

**TOWN OF GIBBONS
AGENDA
SPECIAL MEETING OF COUNCIL
OCTOBER 30, 2024
TO BE HELD AT THE MUNICIPAL OFFICE AT 1:00 PM**

- 1.0 ROLL CALL
- 2.0 CALL TO ORDER
- 3.0 ADOPTION OF THE AGENDA
- 4.0 BUSINESS
 - 4.1 2023 Audited Financial Statements
- 5.0 ADJOURNMENT

Report to Council



Date Submitted: October 30, 2024
Submitted to: Mayor Deck and Members of Council
Submitted by: Monique Jeffrey, Director of Corporate Services
Report Topic: 2023 Audited Financial Statements

Introduction

The purpose of this report is for Phil Dirks the Town's Auditor to present to Council the 2023 Audited Financial Statements.

Background

Administration and the Town Auditors have been working tirelessly to complete the audit on time but due to the complexity of the Town's audit and the many other projects and mitigating factors has caused this presentation to be late.

Options Available

1. That Council accept the 2023 Audited Financial Statements as presented.

Recommendation for Action

1. That Council accept the 2023 Audited Financial Statements as presented.

Submitted By:

A handwritten signature in black ink, appearing to read "Monique Jeffrey".

Monique Jeffrey.
Director of Corporate Services

Approved by:

A handwritten signature in black ink, appearing to read "Farrell O'Malley".

Farrell O'Malley
CAO

DRAFT FOR DISCUSSION PURPOSES ONLY

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2023

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, 2023, 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, 2023, 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.

(continues)

Independent Auditors' Report to the Mayor and Council of Town of Gibbons (continued)

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.

Chartered Professional Accountants

Edmonton, Alberta
November 13, 2024

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, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 459,915	\$ 104,924
Receivables (Note 2)	7,744,301	1,045,900
Loans receivable (Note 3)	40,542	16,065
Land held for resale	811,276	1,814,587
	<u>9,056,034</u>	<u>2,981,476</u>
LIABILITIES		
Bank indebtedness (Note 4)	\$ 2,406,291	\$ 1,959,436
Accounts payable and accrued liabilities (Note 5)	874,059	491,827
Deposit liabilities	51,203	50,196
Deferred revenue (Note 6)	1,678,497	1,330,499
Asset retirement obligations (Note 7)	377,245	-
Long-term debt (Note 8)	8,101,911	4,888,470
Capital lease obligation (Note 9)	363,350	-
	<u>13,852,556</u>	<u>8,720,428</u>
NET DEBT	<u>(4,796,522)</u>	<u>(5,738,952)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	39,272,340	36,943,455
Inventories for consumption	353,438	388,964
Prepaid expenses	30,124	25,147
	<u>39,655,902</u>	<u>37,357,566</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 34,859,380</u>	<u>\$ 31,618,614</u>
Contingencies (Note 12)		

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, 2023

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
REVENUE			
Sales and user charges (Schedule 4)	\$ 3,209,127	\$ 4,949,399	\$ 2,500,915
Local improvement taxes	165,299	4,514,439	173,902
Net municipal taxes (Schedule 2)	3,196,441	3,186,444	2,981,512
Government transfers for operating (Schedule 3)	727,546	927,560	692,152
Franchise and concession contracts (Note 13)	422,300	399,968	452,093
Rentals	341,957	393,744	323,513
Other	106,667	84,804	60,628
Penalties and costs on taxes	65,407	65,098	54,506
Interest	8,024	24,416	21,538
Licenses and permits	24,000	19,655	20,815
Fines	21,350	10,587	14,561
	<u>8,288,118</u>	<u>14,576,114</u>	<u>7,296,135</u>
EXPENSES			
Subdivision land and development	41,756	1,691,855	164,247
Administration	1,313,397	1,548,030	1,220,381
Planning, zoning, & development	415,093	1,473,118	474,030
Water and wastewater	1,330,779	1,302,531	1,408,041
Parks and recreation	1,391,313	1,274,245	1,217,891
Common services	789,627	820,598	829,347
Culture	827,598	555,280	467,202
Legislative	304,291	296,568	267,548
Family and community support	296,368	286,023	315,092
Roads, streets, walks and lighting	269,631	265,495	261,830
Fire and disaster services	270,636	245,512	282,980
Other public health & welfare	-	205,700	129,504
Waste management	174,865	203,409	197,727
Policing	130,283	166,165	117,648
Bylaw enforcement	122,039	69,040	80,409
Cemetery	25,225	11,554	12,234
Amortization	-	1,523,877	1,541,505
	<u>7,702,901</u>	<u>11,939,000</u>	<u>8,987,616</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>585,217</u>	<u>2,637,114</u>	<u>(1,691,481)</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	1,863,218	1,017,981	497,956
Gain (loss) on disposal of tangible capital assets	987,073	(90,071)	17,036
Other revenue for tangible capital assets	-	-	1,000
	<u>2,850,291</u>	<u>927,910</u>	<u>515,992</u>
ANNUAL SURPLUS (DEFICIT)	<u>3,435,508</u>	<u>3,565,024</u>	<u>(1,175,489)</u>

