

Town of Gibsons
Financial Statements
For the year ended December 31, 2014

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For the year ended December 31, 2014

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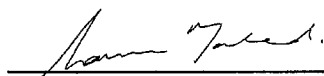
Management's Responsibility for the Financial Statements

The accompanying financial statements of The Town of Gibsons (the "Town") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.



Chief Administrative Officer



Director of Finance

April 21, 2015



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Independent Auditor's Report

To the Mayor and Councillors of the Town of Gibsons

We have audited the accompanying financial statements of the Town of Gibsons, which comprise the Statement of Financial Position as at December 31, 2014, and the Statements of Operations, Changes in Net Debt and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Gibsons as at December 31, 2014 and the results of its operations, changes in net debt and cash flows for the year ended in accordance with Canadian public sector accounting standards.

Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Exhibits A through K is presented for purposes of additional analysis and is prepared without audit.

Chartered Accountants

Vancouver, British Columbia


April 21, 2015

Town of Gibsons
Statement of Financial Position

December 31	2014	2013
		(Restated - Note 2)
Assets		
Financial Assets		
Cash	\$ 34,876	\$ 233,972
Taxes receivable	348,627	392,356
Accounts receivable	593,576	539,385
Portfolio investments (Note 3)	4,627,291	4,482,391
	5,604,370	5,648,104
Liabilities		
Accounts payable and accrued liabilities	801,729	1,026,811
Unearned revenue (Note 4)	224,535	170,822
Interim financing (Note 5) (Schedule 1)	-	625,000
Long-term debt (Note 5) (Schedule 1)	7,465,791	7,213,350
Obligation under capital lease (Note 5)	60,856	82,853
Development cost charges	1,644,366	1,335,017
	10,197,277	10,453,853
Net Debt	(4,592,907)	(4,805,749)
Non-Financial Assets		
Tangible capital assets (Note 9)	47,029,136	47,639,695
Prepaid expenses	8,202	5,720
	47,037,338	47,645,415
Accumulated Surplus (Note 8)	\$ 42,444,431	\$ 42,839,666



Director of Finance



Mayor

Town of Gibsons
Statement of Operations

For the year ended December 31	Fiscal Plan 2014	2014	2013
	(Note 13)		
Revenue (Schedules 3 and 4)			
Taxation (Note 10)	\$ 3,811,373	\$ 3,816,636	\$ 3,564,372
Utility user rates and connection fees	1,189,768	1,176,952	1,083,796
Government transfers (Schedule 2)	633,424	790,791	626,829
Other contributions (Schedule 2)	159,502	54,322	40,296
Sale of services	149,634	230,380	133,594
Other revenue	1,278,861	1,170,972	1,483,380
Contributions from developers for capital works	24,651	149,384	214,871
	<u>7,247,213</u>	<u>7,389,437</u>	<u>7,147,138</u>
Expenses (Schedules 3 and 4)			
General departmental expenditures	4,712,503	5,040,827	4,678,838
Water system	944,086	1,191,841	1,066,880
Sewer system	857,167	910,784	848,673
Motor vehicle license agency	250,553	256,583	250,528
Reserve - Municipal Finance Authority	4,457	3,424	5,238
Interest on long-term debt	375,634	364,258	337,492
Bank charges and debt issue costs	5,100	5,523	5,495
Disposal of tangible capital assets	-	11,432	134,796
	<u>7,149,500</u>	<u>7,784,672</u>	<u>7,327,940</u>
Annual Surplus (Deficit)	97,713	(395,235)	(180,802)
Accumulated Surplus, beginning of year	42,839,666	42,839,666	43,020,468
Accumulated Surplus, end of year	\$42,937,379	\$42,444,431	\$ 42,839,666

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

Town of Gibsons
Statement of Changes in Net Debt

<u>For the year ended December 31</u>	<u>Fiscal Plan</u> <u>2014</u>	<u>2014</u>	<u>2013</u>
	(Note 13)		
Annual surplus	\$ 97,713	\$ (395,235)	\$ (180,802)
Acquisition of tangible capital assets	(1,594,000)	(643,748)	(1,633,265)
Amortization of tangible capital assets	1,237,228	1,242,875	1,237,228
Disposal of tangible capital assets	-	11,432	134,797
	<u>(356,772)</u>	<u>610,559</u>	<u>(261,240)</u>
Acquisition of prepaid expenses	-	(2,482)	1,810
Change in net debt for the year	(259,059)	212,842	(440,232)
Net debt, beginning of year	<u>(4,805,749)</u>	<u>(4,805,749)</u>	<u>(4,365,517)</u>
Net debt, end of year	\$ (5,064,808)	\$ (4,592,907)	\$ (4,805,749)

