

TOWN OF GIBBONS
Financial Statements
For The Year Ended December 31, 2024

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, 2024, 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, 2024, 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
April 23, 2025

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.

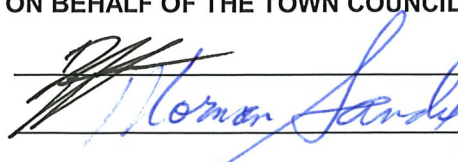
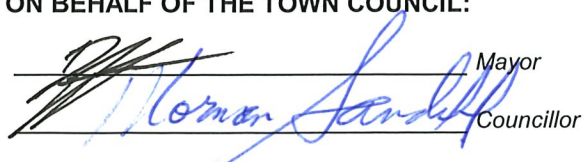
Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Town Council to express an opinion on the Town's financial statements.


Eric Lowe
Chief Administrative Officer
Monique Jeffrey
Director of Corporate Services

TOWN OF GIBBONS
Statement of Financial Position
As At December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ -	\$ 459,915
Receivables (Note 2)	6,636,316	7,744,301
Loans receivable (Note 3)	24,706	40,542
Land held for resale	986,254	811,276
	<u>7,647,276</u>	<u>9,056,034</u>
LIABILITIES		
Bank indebtedness	\$ 528,898	\$ -
Short-term debt (Note 4)	3,799,116	2,406,291
Accounts payable and accrued liabilities (Note 5)	1,257,640	874,059
Deposit liabilities	31,842	51,203
Deferred revenue (Note 6)	2,325,477	1,678,497
Asset retirement obligations (Note 7)	332,068	377,245
Long-term debt (Note 8)	7,890,634	8,101,911
Capital lease obligation (Note 10)	291,353	363,350
	<u>16,457,028</u>	<u>13,852,556</u>
NET DEBT	<u>(8,809,752)</u>	<u>(4,796,522)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	39,419,114	39,272,340
Inventories for consumption	227,663	353,438
Prepaid expenses	27,649	30,124
	<u>39,674,426</u>	<u>39,655,902</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 30,864,674</u>	<u>\$ 34,859,380</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, 2024

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 3,443,499	\$ 3,415,721	\$ 3,186,444
Sales and user charges (Schedule 4)	3,084,508	2,691,939	4,949,399
Government transfers for operating (Schedule 3)	906,987	880,189	927,560
Franchise and concession contracts (Note 13)	434,935	455,015	399,968
Rentals	422,672	398,231	393,744
Local improvement taxes	165,299	332,038	4,514,439
Penalties and costs on taxes	65,407	62,044	65,098
Licenses and permits	18,600	37,874	19,655
Interest	20,000	25,856	24,416
Other	565,726	21,460	84,804
Fines	21,350	13,315	10,587
	<u>9,148,983</u>	<u>8,333,682</u>	<u>14,576,114</u>
EXPENSES			
Planning, zoning, & development	748,911	2,520,522	1,473,118
Administration	1,457,371	1,602,528	1,548,030
Water and wastewater	1,421,698	1,530,525	1,302,531
Parks and recreation	1,472,896	1,276,016	1,274,245
Common services	776,569	840,242	820,598
Culture	707,015	621,002	555,280
Fire and disaster services	345,058	443,465	245,512
Family and community support	443,159	397,553	286,023
Subdivision land and development	35,982	380,129	1,691,855
Legislative	316,959	313,521	296,568
Roads, streets, walks and lighting	294,161	268,871	265,495
Waste management	183,370	233,777	203,409
Policing	190,555	155,357	166,165
Other public health & welfare	205,697	154,858	205,700
Bylaw enforcement	131,647	111,187	69,040
Cemetery	14,000	10,293	11,554
Amortization	1,500	1,700,759	1,523,877
	<u>8,746,548</u>	<u>12,560,605</u>	<u>11,939,000</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	<u>402,435</u>	<u>(4,226,923)</u>	<u>2,637,114</u>
OTHER REVENUE			
Government transfers for capital (Schedule 3)	3,493,242	208,255	1,017,981
Gain (loss) on disposal of tangible capital assets	-	23,962	(90,071)
	<u>3,493,242</u>	<u>232,217</u>	<u>927,910</u>
ANNUAL SURPLUS (DEFICIT)	<u>3,895,677</u>	<u>(3,994,706)</u>	<u>3,565,024</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>34,859,380</u>	<u>34,859,380</u>	<u>31,294,356</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 11)	<u>\$ 38,755,057</u>	<u>\$ 30,864,674</u>	<u>\$ 34,859,380</u>