(continues)

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

TOWN OF GIBBONS

Statement of Operations and Accumulated Surplus (continued)

For the Year Ended December 31, 2023

	2023	2023	2022
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	31,618,614	31,618,614	32,794,103
Restatement (Note 21)	-	(324,258)	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR, RESTATED	-	31,294,356	-
ACCUMULATED SURPLUS, END OF YEAR (Note 11)	\$ 35,054,122	\$ 34,859,380	\$ 31,618,614

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, 2023

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 3,435,508	\$ 3,565,024	\$ (1,175,489)
Acquisition of tangible capital assets	(2,960,562)	(4,061,152)	(1,227,604)
Amortization of tangible capital assets	-	1,523,877	1,541,505
Land transferred from tangible capital assets to land held for resale	-	-	696,400
Proceeds on disposal of tangible capital assets	-	152,420	71,429
Loss (gain) on disposal of tangible capital assets	-	90,071	(17,036)
	474,946	1,270,240	(110,795)
Use of inventory held for consumption	-	35,526	100,879
Use (acquisition) of prepaid expenses	-	(4,977)	(5,199)
Asset retirement obligations (Note 21)	-	(358,359)	-
INCREASE IN NET DEBT	474,946	942,430	(15,115)
NET DEBT - BEGINNING OF YEAR	(5,738,952)	(5,738,952)	(5,723,837)
NET DEBT - END OF YEAR	\$ (5,264,006)	\$ (4,796,522)	\$ (5,738,952)

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

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 3,565,024	\$ (1,175,489)
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,523,877	1,541,505
Loss (gain) on disposal of tangible capital assets	90,071	(17,036)
Accretion of asset retirement obligations	18,886	-
	<u>5,197,858</u>	<u>348,980</u>
Changes in non-cash working capital balances related to operations:		
Receivables	(6,698,401)	263,897
Loans receivable	(24,477)	17,440
Land held for resale	1,003,311	(192,207)
Accounts payable and accrued liabilities	382,232	(361,642)
Deferred revenue	347,998	427,329
Deposit liabilities	1,008	6,029
Inventories for consumption	35,526	100,879
Prepaid expenses	(4,977)	(5,199)
	<u>(4,957,780)</u>	<u>256,526</u>
Cash flow from operating activities	<u>240,078</u>	<u>605,506</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	152,420	71,429
Purchase of tangible capital assets	(4,061,152)	(1,227,604)
Cash flow used by capital activities	<u>(3,908,732)</u>	<u>(1,156,175)</u>
FINANCING ACTIVITIES		
Advances from bank indebtedness	446,855	983,608
Long-term debt repaid	(636,560)	(597,370)
Long-term debt issued	3,850,000	-
Capital lease obligations repaid	(24,150)	-
Capital lease obligations proceeds	387,500	-
Cash flow from financing activities	<u>4,023,645</u>	<u>386,238</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	354,991	(164,431)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	104,924	269,355
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 459,915	\$ 104,924

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, 2023

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 32,143,195	\$ 33,119,724
Acquisition of tangible capital assets	4,061,152	1,227,604
Amortization of tangible capital assets	(1,523,877)	(1,541,505)
Long-term debt repaid	636,560	597,370
Long-term debt issued	(3,850,000)	-
Capital lease obligations repaid	24,150	-
Capital lease obligations issued	(387,500)	-
Cost of tangible capital assets disposed of	(273,961)	(756,838)
Accumulated amortization of tangible capital assets disposed of	33,733	6,045
Utilized long-term debt	-	(509,205)
Net book value of asset retirement obligation tangible capital asset adoption	31,837	-
Asset retirement obligations incurred (Note 7)	(358,359)	-
Asset retirement obligations accretion (Note 7)	(18,886)	-
BALANCE, END OF YEAR	\$ 30,518,044	\$ 32,143,195
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 39,272,340	\$ 36,943,455
Long-term debt	(8,101,911)	(4,888,470)
Asset retirement obligations	(377,245)	-
Capital lease obligation	(363,350)	-
Total long-term debt issued but unexpended	88,210	88,210
	\$ 30,518,044	\$ 32,143,195