Town of Gibsons
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ (395,235)	\$ (180,802)
Items not involving cash		
Development cost charges recognized	(24,667)	(117,545)
Contributed tangible capital assets	(124,717)	(97,326)
Disposal of tangible capital assets	11,432	134,797
Amortization	1,242,875	1,237,228
	<u>709,688</u>	<u>976,352</u>
Changes in non-cash operating balances		
Accounts and taxes receivable	(10,462)	1,156,057
Accounts payable and accrued liabilities	(225,082)	(568,852)
Prepaid expenses	(2,482)	1,810
Unearned revenue	53,713	65,368
	<u>525,375</u>	<u>1,630,735</u>
Capital transaction		
Acquisition of tangible capital assets	<u>(519,031)</u>	<u>(1,535,939)</u>
Investing transactions		
Change in portfolio investments, net	<u>(144,900)</u>	<u>(626,619)</u>
Financing transactions		
Issuance of long-term debt	95,000	277,000
Development cost charges and contributions	284,428	40,388
Interest on development cost charges	49,588	23,941
Issuance of interim debt	-	625,000
Repayment of debt	(467,559)	(403,158)
Capital lease payments	(21,997)	(36,696)
	<u>(60,540)</u>	<u>526,475</u>
Decrease in cash during the year	(199,096)	(5,348)
Cash, beginning of year	<u>233,972</u>	<u>239,320</u>
Cash, end of year	<u>\$ 34,876</u>	<u>\$ 233,972</u>

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

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

The Town of Gibsons (the "Town") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and Community Charter. The Town provides municipal services such as public works, planning, parks, garbage collection and other general government services.

These financial statements are prepared by management in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

1. Significant Accounting Policies

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Contributed tangible capital assets are recorded at fair value at the time of the contribution.

Estimate useful lives of tangible capital assets are as follows:

Buildings	50 to 60 years
Equipment and Furniture	5 to 25 years
Vehicles	10 to 15 years
Roads	15 to 80 years
Drainage	30 to 80 years
Other Tangible Capital Assets	15 to 40 years
Sewer Infrastructure	3 to 80 years
Water Infrastructure	10 to 80 years
Work in Progress	Not amortized until put into use

The Town is fortunate to have many natural assets that reduce the need for engineered infrastructure that would otherwise be required. This includes the Gibsons aquifer (water storage and filtration), creeks, ditches and wetlands (rain water management) and the foreshore area (natural seawall). Canadian public sector accounting standards do not allow for the valuation and recording of such assets into the financial statements of the Town. As such, these natural assets are not reported in these financial statements. Nevertheless, the Town acknowledges the importance of these assets and the need to manage them in conjunction with engineered infrastructure.

December 31, 2014

1. Significant Accounting Policies (Continued)

(b) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded.

Sales of service and other revenue is recognized on an accrual basis.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Receipts which are restricted by legislation of senior governments or by agreement with external parties are reported as contributions from developers and others for capital at the time they are received. When the qualifying expenditures are incurred the related contributions from developers and others for capital are brought into revenue.

(c) Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(d) Cash

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

(e) Portfolio Investments

Portfolio investments represent pooled investment funds and are recorded at market values which approximate cost.

(f) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Town and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

1. Significant Accounting Policies (Continued)

(g) Collection of Taxes on Behalf of Other Taxation Authorities

The Town collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

(h) Unearned Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Revenues from the sale of business licenses, dog tags and rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas requiring the greatest degree of estimation include useful lives of tangible capital assets and collectability of receivables.

2. Prior Period Adjustment

During 2014, the Town discovered additional land that was registered to it in prior years and as a result, the inventory of tangible capital assets and the financial statements have been retroactively adjusted. The impact of this change was to increase tangible capital assets (land) and accumulated surplus by \$362,602.

The effect of the adjustment above is as follows:

	2013	2013
	(restated)	(prev reported)
Tangible capital assets	\$ 47,639,695	\$ 47,277,093
Accumulated surplus	\$ 42,839,666	\$ 42,477,064

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

3. Portfolio Investments

	2014	2013
Bond and Money Market Funds		
- Municipal Finance Authority	\$ 4,627,291	\$ 4,482,391

Bond and money market funds include bank issued notes, bonds and Provincial bonds and debentures. The bond fund yielded an annualized interest rate of 3.80% (2013 - 1.70%) and its investments have maturities ranging from 2015 to 2022. The money market fund yielded an annualized interest rate of 1.09% (2013 - 1.10%) and its investments are redeemable at any time.