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

TOWN OF GIBBONS
Statement of Changes in Net Debt
For the Year Ended December 31, 2024

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 3,895,677	\$ (3,994,706)	\$ 3,565,024
Acquisition of tangible capital assets	(22,989,077)	(2,064,084)	(4,061,152)
Amortization of tangible capital assets	-	1,700,759	1,523,877
Proceeds on disposal of tangible capital assets	-	240,513	152,420
Loss (gain) on disposal of tangible capital assets	-	(23,962)	90,071
	(19,093,400)	(4,141,480)	1,270,240
Use of inventory held for consumption	-	125,775	35,526
Use (acquisition) of prepaid expenses	-	2,475	(4,977)
Asset retirement obligations	-	-	(358,359)
INCREASE IN NET DEBT	(19,093,400)	(4,013,230)	942,430
NET DEBT - BEGINNING OF YEAR	(4,796,522)	(4,796,522)	(5,738,952)
NET DEBT - END OF YEAR	\$ (23,889,922)	\$ (8,809,752)	\$ (4,796,522)

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

TOWN OF GIBBONS
Statement of Cash Flows
For The Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (3,994,706)	\$ 3,565,024
Non-cash items not included in annual surplus:		
Amortization of tangible capital assets	1,700,759	1,523,877
Loss (gain) on disposal of tangible capital assets	(23,962)	90,071
Asset retirement obligations expense (recovery) (Note 7)	(45,177)	18,886
	<u>(2,363,086)</u>	<u>5,197,858</u>
Changes in non-cash working capital balances related to operations:		
Receivables	1,107,985	(6,698,401)
Loans receivable	15,836	(24,477)
Land held for resale	(174,978)	1,003,311
Accounts payable and accrued liabilities	383,581	382,232
Deferred revenue	646,980	347,998
Deposit liabilities	(19,340)	1,008
Inventories for consumption	125,775	35,526
Prepaid expenses	2,475	(4,977)
	<u>2,088,314</u>	<u>(4,957,780)</u>
Cash flow from (used by) operating activities	<u>(274,772)</u>	<u>240,078</u>
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	240,513	152,420
Purchase of tangible capital assets	(2,064,084)	(4,061,152)
Cash flow used by capital activities	<u>(1,823,571)</u>	<u>(3,908,732)</u>
FINANCING ACTIVITIES		
Advances from bank indebtedness	1,392,803	446,855
Long-term debt repaid	(842,108)	(636,560)
Long-term debt issued	630,832	3,850,000
Capital lease obligations repaid	(71,997)	(24,150)
Capital lease obligations proceeds	-	387,500
Cash flow from financing activities	<u>1,109,530</u>	<u>4,023,645</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	<u>(988,813)</u>	<u>354,991</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>459,915</u>	<u>104,924</u>
CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS) - END OF YEAR	<u>\$ (528,898)</u>	<u>\$ 459,915</u>

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

TOWN OF GIBBONS**Schedule of Equity in Tangible Capital Assets****(Schedule 1)****For the Year Ended December 31, 2024**

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 30,518,044	\$ 32,143,195
Acquisition of tangible capital assets	2,064,084	4,061,152
Amortization of tangible capital assets	(1,700,759)	(1,523,877)
Long-term debt repaid	842,108	636,560
Long-term debt issued	(630,832)	(3,850,000)
Capital lease obligations repaid	71,586	24,150
Capital lease obligations issued	-	(387,500)
Cost of tangible capital assets disposed of	(328,253)	(273,961)
Accumulated amortization of tangible capital assets disposed of	112,114	33,733
Net book value of asset retirement obligation tangible capital asset adoption	-	31,837
Asset retirement obligations incurred (Note 7)	-	(358,359)
Asset retirement obligations expense (recovery) (Note 7)	45,177	(18,886)
BALANCE, END OF YEAR	\$ 30,993,269	\$ 30,518,044
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 39,419,114	\$ 39,272,340
Long-term debt	(7,890,634)	(8,101,911)
Asset retirement obligations	(332,068)	(377,245)
Capital lease obligation	(291,353)	(363,350)
Total long-term debt issued but unexpended	88,210	88,210
	\$ 30,993,269	\$ 30,518,044