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

TOWN OF GIBBONS
Schedule of Net Municipal Taxes
For the Year Ended December 31, 2023

(Schedule 2)

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
TAXATION	\$ 4,223,934	\$ 4,213,615	\$ 4,037,551
REQUISITIONS			
Alberta School Foundation	993,167	993,167	1,023,454
Homeland Housing	34,004	34,004	32,585
Designated Industrial Property	322	-	-
	<u>1,027,493</u>	<u>1,027,171</u>	<u>1,056,039</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,196,441</u>	<u>\$ 3,186,444</u>	<u>\$ 2,981,512</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, 2023

(Schedule 3)

	2023 (Budget) (Note 16)	2023 (Actual)	2022 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 404,315	\$ 387,117	\$ 349,892
Provincial government	214,231	383,893	270,302
Federal government	109,000	156,550	71,958
	<u>727,546</u>	<u>927,560</u>	<u>692,152</u>
TRANSFERS FOR CAPITAL			
Provincial government	1,863,218	967,981	447,956
Local governments	-	50,000	50,000
	<u>1,863,218</u>	<u>1,017,981</u>	<u>497,956</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,590,764</u>	<u>\$ 1,945,541</u>	<u>\$ 1,190,108</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, 2023

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Sales and user charges	\$ 26,227	\$ 113,439	\$ 117,217	\$ 22,052	\$ 1,938,935	\$ 2,731,529	\$ 4,949,399
Local improvement taxes	150,391	-	-	-	-	4,364,048	4,514,439
Taxation	1,346,105	537,076	292,966	1,010,297	-	-	3,186,444
All other	25,306	544,381	44,823	51,643	4,761	327,358	998,272
Government transfers	-	634,629	25,712	2,100	-	265,119	927,560
	<u>1,548,029</u>	<u>1,829,525</u>	<u>480,718</u>	<u>1,086,092</u>	<u>1,943,696</u>	<u>7,688,054</u>	<u>14,576,114</u>
EXPENSES							
Salaries, wages and benefits	793,156	931,407	99,723	585,570	145,731	629,752	3,185,339
Materials, goods, and supplies	166,962	357,361	245,088	133,423	106,160	3,214,320	4,223,314
Contracted and general services	223,043	4,792	100,167	114,101	981,341	55,579	1,479,023
Utilities	21,547	252,299	21,985	187,450	84,077	4,740	572,098
Repairs & maintenance	136,035	202,853	9,229	49,764	97,924	16,254	512,059
Interest on long-term debt	-	41,529	-	6,313	78,728	40,337	166,907
Insurance	46,231	39,284	4,526	9,471	11,979	3,837	115,328
Interest and bank charges	161,055	-	-	-	-	-	161,055
	<u>\$ 1,548,029</u>	<u>\$ 1,829,525</u>	<u>\$ 480,718</u>	<u>\$ 1,086,092</u>	<u>\$ 1,505,940</u>	<u>\$ 3,964,819</u>	<u>\$ 10,415,123</u>
NET REVENUE BEFORE AMORTIZATION							
	-	-	-	-	437,756	3,723,235	4,160,991
Amortization	78,184	427,949	44,709	581,373	365,412	26,250	1,523,877
NET REVENUE (DEFICIT)	<u>\$ (78,184)</u>	<u>\$ (427,949)</u>	<u>\$ (44,709)</u>	<u>\$ (581,373)</u>	<u>\$ 72,344</u>	<u>\$ 3,696,985</u>	<u>\$ 2,637,114</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, 2022

(Schedule 5)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 1,035,279	\$ 603,980	\$ 289,518	\$ 1,052,735	\$ -	\$ (173,902)	\$ 2,807,610
Sales and user charges	23,190	125,986	133,624	22,690	1,946,778	248,647	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
Local improvement	119,562	-	-	-	-	54,340	173,902
	<u>1,220,382</u>	<u>1,685,093</u>	<u>481,035</u>	<u>1,091,178</u>	<u>1,950,317</u>	<u>694,228</u>	<u>7,122,233</u>
EXPENSES							
Salaries, wages and benefits	\$ 670,185	\$ 894,607	\$ 104,696	\$ 559,839	\$ 130,313	\$ 653,085	\$ 3,012,725
Contracted and general services	214,251	1,790	83,054	149,435	1,011,605	37,634	1,497,770
Materials, goods, and supplies	147,208	329,268	218,796	161,566	184,816	606,045	1,647,699
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	-	-	-	-	344,548	(668,426)	(323,878)
Amortization	69,955	458,603	38,126	589,550	333,712	51,559	1,541,505
NET REVENUE (DEFICIT)	<u>\$ (69,955)</u>	<u>\$ (458,603)</u>	<u>\$ (38,126)</u>	<u>\$ (589,550)</u>	<u>\$ 10,836</u>	<u>\$ (719,985)</u>	<u>\$ (1,865,383)</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, 2023

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) 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, and asset retirement obligations.