4. Unearned Revenue

	2014	2013
Deferred government transfers	\$ -	\$ 71,845
Other	224,535	98,977
	\$ 224,535	\$ 170,822

Unearned revenue represents funds for licenses, fees, other revenues and grants that have been collected but for which services or projects have not yet been performed or completed. These amounts will be recognized as revenue in the fiscal year the services are performed or the project completed.

Included in unearned revenue in prior year are amounts relating to the Community Works gas tax funding. Funds may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements. A new agreement was entered into in 2014 which reduced restrictions on the funds with result that the Town now records as revenue when the funds are allocated to it.

5. Debt

(a) Future principal requirements on existing long-term debt:

2015	\$ 508,458
2016	526,843
2017	546,344
2018	500,942
2019	487,540
2020 and onwards	4,895,664
	\$ 7,465,791

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

5. Debt (Continued)

(b) Obligation under capital lease for vehicles:

The future minimum lease payments due under capital lease are as follows:

2015	\$ 23,453
2016	23,453
2017	<u>23,453</u>
Total future minimum lease payments	70,359
Less imputed interest at 2%	<u>(9,503)</u>
Present value of minimum lease payments	<u>\$ 60,856</u>

6. Commitments

(a) Integration of Regional District and Town Water Supply

The Town has entered into a Water Supply Agreement with the Sunshine Coast Regional District to ensure adequate water supply to the residents of the Town. The Town and the Regional District have, in the past, collaborated on several projects.

(b) Residential Garbage Services

The Town entered into an agreement for residential garbage pickup and disposal at an approximate annual cost of \$165,000. The two-year agreement commenced March 1, 2014 and expires Feb 29, 2016.

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

7. Pension Plan

The Town and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly-trusted pension plan. The board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 Million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the results that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Town paid \$217,364 (2013 - \$197,975) for employer contributions while employee contributions totaled \$181,041 (2013 - \$169,909) to the plan in fiscal 2014.

8. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	<u>2014</u>	<u>2013</u>
Current Fund ¹	\$ 2,180,164	\$ 2,136,826
Reserve Fund	761,780	677,954
Investment in tangible capital assets	39,502,487	40,024,886
	<u>\$42,444,431</u>	<u>\$ 42,839,666</u>

¹Included in the total are funds held in trust from the Estate of Muriel Haynes of \$187,523 (2013 - \$181,797). The Town, as trustee, hold these funds to be spent on capital improvements at the Gibsons Pool for the general benefit of the community of Gibsons as a whole.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

The investment in tangible capital assets represents amounts already spent and invested in infrastructure.

Town of Gibsons
Notes to the Financial Statements

December 31

9. Tangible Capital Assets

	Equipment and				Other				Work in Progress	2014 Total	2013 Total		
	Land	Buildings	Furniture	Vehicles	Roads	Drainage	Geoexchange	Capital Assets				Sewer Infrastructure	Water Infrastructure
Cost, beginning of year	\$ 8,137,217	\$ 9,541,893	\$ 413,959	\$ 1,214,949	\$ 13,686,697	\$ 5,520,546	\$ 1,095,984	\$ 2,359,136	\$ 10,843,589	\$ 12,197,080	\$ 237,897	\$ 65,248,947	\$ 64,089,384
Additions	69,824	43,098	23,604	-	-	-	-	104,019	142,826	179,530	80,847	643,748	1,633,265
Disposals	(15,451)	-	(28,818)	-	-	-	-	(5,917)	-	(2,315)	-	(52,501)	(473,702)
Transfers	-	-	-	-	53,008	-	-	22,361	94,325	31,263	(200,957)	-	-
Cost, end of year	8,137,217	9,596,266	457,057	1,209,735	13,686,697	5,573,554	1,095,984	2,479,599	11,080,740	12,405,558	117,787	65,840,194	65,248,947
Accumulated amortization, beginning of year	-	2,896,108	328,622	566,735	5,699,015	1,236,403	58,293	963,254	3,298,980	2,561,842	-	17,609,252	16,710,929
Amortization	-	218,946	48,637	99,618	264,844	72,212	21,568	76,224	182,046	258,760	-	1,242,875	1,237,228
Disposals	-	(10,507)	-	(27,318)	-	-	-	(2,810)	-	(434)	-	(41,069)	(338,905)
Accumulated amortization, end of year	-	3,104,547	377,279	639,035	5,963,859	1,308,615	79,861	1,036,668	3,481,026	2,820,168	-	18,811,058	17,609,252
Net carrying amount, end of year	\$ 8,137,217	\$ 6,491,719	\$ 79,778	\$ 570,700	\$ 7,722,838	\$ 4,264,939	\$ 1,016,123	\$ 1,442,931	\$ 7,599,714	\$ 9,585,390	\$ 117,787	\$ 47,029,136	\$ 47,639,695