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

TOWN OF GIBBONS**Schedule of Net Municipal Taxes****(Schedule 2)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
TAXATION	\$ 4,528,144	\$ 4,469,561	\$ 4,213,615
REQUISITIONS			
Alberta School Foundation	1,048,614	1,019,840	993,167
Homeland Housing	35,709	34,000	34,004
Designated Industrial Property	322	-	-
	1,084,645	1,053,840	1,027,171
NET MUNICIPAL PROPERTY TAXES	\$ 3,443,499	\$ 3,415,721	\$ 3,186,444

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

TOWN OF GIBBONS**Schedule of Government Transfers****(Schedule 3)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 16)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Local governments	\$ 404,315	\$ 414,617	\$ 387,117
Provincial government	397,972	352,943	383,893
Federal government	104,700	112,629	156,550
	<u>906,987</u>	<u>880,189</u>	<u>927,560</u>
TRANSFERS FOR CAPITAL			
Provincial government	3,493,242	158,255	967,981
Local governments	-	50,000	50,000
	<u>3,493,242</u>	<u>208,255</u>	<u>1,017,981</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 4,400,229</u>	<u>\$ 1,088,444</u>	<u>\$ 1,945,541</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, 2024

(Schedule 4)

	General Administration	Recreation & Culture	Protective Services	Public Works & Transportation Services	Environmental Services	All Other	Total
REVENUE							
Taxation	\$ 1,220,952	\$ 580,971	\$ 455,518	\$ 1,106,735	\$ 51,546	\$ -	\$ 3,415,721
Sales and user charges	19,497	128,306	206,478	278	2,080,453	256,927	2,691,939
All other	30,040	578,571	28,035	-	2,710	374,439	1,013,795
Local improvement taxes	332,038	-	-	-	-	-	332,038
Government transfers	-	609,170	19,978	2,100	-	248,941	880,189
	1,602,527	1,897,018	710,009	1,109,113	2,134,709	880,307	8,333,682
EXPENSES							
Materials, goods, and supplies	168,749	333,551	271,881	143,489	243,511	2,730,631	3,891,812
Salaries, wages and benefits	727,732	1,066,026	276,512	541,110	239,788	751,349	3,602,517
Contracted and general services	282,985	12,691	123,215	115,562	1,046,410	63,684	1,644,547
Repairs & maintenance	168,326	206,571	14,995	49,365	80,716	2,349	522,322
Utilities	20,242	213,717	17,973	185,501	74,596	5,145	517,174
Interest on long-term debt	-	26,067	-	65,425	63,604	219,296	374,392
Interest and bank charges	186,909	-	-	-	-	-	186,909
Insurance	47,584	38,013	5,433	8,661	15,677	4,423	119,791
All other	-	382	-	-	-	-	382
	\$ 1,602,527	\$ 1,897,018	\$ 710,009	\$ 1,109,113	\$ 1,764,302	\$ 3,776,877	\$ 10,859,846
NET REVENUE BEFORE AMORTIZATION							
	-	-	-	-	370,407	(2,896,570)	(2,526,164)
Amortization	79,523	411,473	173,268	610,775	378,852	46,868	1,700,759
NET REVENUE (DEFICIT)	\$ (79,523)	\$ (411,473)	\$ (173,268)	\$ (610,775)	\$ (8,445)	\$ (2,943,438)	\$ (4,226,923)

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 5)

	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	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							
Materials, goods, and supplies	166,962	357,361	245,088	133,423	106,160	3,214,320	4,223,314
Salaries, wages and benefits	793,156	931,407	99,723	585,570	142,780	629,752	3,182,388
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	14,930	3,837	118,279
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>3,964,820</u>	<u>6,191,809</u>
NET REVENUE BEFORE AMORTIZATION							
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>
NET REVENUE (DEFICIT)	\$ (78,184)	\$ (427,949)	\$ (44,709)	\$ (581,373)	\$ 72,344	\$ 3,696,985	\$ 2,637,114

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

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2024

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, 2024

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	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.

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TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2024

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, 2024

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.