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TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(d) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

Cash and cash equivalents	Cost and amortized cost
Receivables	Lower of cost or net recoverable value
Loans receivable	Lower of cost or net recoverable value
Bank indebtedness	Cost and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Asset retirement obligations	Cost or present value
Long-term debt	Amortized Cost
Capital lease obligations	Amortized Cost

For financial assets and liabilities measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial assets and liabilities that are measured at cost or amortized cost and expensed when measured at fair value.

(e) 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.

(f) 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.

(g) Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation including, but not limited to, decommissioning or dismantling, remediation of contamination, post-retirement activities such as monitoring, and constructing other tangible capital assets to perform post-retirement activities.

A liability for asset retirement obligation is recognized when there is a legal obligation to incur retirement costs, the past transaction or event giving rise to the liability as occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying value of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(continues)

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

1. ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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.

(j) 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.

(k) Tax Revenue

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

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the 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, 2023

1. ACCOUNTING POLICIES (continued)

(l) *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.

(m) *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.

(n) *Pension Expenses*

The Town accounts for the Local Authorities Pension Plan as a defined contribution plan, specifically, employer contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. The Town does not recognize its share of the pension benefit obligation.

(o) *New Accounting Standards not yet Adopted*

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>2023</u>	<u>2022</u>
Local improvement taxes *	\$ 4,459,247	\$ -
Trade and other	2,548,709	433,853
Taxes and grants in place of taxes	339,800	310,853
Goods and Services Tax rebate	247,322	115,019
Utilities	154,223	191,175
	<u>7,749,301</u>	1,050,900
Less: allowance for doubtful accounts	(5,000)	(5,000)
	<u>\$ 7,744,301</u>	<u>\$ 1,045,900</u>

* The Town passed Bylaw ALT 5/23 authorizing Council to impose a local improvement tax in respect of all lands that directly benefit from the Heartland Common - Heartland Station project costs. The total amount of the local improvement tax is \$4,459,247, is repayable in 30 semi-annual installments of \$216,762 including interest at a fixed rate of 5.26% per annum maturing December 2038.

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2023

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 2023, as part of its Back Alley Parving project and upon residents entering into a Letter of Agreement for Repayment, the Town undertook remediation work necessary to pave or replace roads and attached driveways originating from resi dents homes, which was approved under Council motion 22.224.

The loans were issued to residents of 13 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.

For both projects 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 credits with a combined maximum limit of \$3,800,000. The line of credit bears interest at prime less 0.25% for \$2,800,000, and the other line of credit bears interest at prime lending rate for \$1,000,000. The lines of credit are secured by a general security agreement over the assets of the Town.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>		<u>2022</u>
Trade and other	\$ 750,282	\$	388,379
Accrued employee vacation pay	100,540		87,381
Accrued debenture interest	23,237		16,067
	<u>\$ 874,059</u>	\$	<u>491,827</u>

TOWN OF GIBBONS**Notes to Financial Statements****For the Year Ended December 31, 2023****6. DEFERRED REVENUE**

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

	2022	Funds Received	Funds Expended	2023
Other	\$ 348,338	\$ 237,866	\$ (253,417)	\$ 332,787
Alberta Community Facility Enhancement Program	-	710,020	-	710,020
Alberta Municipal Water / Wastewater Program	298,703	15,104	-	313,807
Canada Community-Building Fund	523,309	197,759	(529,991)	191,077
Municipal Sustainability Initiative Capital Program	118,013	344,103	(331,310)	130,806
Municipal Stimulus Program	42,136	-	(42,136)	-
	<u>\$ 1,330,499</u>	<u>\$ 1,504,852</u>	<u>\$ (1,156,854)</u>	<u>\$ 1,678,497</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2023

7. ASSET RETIREMENT OBLIGATIONS

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town.

The estimated liability is based on the sum of discounted future cash flows using a discount rate of 5.3% and inflation rate of 3.7%. The Town has not designated assets for settling asbestos abatement.

	<u>2023</u>	<u>2022</u>
Asset retirement obligation (Note 21)	\$ 358,359	\$ -
Accretion expense	<u>18,886</u>	<u>-</u>
	<u>\$ 377,245</u>	<u>\$ -</u>

Additionally, 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 and post-closures costs 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.