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

10. Taxation

	Fiscal Plan 2014	2014	2013
General municipal purposes	\$ 2,788,350	\$ 2,791,353	\$ 2,600,203
Specified area requisitions	41,693	41,716	41,714
Collections for other governments			
Province of British Columbia - School	-	2,353,024	2,332,689
Regional Hospital District	-	211,902	206,249
Municipal Finance Authority	-	215	214
British Columbia Assessment Authority	-	70,443	70,220
Regional District	-	2,054,553	1,871,547
Police Tax	-	294,274	285,571
	<u>2,830,043</u>	<u>7,817,480</u>	<u>7,408,407</u>
Transfers to other governments			
Province of British Columbia - School	-	(2,353,020)	(2,332,689)
Regional Hospital District	-	(211,931)	(206,249)
Municipal Finance Authority	-	(215)	(214)
British Columbia Assessment Authority	-	(70,443)	(70,219)
Regional District	-	(2,054,580)	(1,871,628)
Police Tax	-	(294,279)	(285,571)
	-	<u>(4,984,468)</u>	<u>(4,766,570)</u>
Total general municipal taxes	<u>2,830,043</u>	<u>2,833,012</u>	<u>2,641,837</u>
Frontage, local improvement and parcel taxes			
Water system	416,091	417,050	406,320
Sewer system	565,239	566,574	516,215
	<u>981,330</u>	<u>983,624</u>	<u>922,535</u>
	<u>\$ 3,811,373</u>	<u>\$ 3,816,636</u>	<u>\$ 3,564,372</u>

**Town of Gibsons
Notes to the Financial Statements**

December 31, 2014

11. Gibsons Landing Harbour Authority

The Gibsons Landing Harbour Authority (the "GLHA") is an independently operated organization of which the Town of Gibsons is the sole member. The Town controls the board appointments of the GLHA. However, its bylaws require that upon dissolution or wind-up, its net assets will revert to the Department of Fisheries - Government of Canada. As such, the GLHA is not accounted for on a consolidated or equity basis and the transactions and balances of the Harbour Authority are not disclosed elsewhere in these financial statements.

The following summarizes the transactions and balances of the Gibsons Landing Harbour Authority as of its latest fiscal year ended March 31, 2014 as presented in their annual unaudited financial statements:

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$ 62,029	\$ 188,438
Other assets	30,562	367,713
Work in progress	-	1,311,667
Property and equipment	<u>1,711,280</u>	<u>505,567</u>
	\$ 1,803,871	\$ 2,373,385
Liabilities	\$ 47,726	\$ 566,039
Deferred capital contributions	1,266,151	1,355,263
Net assets	<u>489,994</u>	<u>452,083</u>
	\$ 1,803,871	\$ 2,373,385
Revenues for the year		
Moorage	\$ 205,046	\$ 197,150
Other revenues	238,120	113,956
Project revenue	<u>51,364</u>	<u>1,105,163</u>
	<u>494,530</u>	<u>1,416,269</u>
Expenses for the year		
Wages	137,600	139,222
Other expenses	267,655	190,547
Project expenses	<u>51,364</u>	<u>1,105,163</u>
	<u>456,619</u>	<u>1,434,932</u>
Excess (deficiency) of revenues over expenses for the year	\$ 37,911	\$ (18,663)

**Town of Gibsons
Notes to the Financial Statements**

December 31, 2014

12. Contingent Liabilities

- (a) As a member of the Sunshine Coast Regional District, the Town is responsible for its portion of any operating deficit or long-term debt related to functions in which it participates.
 - (b) The Sunshine Coast Regional District has requested and has been provided with demand notes drawn in its favour totaling \$270,521 (2013 - \$253,751) to provide for additional funds, should the need arise, to service its debt in which the Town shares.
 - (c) The Town is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Town, along with the other participants, would be required to contribute towards the deficit.
-

13. Fiscal Plan

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 6, 2014 with estimates for amortization of tangible capital assets.

