

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

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## INDEPENDENT AUDITORS' REPORT

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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.

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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 30, 2024

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

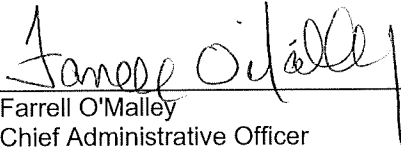
To His Worship the Mayor and Members of Council of Town of Gibbons

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                 |
|---|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                           |                      |                      |
| 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>     |
| <b>LIABILITIES</b>                                |                      |                      |
| 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>     |
| <b>NET DEBT</b>                                   | <u>(4,796,522)</u>   | <u>(5,738,952)</u>   |
| <b>NON-FINANCIAL ASSETS</b>                       |                      |                      |
| 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>    |
| <b>ACCUMULATED SURPLUS (Note 11)</b>              | <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<br>(Budget)<br>(Note 16) | 2023<br>(Actual)  | 2022<br>(Actual)   |
|--|-------------------------------|-------------------|--------------------|
| <b>REVENUE</b>   |                               |                   |                    |
| 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>   |
| <b>EXPENSES</b>  |                               |                   |                    |
| 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>   |
| <b>ANNUAL SURPLUS (DEFICIT) BEFORE<br/>OTHER REVENUE</b> | <u>585,217</u>                | <u>2,637,114</u>  | <u>(1,691,481)</u> |
| <b>OTHER REVENUE</b>                                     |                               |                   |                    |
| 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>     |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                          | <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                 |
|---|----------------------|----------------------|----------------------|
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,<br/>AS PREVIOUSLY STATED</b> | 31,618,614           | <b>31,618,614</b>    | 32,794,103           |
| Restatement (Note 21)   | -                    | <b>(324,258)</b>     | -                    |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,<br/>RESTATED</b>             | -                    | <b>31,294,356</b>    | -                    |
| <b>ACCUMULATED SURPLUS, END OF YEAR<br/>(Note 11)</b>                   | <b>\$ 35,054,122</b> | <b>\$ 34,859,380</b> | <b>\$ 31,618,614</b> |

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<br>(Budget)<br><i>(Note 16)</i> | 2023<br>(Actual) | 2022<br>(Actual) |
|---|--------------------------------------|------------------|------------------|
| <b>ANNUAL SURPLUS (DEFICIT)</b>                                       | \$ 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 <i>(Note 21)</i>                         | -                                    | (358,359)        | -                |
| <b>INCREASE IN NET DEBT</b>   | 474,946                              | 942,430          | (15,115)         |
| <b>NET DEBT - BEGINNING OF YEAR</b>                                   | (5,738,952)                          | (5,738,952)      | (5,723,837)      |
| <b>NET DEBT - END OF YEAR</b>   | \$ (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               |
|---|--------------------|--------------------|
| <b>OPERATING ACTIVITIES</b>   |                    |                    |
| 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>     |
| <b>CAPITAL ACTIVITIES</b>   |                    |                    |
| 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> |
| <b>FINANCING ACTIVITIES</b>   |                    |                    |
| 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>     |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>              | <b>354,991</b>     | <b>(164,431)</b>   |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                | <b>104,924</b>     | <b>269,355</b>     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                      | <b>\$ 459,915</b>  | <b>\$ 104,924</b>  |

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                 |
|---|----------------------|----------------------|
| <b>BALANCE, BEGINNING OF YEAR</b>   | <b>\$ 32,143,195</b> | <b>\$ 33,119,724</b> |
| 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 <i>(Note 7)</i>                         | (358,359)            | -                    |
| Asset retirement obligations accretion <i>(Note 7)</i>                        | (18,886)             | -                    |
| <b>BALANCE, END OF YEAR</b>   | <b>\$ 30,518,044</b> | <b>\$ 32,143,195</b> |
| 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               |
|   | <b>\$ 30,518,044</b> | <b>\$ 32,143,195</b> |