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

8. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Government of Alberta debenture repayable in semi-annual amounts of \$173,724 including interest at 5.15% maturing December 2038.	\$ 3,600,000	\$ -
Government of Alberta debenture repayable in semi-annual amounts of \$82,615 including interest at 2.298% maturing September 2034.	1,597,944	1,724,271
Government of Alberta debenture repayable in semi-annual amounts of \$144,782 including interest at 2.532% maturing December 2027.	1,094,958	1,351,906
Government of Alberta debenture repayable in semi-annual amounts of \$75,879 including interest at 4.781% maturing June 2033.	1,147,918	1,241,429
Government of Alberta debenture repayable in semi-annual amounts of \$75,397 including interest at 2.480% maturing December 2026.	433,380	570,864
Government of Alberta debenture repayable in semi-annual amounts of \$28,602 including interest at 5.05% maturing June 2028.	227,711	-
	<u>\$ 8,101,911</u>	<u>\$ 4,888,470</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 842,108	\$ 319,889	\$ 1,161,997
2025	870,997	291,000	1,161,997
2026	901,011	260,986	1,161,997
2027	780,470	230,733	1,011,203
2028	489,098	203,940	693,038
To maturity	<u>4,218,227</u>	<u>930,547</u>	<u>5,148,774</u>
	<u>\$ 8,101,911</u>	<u>\$ 2,237,095</u>	<u>\$ 10,339,006</u>

9. CAPITAL LEASE OBLIGATION

Capital lease obligation bearing interest at 15% per annum, payable in blended monthly instalments of \$12,075, with automotive equipment pledged as security with net book value of \$363,350. Bargain purchase option exists for the Town to purchase the capital asset under lease after 6 months from inception of lease.

Future minimum capital lease payments are approximately:

Total minimum payments	<u>\$ 363,350</u>
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TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

10. TANGIBLE CAPITAL ASSETS

	2023 Net Book Value	2022 Net Book Value
Engineered structures	\$ 18,846,467	\$ 18,994,611
Buildings	6,834,218	6,912,582
Land	5,982,176	5,982,176
Work in progress	2,254,798	218,255
Land improvements	2,230,065	2,220,018
Machinery and equipment	1,712,181	1,597,126
Vehicles	1,049,085	1,018,687
Vehicle under capital lease	363,350	-
	\$ 39,272,340	\$ 36,943,455

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures	\$ 36,014,934	\$ 503,511	-	\$ 93,942	\$ 36,612,387
Land	5,982,176	-	-	-	5,982,176
Buildings	10,203,543	112,400	-	92,435	10,408,378
Vehicles	2,378,211	503,900	(273,961)	-	2,608,150
Land improvements	3,506,856	89,062	-	85,645	3,681,563
Machinery and equipment	2,281,973	248,649	-	-	2,530,622
Work in progress	218,255	2,216,130	-	(179,587)	2,254,798
Vehicle under capital lease	-	387,500	-	-	387,500
	\$ 60,585,948	\$ 4,061,152	\$(273,961)	\$ 92,435	\$ 64,465,574

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures	\$ 17,020,323	\$ 745,597	-	-	\$ 17,765,920
Buildings	3,290,961	222,602	-	60,597	3,574,160
Vehicles	1,359,524	233,274	(33,733)	-	1,559,065
Land improvements	1,286,838	164,660	-	-	1,451,498
Machinery and equipment	684,847	133,594	-	-	818,441
Vehicle under capital lease	-	24,150	-	-	24,150
	\$ 23,642,493	\$ 1,523,877	\$(33,733)	\$ 60,597	\$ 25,193,234

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

11. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus (deficit)	\$ 4,241,336	\$ (586,081)
Equity in tangible capital assets (<i>Schedule 1</i>)	30,518,044	32,143,195
Capital reserves	100,000	61,500
	<u>\$ 34,859,380</u>	<u>\$ 31,618,614</u>

12. 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.

13. 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:

	2023 (Budget) (<i>Note 16</i>)	2023 (Actual)	2022 (Actual)
ATCO Gas	\$ 252,704	\$ 232,773	\$ 273,180
Fortis Alberta	169,596	167,195	178,913
	<u>\$ 422,300</u>	<u>\$ 399,968</u>	<u>\$ 452,093</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2023

14. 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)	2023	2022
Mayor Deck	\$ 35,755	\$ 2,165	\$ 37,920	\$ 37,046
Councillors				
Millante	22,829	1,409	24,238	23,641
Kozak	22,829	1,396	24,225	23,641
Yushchyshyn	22,829	1,396	24,225	966
Berry	22,829	123	22,952	24,364
Sandahl	22,829	123	22,952	22,449
Harris	19,094	1,226	20,320	23,666
McCann	-	-	-	6,933
			-	
Chief Administrative Officer				
O'Malley	195,373	39,719	235,092	236,137
Designated Officers (3)	391,141	79,054	470,195	626,278
	\$ 755,508	\$ 126,611	\$ 882,119	\$ 1,025,121

(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.