The Financial Plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. In addition, the Financial Plan anticipated capital expenditures rather than amortization expense.

The following shows how these amounts were combined:

	<u>2014</u>	<u>2013</u>
Financial Plan Bylaw surplus for the year	\$ -	\$ -
Addback:		
Capital expenditures	1,594,000	2,355,800
Less:		
Budgeted transfers from accumulated surplus	(177,059)	80,664
Proceeds from borrowing	(82,000)	(945,000)
Amortization	(1,237,228)	(1,077,480)
Adjusted Annual Surplus	<u>\$ 97,713</u>	<u>\$ 413,984</u>

December 31, 2014

14. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as roads, water, sewer and drainage infrastructure, garbage collection and parks. The Town also contributes to the costs of fire protection and transit which are under the jurisdiction of the Sunshine Coast Regional District. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Corporate Services

The Corporate Services Department is the communications link between Council and other Municipal Departments and the general public, providing assistance and advice to citizens with respect to Council/Committee processes, reporting procedures and decisions.

Finance

The Finance Department is responsible for the overall financial and risk management of the Town. A segment of this department is the ICBC Autoplan and Driver Licensing Agency.

ICBC Autoplan and Driver Licensing Agency

This department provides ICBC Autoplan and Driver Licensing services. Autoplan services consist of vehicle registration and insurance renewals and Driver Licensing services include driver licence renewals, road tests and the processing of motor vehicle fines.

Parks and Cultural Services

The Parks and Cultural Services Department contributes to the quality of life and personal wellness of the community through the provision of a variety of special events, programs, services and facilities.

Planning

This department provides short-term and long-term planning services.

- Short-Term Planning includes the processing of subdivision and development applications.
- Long-Term Planning includes work with the community on reviewing the Town's Official Community Plan, developing new Neighbourhood Plans, the Trail and Bicycle Plan and the review of relevant bylaws.

Town of Gibsons
Notes to the Financial Statements

December 31, 2014

14. Segmented Information (Continued)

Protective Services

Protection is comprised of bylaw enforcement and building inspection.

- Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor & Council to regulate the conduct of affairs in the Town of Gibsons.
- The Town of Gibsons Building Department maintains the quality of life for Gibsons' citizens by regulating all construction within the Town. This is achieved through the use of the Town of Gibsons Building and Plumbing Bylaw, the British Columbia Building Code, the British Columbia Fire Code and other related bylaws and enactments within the Town of Gibsons.

Public Works

Public works is responsible for the essential services of the Town:

- ensuring clean and safe water to our Town, supplied through underground pipes, wells and reservoirs;
- maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it;
- providing and maintaining the Town's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants; and
- providing other key services including street cleaning and the coordination of residential garbage collection services.

15. Expenditures by Function

	Operations	Capital Acquisitions	2014 Total	2013 Total
Goods and services	\$ 3,179,399	\$ 530,009	\$ 3,709,408	\$ 4,223,074
Labour	2,977,761	-	2,977,761	2,920,556
Contributed tangible capital assets	-	113,739	113,739	97,326
Interest, issue and other	373,205	-	373,205	348,225
Disposal of capital assets	11,432	-	11,432	134,796
Total expenditures	6,541,797	643,748	7,185,545	7,723,977
Amortization expense	1,242,875	-	1,242,875	1,237,228
Total expenditures and expenses	\$ 7,784,672	\$ 643,748	\$ 8,428,420	\$ 8,961,205

Town of Gibsons
Schedule 1 - Long-Term Debt

For the year ended December 31

Loan Authorization Bylaw	Purpose	Year of Maturity	Rate	Balance Outstanding	
				2014	2013
General					
881	Local improvement	2018	5.550%	\$ 121,213	\$ 147,996
890	Downtown revitalization	2019	3.150%	380,750	447,301
1057	Road improvement	2022	2.900%	385,990	426,270
1057	Road improvement	2017	*	195,350	260,350
1093	Road improvements	2029	4.130%	69,537	72,877
1105	Capital improvements	2020	4.500%	190,016	217,561
1126	RCMP Building	2031	3.560%	2,058,894	2,142,434
				<u>3,401,750</u>	<u>3,714,789</u>
Water					
1093	Cross connection control and water meter	2029	4.130%	708,485	742,506
1057	Water mains	2022	2.900%	257,327	284,180
1134	Zone 2 Reservoir	2032	2.900%	925,532	960,233
686	Water mains	2034	3.300%	720,000	-
				<u>2,611,344</u>	<u>1,986,919</u>
Sewer					
576	Waste Water Treatment Plant upgrade	2031	4.850%	1,452,697	1,511,642
Water					
1187	Interim financing		*	-	625,000
				<u>\$ 7,465,791</u>	<u>\$ 7,838,350</u>