2. RECEIVABLES

	2024	2023
Local improvement taxes *	\$ 4,459,247	\$ 4,459,247
Government transfers	954,054	837,848
Trade and other	599,635	1,710,861
Taxes and grants in place of taxes	339,929	339,800
Utilities	192,898	154,223
Goods and Services tax	95,553	247,322
	6,641,316	7,749,301
Less: allowance for doubtful accounts	(5,000)	(5,000)
	\$ 6,636,316	\$ 7,744,301

* 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, 2024

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 residents 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. SHORT-TERM DEBT

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

	2024	2023
Trade and other	\$ 1,128,873	\$ 750,282
Accrued employee vacation pay	105,530	100,540
Accrued debenture interest	23,237	23,237
	<u>\$ 1,257,640</u>	<u>\$ 874,059</u>

TOWN OF GIBBONS

Notes to Financial Statements

For the Year Ended December 31, 2024

6. DEFERRED REVENUE

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

	2023	Funds Received	Funds Expended	2024
Alberta Community Facility Enhancement Program	\$ 710,020	\$ -	\$ -	\$ 710,020
Local Government Fiscal Framework	-	518,824	-	518,824
Canada Community-Building Fund	191,077	237,471	-	428,548
Other	332,787	180,866	(172,842)	340,811
Alberta Municipal Water / Wastewater Program	313,807	13,467	-	327,274
Municipal Sustainability Initiative Capital Program	130,806	-	(130,806)	-
	\$ 1,678,497	\$ 950,628	\$ (303,648)	\$ 2,325,477

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.

	2024	2023
Balance, beginning of year	\$ 377,245	\$ -
Liability incurred	-	358,359
Change in estimate	(50,288)	-
Accretion expense	5,111	18,886
Balance, end of year	\$ 332,068	\$ 377,245

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-closure 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, 2024

8. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Government of Alberta debenture repayable in semi-annual amounts of \$173,724 including interest at 5.15% maturing December 2038.	\$ 3,435,865	\$ 3,600,000
Government of Alberta debenture repayable in semi-annual amounts of \$82,615 including interest at 2.298% maturing September 2034.	1,468,697	1,597,944
Government of Alberta debenture repayable in semi-annual amounts of \$75,879 including interest at 4.781% maturing June 2033.	1,049,883	1,147,918
Government of Alberta debenture repayable in semi-annual amounts of \$144,782 including interest at 2.532% maturing December 2027.	831,461	1,094,958
Servus Credit Union loan repayable in semi-annual amounts of \$63,083 including interest at a fixed rate 5.321% maturing December 2029.	630,832	-
Government of Alberta debenture repayable in semi-annual amounts of \$75,397 including interest at 2.480% maturing December 2026.	292,466	433,380
Government of Alberta debenture repayable in semi-annual amounts of \$28,602 including interest at 5.05% maturing June 2028.	181,430	227,711
	<u>\$ 7,890,634</u>	<u>\$ 8,101,911</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 997,163	\$ 323,657	\$ 1,320,820
2026	1,027,177	286,767	1,313,944
2027	906,636	247,886	1,154,522
2028	615,264	216,006	831,270
2029	606,863	188,610	795,473
To maturity	3,737,531	746,805	4,484,336
	<u>\$ 7,890,634</u>	<u>\$ 2,009,731</u>	<u>\$ 9,900,365</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2024

9. TANGIBLE CAPITAL ASSETS

	2024 Net Book Value	2023 Net Book Value
Engineered structures	\$ 18,387,888	\$ 18,846,467
Buildings	6,651,766	6,834,218
Land	5,982,176	5,982,176
Work in progress	2,579,548	2,254,798
Land improvements	2,204,159	2,230,065
Machinery and equipment	1,681,056	1,712,181
Vehicles	1,596,688	1,049,085
Vehicle under capital lease	335,833	363,350
	\$ 39,419,114	\$ 39,272,340

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineered structures	\$ 36,612,387	\$ 300,469	\$ -	\$ -	\$ 36,912,856
Land	5,982,176	-	-	-	5,982,176
Buildings	10,408,378	38,135	-	(10,068)	10,436,445
Vehicles	2,608,150	313,169	(328,253)	833,900	3,426,966
Land improvements	3,681,563	146,128	-	-	3,827,691
Machinery and equipment	2,530,622	107,533	-	-	2,638,155
Work in progress	2,254,798	1,158,650	-	(833,900)	2,579,548
Vehicle under capital lease	387,500	-	-	-	387,500
	\$ 64,465,574	\$ 2,064,084	\$ (328,253)	\$ (10,068)	\$ 66,191,337