15. 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:

	2023	2022
Balance, Beginning of Year	\$ 12,308	\$ 11,452
Interest income	622	256
Perpetual care fees	-	600
Balance, End of Year	\$ 12,930	\$ 12,308

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

16. BUDGET FIGURES

	2023 (Budget)	2023 (Actual)
Annual surplus (deficit)	\$ 3,435,508	\$ 3,565,024
Amortization	-	1,523,877
Acquisition of tangible capital assets	(2,960,562)	(4,061,152)
Long-term debt repayments	(600,747)	(597,370)
Net transfers (to) from reserves	115,928	-
	<u>\$ (9,873)</u>	<u>\$ 430,379</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on March 8, 2023 and April 12, 2023, respectively. The table above reconciles the approved financial plan to the figures reported in these financial statements.

17. 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:

	2023	2022
Total debt limit	\$ 21,864,171	\$ 10,944,203
Total debt	<u>(10,871,552)</u>	<u>(6,847,906)</u>
Total debt limit remaining	<u>\$ 10,992,619</u>	<u>\$ 4,096,297</u>
Service on debt limit	\$ 3,644,029	\$ 1,824,034
Service on debt	<u>(1,161,997)</u>	<u>(757,346)</u>
Total service on debt limit remaining	<u>\$ 2,482,032</u>	<u>\$ 1,066,688</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.

18. 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, 2023

19. FINANCIAL INSTRUMENTS RISKS

The Town is exposed to the following risks with respect to its financial instruments at December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Town is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Town has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, contributions to the pension plan, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Unless otherwise noted, it is management's opinion that the company is not exposed to significant other price risks arising from these financial instruments.

20. LOCAL AUTHORITIES PENSION PLAN (LAPP)

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

Total current service contributions by the Town to the LAPP in 2023 were \$142,169 (2022 - \$134,402). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$118,858 (2022 - \$124,004).

At December 31, 2023, the Plan disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion).

21. RESTATEMENT

Effective January 1, 2023, the Town adopted *PS 3280 Asset Retirement Obligations* prospectively. The effect of these changes on 2023 beginning figures are as follows:

- Increase in asset retirement obligations \$358,359
- Increase in tangible capital assets of \$34,101
- Decrease in accumulated surplus of \$324,258

Effective January 1, 2023, the Town also adopted *PS 3450 Financial Instruments*. There was no impact on the Town's financial reporting regarding this.

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2023

22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.

AUDITORS' PRESENTATION



METRIX GROUP LLP

CHARTERED PROFESSIONAL
ACCOUNTANTS

PHIL DIRKS, CPA, CA

PARTNER



INDEPENDENT AUDITORS' REPORT

- **OUR OPINION**
 - PRESENT FAIRLY IN ALL MATERIAL RESPECTS

- **MANAGEMENT'S RESPONSIBILITIES**
 - PREPARATION, FAIR PRESENTATION, & INTERNAL CONTROL
 - GOING CONCERN

- **AUDITORS' RESPONSIBILITIES**
 - **REASONABLE** ASSURANCE FS NOT **MATERIALLY** MISSTATED
 - REASONABLE ASSURANCE = HIGH ASSURANCE NOT GUARANTEE
 - SOME EVIDENCE PERSUASIVE NOT CONCLUSIVE
 - PROFESSIONAL JUDGMENT & PROFESSIONAL SKEPTICISM



STATEMENT OF FINANCIAL POSITION

	2023	2022
FINANCIAL ASSETS	\$ 9,056,034	\$ 2,981,476
LIABILITIES	13,852,556	8,720,428
NET DEBT	(4,796,522)	(5,738,952)
NON-FINANCIAL ASSETS	39,655,902	37,357,566
ACCUMULATED SURPLUS	\$ 34,859,380	\$ 31,618,614

FINANCIAL ASSETS

	2023	2022
CASH AND CASH EQUIVALENTS	\$ 459,915	\$ 104,924
RECEIVABLES	7,744,301	1,045,900
LOANS RECEIVABLE	40,542	16,065
LAND HELD FOR RESALE	811,276	1,814,587
	\$ 9,056,034	\$ 2,981,476