* This financing bears interest at the 30-day Banker's Acceptance rate, is calculated daily and is payable monthly

Town of Gibsons
Schedule 2 - Government Transfers and Contributions

For the year ended December 31	Fiscal Plan 2014	2014	2013
Government Transfers			
Federal Government			
In lieu of taxes - general	\$ 3,355	\$ 9,906	\$ 6,937
In lieu of taxes - water	1,710	570	1,677
In lieu of taxes - sewer	2,403	801	2,205
	<u>7,468</u>	<u>11,277</u>	<u>10,819</u>
Provincial Government			
General fund			
Small Communities	312,740	310,793	312,740
Planning	24,030	4,000	5,925
Street lighting	1,340	1,607	955
Other	-	25,014	4,375
Water fund			
Community Works	287,846	303,711	146,660
Towns for tomorrow	-	-	11,344
	<u>625,956</u>	<u>645,125</u>	<u>481,999</u>
Local Government			
General fund			
Other	-	134,389	134,011
	<u>\$ 633,424</u>	<u>\$ 790,791</u>	<u>\$ 626,829</u>
Other contributions			
General fund			
Other	\$ 123,000	\$ 28,000	\$ -
Water fund			
Other	36,502	26,322	40,296
	<u>\$ 159,502</u>	<u>\$ 54,322</u>	<u>\$ 40,296</u>

Town of Gibsons
Schedule 3 - Statement of Operations by Segment

For the year ended December 31, 2014

	General Government Services	ICBC Autoplan Agency	Protective Services	Planning and Economic Development Services	Public Works	Park Services	Unallocated	Water Utility	Sewer Utility	Total 2014 Actual	Total 2014 Fiscal Plan
Revenues											(Note 13)
General taxes	\$ -	\$ -	\$ -	\$ -	\$ 297,197	\$ -	\$ 2,535,815	\$ 417,050	\$ 566,574	\$ 3,816,636	\$ 3,811,373
Government transfers	13,404	-	-	4,000	110,092	37,514	320,699	304,281	801	790,791	633,424
Other contributions	28,000	-	-	-	-	-	-	26,322	-	54,322	159,502
Contributions from developers for capital works	-	-	-	-	112,084	-	-	37,300	-	149,384	24,651
Utility charges	-	-	-	-	-	-	-	675,853	501,099	1,176,952	1,189,768
Sale of services	5,644	-	-	-	224,736	-	-	-	-	230,380	149,634
Other revenue	312,425	282,869	209,991	-	-	-	354,759	5,537	5,391	1,170,972	1,278,861
Total revenues	359,473	282,869	209,991	4,000	744,109	37,514	3,211,273	1,466,343	1,073,865	7,389,437	7,247,213
Expenses											
Operating											
Goods and services	965,012	6,353	22,936	258,838	675,711	191,924	-	658,054	400,571	3,179,399	2,525,354
Labour	748,129	250,230	155,111	173,643	652,094	439,414	-	272,406	286,734	2,977,761	3,001,727
Interest, issue and other	175,501	-	-	-	-	-	-	106,510	91,194	373,205	385,191
Disposal of tangible capital assets	-	-	-	-	-	-	9,551	1,881	-	11,432	-
Amortization	1,888,642	256,583	178,047	432,481	1,327,805	631,338	9,551	1,038,851	778,499	6,541,797	5,912,272
Total expenses	2,646,657	256,583	178,047	432,481	1,327,805	631,338	9,551	1,300,232	1,001,978	7,784,672	7,149,500
Excess (deficiency) in revenues over expenses	\$(2,287,184)	\$ 26,286	\$ 31,944	\$ (428,481)	\$ (583,696)	\$ (593,824)	\$ 3,201,722	\$ 166,111	\$ 71,887	\$ (395,235)	\$ 97,713