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<br>(Budget)<br>(Note 16) | 2023<br>(Actual)    | 2022<br>(Actual)    |
|-------------------------------------|-------------------------------|---------------------|---------------------|
| <b>TAXATION</b>                     | \$ 4,223,934                  | \$ 4,213,615        | \$ 4,037,551        |
| <b>REQUISITIONS</b>                 |                               |                     |                     |
| 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>    |
| <b>NET MUNICIPAL PROPERTY TAXES</b> | <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<br>(Budget)<br>(Note 16) | 2023<br>(Actual)    | 2022<br>(Actual)    |
|-----------------------------------|-------------------------------|---------------------|---------------------|
| <b>TRANSFERS FOR OPERATING</b>    |                               |                     |                     |
| 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>      |
| <b>TRANSFERS FOR CAPITAL</b>      |                               |                     |                     |
| 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>      |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | <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                |
|--|------------------------|----------------------|---------------------|--|------------------------|---------------------|----------------------|
| <b>REVENUE</b>                         |                        |                      |                     |  |                        |                     |                      |
| 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>    |
| <b>EXPENSES</b>                        |                        |                      |                     |  |                        |                     |                      |
| 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> |
| <b>NET REVENUE BEFORE AMORTIZATION</b> |                        |                      |                     |  |                        |                     |                      |
| Amortization                           | -                      | -                    | -                   | -                                      | 437,756                | 3,723,235           | 4,160,991            |
|  | <u>78,184</u>          | <u>427,949</u>       | <u>44,709</u>       | <u>581,373</u>                         | <u>365,412</u>         | <u>26,250</u>       | <u>1,523,877</u>     |
| <b>NET REVENUE (DEFICIT)</b>           | <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                 |
|--|------------------------|----------------------|---------------------|--|------------------------|---------------------|-----------------------|
| <b>REVENUE</b>                         |                        |                      |                     |  |                        |                     |                       |
| Taxation                               | \$ 1,035,279           | \$ 603,980           | \$ 289,518          | \$ 1,052,735                           | \$ -                   | \$ -                | \$ 2,981,512          |
| 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>868,130</u>      | <u>7,296,135</u>      |
| <b>EXPENSES</b>                        |                        |                      |                     |  |                        |                     |                       |
| 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>      |
| <b>NET REVENUE BEFORE AMORTIZATION</b> | -                      | -                    | -                   | -                                      | 344,548                | (494,524)           | (149,976)             |
| Amortization                           | 69,955                 | 458,603              | 38,126              | 589,550                                | 333,712                | 51,559              | 1,541,505             |
| <b>NET REVENUE (DEFICIT)</b>           | <u>\$ (69,955)</u>     | <u>\$ (458,603)</u>  | <u>\$ (38,126)</u>  | <u>\$ (589,550)</u>                    | <u>\$ 10,836</u>       | <u>\$ (546,083)</u> | <u>\$ (1,691,481)</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**

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**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.

*(continues)*

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

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**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)*

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

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**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)*

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

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**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.

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**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>    | <u>1,050,900</u>    |
| 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.

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

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**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.

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**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.

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**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> |

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

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**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                |
|---|---------------------|---------------------|-----------------------|---------------------|
| Alberta Community Facility Enhancement Program      | \$ -                | \$ 710,020          | \$ -                  | \$ 710,020          |
| Other   | 348,338             | 237,866             | (253,417)             | 332,787             |
| 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> |

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## TOWN OF GIBBONS

### Notes to Financial Statements

For the Year Ended December 31, 2023

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#### 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.

|  | 2023              | 2022        |
|--|-------------------|-------------|
| Asset retirement obligation ( <i>Note 21</i> ) | \$ 358,359        | \$ -        |
| Accretion expense                              | 18,886            | -           |
|  | <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.

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**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.       | <u>227,711</u>      | <u>-</u>            |
|  | <b>\$ 8,101,911</b> | <b>\$ 4,888,470</b> |

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>     |
|             | <b>\$ 8,101,911</b> | <b>\$ 2,237,095</b> | <b>\$ 10,339,006</b> |

**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> |
|------------------------|-------------------|

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

**10. TANGIBLE CAPITAL ASSETS**

|                             | 2023<br>Net Book<br>Value | 2022<br>Net Book<br>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                   | -                         |
|                             | <u>\$ 39,272,340</u>      | <u>\$ 36,943,455</u>      |

|                             | Cost<br>Beginning of<br>Year | Additions           | Disposals           | Transfers        | Cost<br>End of<br>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                |
|                             | <u>\$ 60,585,948</u>         | <u>\$ 4,061,152</u> | <u>\$ (273,961)</u> | <u>\$ 92,435</u> | <u>\$ 64,465,574</u>   |

|                             | Accumulated<br>Amortization<br>Beginning of<br>Year | Current<br>Amortization | Disposals          | Transfers        | Accumulated<br>Amortization<br>End of<br>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  |
|                             | <u>\$ 23,642,493</u>                                | <u>\$ 1,523,877</u>     | <u>\$ (33,733)</u> | <u>\$ 60,597</u> | <u>\$ 25,193,234</u>                          |

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

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**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> |

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**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.

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**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<br>(Budget)<br>( <i>Note 16</i> ) | 2023<br>(Actual)  | 2022<br>(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> |

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

(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:

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

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

**16. BUDGET FIGURES**

|  | 2023<br>(Budget)  | 2023<br>(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>         |
| <b>Total debt limit remaining</b>            | <b><u>\$ 10,992,619</u></b> | <b><u>\$ 4,096,297</u></b> |
| Service on debt limit                        | \$ 3,644,029                | \$ 1,824,034               |
| Service on debt                              | <u>(1,161,997)</u>          | <u>(757,346)</u>           |
| <b>Total service on debt limit remaining</b> | <b><u>\$ 2,482,032</u></b>  | <b><u>\$ 1,066,688</u></b> |

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**

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**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.

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**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).

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**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.

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

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**22. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

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