RECEIVABLES

	2023	2022
LOCAL IMPROVEMENT TAXES	\$ 4,459,247	\$ -
TRADE AND OTHER	2,548,709	433,853
TAXES AND GRANTS IN PLACE OF TAXES	339,800	310,853
GOODS AND SERVICES TAX	247,322	115,019
UTILITIES	154,223	191,175
	7,749,301	1,050,900
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(5,000)	(5,000)
	\$ 7,744,301	\$ 1,045,900

LIABILITIES

	2023	2022
BANK INDEBTEDNESS	\$ 2,406,291	\$ 1,959,436
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	874,059	491,827
DEPOSIT LIABILITIES	51,203	50,196
DEFERRED REVENUE	1,678,497	1,330,499
ASSET RETIREMENT OBLIGATIONS	377,245	-
LONG-TERM DEBT	8,465,261	4,888,470
	\$ 13,852,556	\$ 8,720,428

DEBT LIMITS

	2023	2022
TOTAL DEBT LIMIT	\$ 21,864,171	\$ 10,683,350
TOTAL DEBT	(10,871,552)	(6,847,906)
TOTAL DEBT LIMIT REMAINING	\$ 10,992,619	\$ 3,835,444
% OF DEBT LIMIT USED	50%	64%
SERVICE ON DEBT LIMIT	\$ 3,644,029	\$ 1,780,558
SERVICE ON DEBT	(1,161,997)	(757,346)
TOTAL SERVICE ON DEBT LIMIT REMAINING	\$ 2,482,032	\$ 1,023,212

NON-FINANCIAL ASSETS

	2023	2022
TANGIBLE CAPITAL ASSETS	\$ 39,272,340	\$ 36,943,455
INVENTORIES FOR CONSUMPTION	353,438	388,964
PREPAID EXPENSES	30,124	25,147
	\$ 39,655,902	\$ 37,357,566

STATEMENT OF FINANCIAL POSITION

	2023	2022
FINANCIAL ASSETS	\$ 9,056,034	\$ 2,981,476
LIABILITIES	13,852,556	8,720,428
NET DEBT	(4,796,522)	(5,738,952)
NON-FINANCIAL ASSETS	39,655,902	37,357,566
ACCUMULATED SURPLUS	\$ 34,859,380	\$ 31,618,614

ACCUMULATED SURPLUS

	2023	2022
UNRESTRICTED SURPLUS (DEFICIT)	\$ 4,241,336	\$ (586,081)
RESERVES	100,000	61,500
EQUITY IN TCA	30,518,044	32,143,195
	\$ 34,859,380	\$ 31,618,614

OPERATING REVENUE

	2023 (Budget)	2023 (Actual)	2022 (Actual)
SALES AND USER CHARGES	\$ 3,209,127	\$ 4,949,399	\$ 2,500,915
LOCAL IMPROVEMENT TAXES	165,299	4,514,439	\$ 173,902
NET MUNICIPAL TAXES	3,196,441	3,186,444	\$ 2,981,512
GOVERNMENT TRANSFERS FOR OPERATING	727,546	927,560	692,152
FRANCHISE AND CONCESSION CONTRACTS	422,300	399,968	452,093
RENTALS	341,957	393,744	323,513
OTHER	106,667	84,804	60,628
PENALTIES AND COSTS ON TAXES	65,407	65,098	54,506
INTEREST	8,024	24,416	21,538
LICENSES AND PERMITS	24,000	19,655	20,815
FINES	21,350	10,587	14,561
	<u>\$ 8,288,118</u>	<u>\$ 14,576,114</u>	<u>\$ 7,296,135</u>

OPERATING EXPENSES

	2023 (Budget)	2023 (Actual)	2022 (Actual)
SUBDIVISION LAND AND DEVELOPMENT	\$ 41,756	\$ 1,691,855	\$ 164,247
ADMINISTRATION	1,313,397	1,548,030	1,220,381
PLANNING, ZONING, & DEVELOPMENT	415,093	1,473,118	474,030
WATER AND WASTEWATER	1,330,779	1,302,531	1,408,041
PARKS AND RECREATION	1,391,313	1,274,245	1,217,891
COMMON SERVICES	789,627	820,598	829,347
CULTURE	827,598	555,280	467,202
LEGISLATIVE	304,291	296,568	267,548
FAMILY AND COMMUNITY SUPPORT	296,368	286,023	315,092
ROADS, STREETS, WALKS AND LIGHTING	269,631	265,495	261,830
FIRE AND DISASTER SERVICES	270,636	245,512	282,980
OTHER PUBLIC HEALTH & WELFARE	-	205,700	129,504
WASTE MANAGEMENT	174,865	203,409	197,727
POLICING	130,283	166,165	117,648
BYLAW ENFORCEMENT	122,039	69,040	80,409
CEMETERY	25,225	11,554	12,234
AMORTIZATION	-	1,523,877	1,541,505
	\$ 7,702,901	\$ 11,939,000	\$ 8,987,616