Town of Gibsons
Schedule 4 - Statement of Operations by Segment

For the year ended December 31, 2013

	General Government Services	ICBC Autoplan Agency	Protective Services	Planning and Economic Development Services	Public Works	Park Services	Unallocated	Water Utility	Sewer Utility	Total 2013 Actual	Total 2013 Fiscal Plan
Revenues											(Note 13)
General taxes	\$ -	\$ -	\$ -	\$ -	\$ 247,789	\$ -	\$ 2,394,048	\$ 406,320	\$ 516,215	\$ 3,564,372	\$ 3,540,994
Government transfers	-	-	-	5,925	104,921	34,420	319,677	159,681	2,205	626,829	735,514
Other contributions	-	-	-	-	-	-	-	40,296	-	40,296	4,000
Contributions from developers for capital works	-	-	-	-	-	-	214,871	-	-	214,871	210,685
Utility charges	-	-	-	-	-	-	-	616,022	467,774	1,083,796	1,083,214
Sale of services	5,478	-	-	-	128,116	-	-	-	-	133,594	126,754
Other revenue	439,721	291,204	242,334	-	-	-	481,555	1,108	27,458	1,483,380	1,147,265
Total revenues	445,199	291,204	242,334	5,925	480,826	34,420	3,410,151	1,223,427	1,013,652	7,147,138	6,848,426
Expenses											
Operating											
Goods and services	722,378	6,084	21,055	177,776	587,010	256,502	-	567,206	349,124	2,687,135	2,220,589
Labour	727,523	244,444	160,130	173,218	638,208	449,971	-	250,102	276,960	2,920,556	2,806,331
Interest, issue and other	181,917	-	-	-	-	-	-	74,678	91,630	348,225	330,042
Disposal of tangible capital assets	-	-	-	-	-	-	6,560	128,136	-	134,796	-
Amortization	1,631,818	250,528	181,185	350,994	1,225,218	706,473	6,660	1,020,122	717,714	6,090,712	5,356,962
	765,067	-	-	-	-	-	-	249,572	222,589	1,237,228	1,077,480
Total expenses	2,396,885	250,528	181,185	350,994	1,225,218	706,473	6,660	1,269,694	940,303	7,327,940	6,434,442
Excess (deficiency) in revenues over expenses	\$ (1,951,686)	\$ 40,676	\$ 61,149	\$ (345,069)	\$ (744,392)	\$ (672,053)	\$ 3,403,491	\$ (46,267)	\$ 73,349	\$ (180,802)	\$ 413,984

Town of Gibsons
Supplementary Financial Information - Exhibit A
General Fund - Statement of Financial Position
(Unaudited)

December 31	2014	2013
Assets		
Current		
Cash	\$ 34,876	\$ 233,972
Portfolio investments	2,221,145	2,469,420
Accounts receivable		
Province of British Columbia	11,090	1,080
Other	201,130	198,521
Due from water operating fund	25,224	-
Taxes receivable	348,627	392,356
Utility fees receivable	203,151	153,872
Prepaid expenses	8,202	5,720
Deposit - Municipal Finance Authority	65,816	63,962
	<u>3,119,261</u>	<u>3,518,903</u>
Capital fund		
Due from general operating fund	52	52
Tangible capital assets	27,745,132	28,296,372
	<u>27,745,184</u>	<u>28,296,424</u>
	<u>\$ 30,864,445</u>	<u>\$ 31,815,327</u>
Liabilities		
Operating fund		
Accounts payable and accrued liabilities	\$ 761,252	\$ 991,842
Due to water capital fund	354,005	287,579
Due to water operating fund	-	89,132
Due to sewer operating fund	537,878	696,523
Due to general capital fund	52	52
Unearned revenue	224,535	98,977
Provision for future expenditures	826,853	658,319
Reserve - Municipal Finance Authority	65,816	63,962
Fund balance	348,870	632,517
	<u>3,119,261</u>	<u>3,518,903</u>
Capital fund		
Long-term debt	3,401,750	3,714,789
Obligation under lease payable	60,856	82,853
Investment in tangible capital assets	24,282,578	24,498,782
	<u>27,745,184</u>	<u>28,296,424</u>
	<u>\$ 30,864,445</u>	<u>\$ 31,815,327</u>

Town of Gibsons
Supplementary Financial Information - Exhibit B
General Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