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures	\$ 17,765,920	\$ 759,048	\$ -	\$ -	\$ 18,524,968
Buildings	3,574,160	220,175	-	(9,656)	3,784,679
Vehicles	1,559,065	383,327	(112,114)	-	1,830,278
Land improvements	1,451,498	172,034	-	-	1,623,532
Machinery and equipment	818,441	138,658	-	-	957,099
Vehicle under capital lease	24,150	27,517	-	-	51,667
	\$ 25,193,234	\$ 1,700,759	\$ (112,114)	\$ (9,656)	\$ 26,772,223

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2024

10. 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.

Future minimum capital lease payments are approximately:

Total minimum payments	<u>\$ 291,353</u>
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11. ACCUMULATED SURPLUS

	<u>2024</u>	<u>2023</u>
Unrestricted surplus (deficit)	\$ (278,595)	\$ 4,241,336
Equity in tangible capital assets (<i>Schedule 1</i>)	<u>30,993,269</u>	<u>30,518,044</u>
Capital reserves	<u>150,000</u>	<u>100,000</u>
	<u>\$ 30,864,674</u>	<u>\$ 34,859,380</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:

	<u>2024 (Budget) (Note 16)</u>	<u>2024 (Actual)</u>	<u>2023 (Actual)</u>
ATCO Gas	\$ 265,339	\$ 255,175	\$ 232,773
Fortis Alberta	<u>169,596</u>	<u>199,840</u>	<u>167,195</u>
	<u>\$ 434,935</u>	<u>\$ 455,015</u>	<u>\$ 399,968</u>

TOWN OF GIBBONS**Notes to Financial Statements****For the Year Ended December 31, 2024****14. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by *Alberta Regulation 313/2000* is as follows:

	Salary (1)	Benefits (2, 3)	2024	2023
Mayor Deck	\$ 36,827	\$ 2,214	\$ 39,041	\$ 37,920
Councillors				
Millante	23,514	1,421	24,935	24,238
Kozak	23,514	1,421	24,935	24,225
Yushchyshyn	24,347	2,336	26,683	24,225
Berry	23,514	112	23,626	22,952
Sandahl	23,514	112	23,626	22,952
Harris	17,353	1,054	18,407	20,320
 Chief Administrative Officer				
O'Malley	206,078	48,214	254,292	235,092
 Designated Officers (5)	455,455	47,225	502,680	470,195
	<u>\$ 834,116</u>	<u>\$ 104,109</u>	<u>\$ 938,225</u>	<u>\$ 882,119</u>

(1) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

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:

	2024	2023
Balance, Beginning of Year	\$ 12,930	\$ 12,308
Tax sale proceeds	77,241	-
Interest income	1,923	622
Balance, End of Year	<u>\$ 92,094</u>	<u>\$ 12,930</u>

TOWN OF GIBBONS
Notes to Financial Statements
For the Year Ended December 31, 2024

16. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus (deficit)	\$ 3,895,677	\$ (3,994,706)
Amortization	-	1,700,759
Acquisition of tangible capital assets	(22,989,077)	(2,064,084)
Long-term debt repayments	(631,692)	(842,108)
Long-term debt proceeds	15,151,967	-
Local improvement taxes	4,221,409	-
Net transfers (to) from reserves	289,257	-
	<u>\$ (62,459)</u>	<u>\$ (5,200,139)</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on December 11, 2024. 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:

	2024	2023
Total debt limit	\$ 12,500,523	\$ 21,864,171
Total debt	(11,981,103)	(10,871,552)
Total debt limit remaining	\$ 519,420	\$ 10,992,619
Service on debt limit	\$ 2,083,421	\$ 3,644,029
Service on debt	(1,320,820)	(1,161,997)
Total service on debt limit remaining	\$ 762,601	\$ 2,482,032

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, 2024

19. FINANCIAL INSTRUMENTS RISKS

The Town is exposed to the following risks with respect to its financial instruments at December 31, 2024.

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 Town 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. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.