OTHER INCOME

	2023 (Budget)	2023 (Actual)	2022 (Actual)
ANNUAL OPERATING SURPLUS (DEFICIT)	\$ 585,217	\$ 2,637,114	\$ (1,691,481)
OTHER REVENUE			
GOVERNMENT TRANSFERS FOR CAPITAL	1,863,218	1,017,981	497,956
OTHER REVENUE FOR CAPITAL	-	-	1,000
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	987,073	(90,071)	17,036
	2,850,291	927,910	515,992
ANNUAL SURPLUS (DEFICIT)	\$ 3,435,508	\$ 3,565,024	\$ (1,175,489)

	2023 (Budget)	2023 (Actual)	Variance		Actual	Budget	Variance	Remaining Variance
SALES AND USER CHARGES	\$ 3,209,127	\$ 4,949,399	\$ 1,740,272	Land sale	2,631,524	810,000	1,821,524	81,252
LOCAL IMPROVEMENT TAXES	165,299	4,514,439	4,349,140	Heartland LI	4,459,247	-	4,459,247	110,107
NET MUNICIPAL TAXES	3,196,441	3,186,444	(9,997)					
GOVERNMENT TRANSFERS FOR OPERATING	727,546	927,560	200,014	SALC & OH&S not budgeted				
FRANCHISE AND CONCESSION CONTRACTS	422,300	399,968	(22,332)					
RENTALS	341,957	393,744	51,787					
OTHER	106,667	84,804	(21,863)					
PENALTIES AND COSTS ON TAXES	65,407	65,098	(309)					
INTEREST	8,024	24,416	16,392					
LICENSES AND PERMITS	24,000	19,655	(4,345)					
FINES	21,350	10,587	(10,763)					
	\$ 8,288,118	\$ 14,576,114	\$ 6,287,996				6,280,771	
SUBDIVISION LAND AND DEVELOPMENT	\$ 41,756	\$ 1,691,855	\$ (1,650,099)	Land cost of sales	1,651,517	-	1,651,517	1,418
ADMINISTRATION	1,313,397	1,548,030	(234,633)	LOC interest	186,186	30,550	155,636	(78,997)
PLANNING, ZONING, & DEVELOPMENT	415,093	1,473,118	(1,058,025)	Highway 28 for Province	1,101,344	-	1,101,344	43,319
WATER AND WASTEWATER	1,330,779	1,302,531	28,248					
PARKS AND RECREATION	1,391,313	1,274,245	117,068					
COMMON SERVICES	789,627	820,598	(30,971)					
CULTURE	827,598	555,280	272,318	R & M staff shortages	3,091	125,000	(121,909)	150,409
LEGISLATIVE	304,291	296,568	7,723					
FAMILY AND COMMUNITY SUPPORT	296,368	286,023	10,345					
ROADS, STREETS, WALKS AND LIGHTING	269,631	265,495	4,136					
FIRE AND DISASTER SERVICES	270,636	245,512	25,124					
OTHER PUBLIC HEALTH & WELFARE	-	205,700	(205,700)	SALC & OH&S not budgeted				
WASTE MANAGEMENT	174,865	203,409	(28,544)					
POLICING	130,283	166,165	(35,882)					
BYLAW ENFORCEMENT	122,039	69,040	52,999					
CEMETERY	25,225	11,554	13,671					
AMORTIZATION	-	1,523,877	(1,523,877)	Town does not budget	1,523,877	-	1,523,877	
	\$ 7,702,901	\$ 11,939,000	\$ (4,236,099)				4,276,738	
ANNUAL OPERATING SURPLUS (DEFICIT)	\$ 585,217	\$ 2,637,114	\$ 2,051,897				2,004,033	(47,864)

AUDIT FINDINGS REPORT

- **NO UNUSUAL ACCOUNTING POLICIES / ESTIMATES**
 - AMORTIZATION OF CAPITAL ASSETS
 - ASSET RETIREMENT OBLIGATIONS

- **CORRECTED AND UNCORRECTED MISSTATEMENTS**
 - 58 AUDIT ADJUSTMENTS
 - NO SIGNIFICANT UNCORRECTED MISSTATEMENTS

- **DIFFICULTIES DURING THE AUDIT**

- **MANAGEMENT LETTER**

QUESTIONS?

