 948,254

(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:

	2022	2021
Balance, Beginning of Year.	\$ 11,452	\$ 9,260
Sale of plots	-	1,700
Perpetual care fees	600	450
Interest income	256	42
	\$ 12,308	\$ 11,452

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2022

14. BUDGET FIGURES

	2022 (Budget)	2022 (Actual)
Annual surplus (deficit)	\$ 1,425,966	\$ (1,175,489)
Amortization	-	1,541,505
Acquisition of tangible capital assets	(1,285,089)	(1,227,604)
Long-term debt repayments	(600,747)	(597,370)
Net transfers (to) from reserves	459,870	-
	<u>\$ -</u>	<u>\$ (1,458,958)</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on February 24, 2021 and March 23, 2022, 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:

	2022	2021
Total debt limit	\$ 10,944,203	\$ 9,792,539
Total debt	<u>(6,847,906)</u>	<u>(6,461,668)</u>
Total debt limit remaining	\$ 4,096,297	\$ 3,330,871
Service on debt limit	\$ 1,824,034	\$ 1,632,090
Service on debt	<u>(757,346)</u>	<u>(757,345)</u>
Total service on debt limit remaining	\$ 1,066,688	\$ 874,745

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, 2022

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, receivables, loans receivable, bank indebtedness, 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. The Town is exposed to interest rate risk on its lines of credit as the interest rates fluctuate with changes in prime rate.

18. SUBSEQUENT EVENT

In September 2023 the Town sold lands held for resale for a sale price in the amount of \$2,631,524 of which the Town received \$1,160,613 and took back a mortgage for the remaining \$1,470,911 with an initial payment of \$1,160,613 due January 1, 2024 and the final annual payments, totalling \$310,298, due June 30, 2024 to June 30, 2029.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.