For the year ended December 31	2014	2013
Operating fund balance		
Balance, beginning of year	\$ 632,517	\$ 667,996
Deficit for the year	<u>(283,647)</u>	<u>(35,479)</u>
Balance, end of year	\$ 348,870	\$ 632,517
Investment in Tangible Capital Assets		
Balance, beginning of year	\$ 24,498,782	\$ 24,303,675
Contributions from operating fund for:		
Acquisition of tangible capital assets	24,261	443,170
Lease payments	21,997	36,696
Reduction of long-term debt	257,890	209,540
Acquisition of tangible capital assets from provision for future expenditures	56,376	41,315
Contribution from reserve fund for:		
Acquisition of tangible capital assets	48,271	93,745
Contributed tangible capital assets	87,417	97,326
Contribution from Municipal Finance Authority		
Sinking fund for debt reduction	55,150	45,042
Disposition of tangible capital assets	(9,551)	(6,660)
Amortization	<u>(758,015)</u>	<u>(765,067)</u>
Balance, end of year	\$ 24,282,578	\$ 24,498,782

Town of Gibsons
Supplementary Financial Information - Exhibit C
General Fund - Operating Fund Financial Activities
(Unaudited)

For the year ended December 31	2014	2013
Revenue		
Taxation	\$ 2,833,012	\$ 2,641,837
Government transfers and other contributions	513,709	464,943
Sale of services		
General government services	250,644	250,478
Transportation services	301,861	239,619
Capital equipment recoveries	85,075	48,497
Other revenue		
Licences, permits and fines	209,991	242,334
Rents	256,796	409,711
ICBC Autoplan and Driver Licensing Commissions	282,869	291,204
Interest on investments	46,470	34,814
Penalties and interest on taxes	76,281	91,722
Donations	168,080	284,611
Sundry	21,594	28,574
Appropriation from provision for future expenditures	55,613	98,927
Contribution from developers	-	23,800
	<u>5,101,995</u>	<u>5,151,071</u>
Expenditures		
General departmental expenditures		
General government	1,713,141	1,449,901
Protective services	178,047	181,185
Transportation services	891,298	828,779
Environmental services	436,507	396,439
Planning and economic development services	432,481	350,994
Park services	631,338	706,473
Motor vehicle licence agency	256,583	250,528
Debt charges		
Interest	168,124	173,449
Sundry	5,523	5,495
Transfers		
Reserve fund	86,075	11,775
Provision for future expenditures	280,523	139,153
Reserve - Municipal Finance Authority	1,854	2,973
Capital fund	24,261	443,170
Debt principal	279,887	246,236
	<u>5,385,642</u>	<u>5,186,550</u>
Deficit for the year	\$ (283,647)	\$ (35,479)

Town of Gibsons
 Supplementary Financial Information - Exhibit D
 Water Fund - Statement of Financial Position
 (Unaudited)

December 31	2014	2013
Assets		
Operating fund		
Accounts receivable		
User fees receivable	\$ 87,802	\$ 85,793
Due from general operating fund	-	89,132
Deposit - Municipal Finance Authority	31,895	23,846
	119,697	198,771
Capital fund		
Accounts receivable	-	18,758
Due from general operating fund	354,005	287,579
Tangible capital assets	9,753,812	9,772,627
	10,107,817	10,078,964
	\$ 10,227,514	\$ 10,277,735

Liabilities

Operating fund		
Accounts payable	\$ 22,387	\$ 16,880
Reserve - Municipal Finance Authority	31,895	23,846
Due to general operating fund	25,224	-
Unearned revenue	-	71,845
Provision for future expenditures	239,146	31,425
Fund balance	(198,955)	54,775
	119,697	198,771
Capital fund		
Interim financing	-	625,000
Long-term debt	2,611,344	1,986,919
Investment in tangible capital assets	7,496,473	7,467,045
	10,107,817	10,078,964
	\$ 10,227,514	\$ 10,277,735

Town of Gibsons
Supplementary Financial Information - Exhibit E
Water Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

For the year ended December 31	2014	2013
Operating fund balance		
Balance, beginning of year	\$ 54,775	\$ 124,749
Deficit for the year	<u>(253,730)</u>	<u>(69,974)</u>
Balance, end of year	\$ (198,955)	\$ 54,775
Investment in Tangible Capital Assets		
Balance, beginning of year	\$ 7,467,045	\$ 7,585,898
Contributions from operating fund for:		
Acquisition of property and equipment	126,242	-
Reduction of debt	88,269	88,269
Contribution from Municipal Finance Authority for:		
Sinking fund for debt reduction	7,307	3,630
Disposition of tangible capital assets	(1,881)	(128,136)
Amortization	(261,381)	(249,572)
Contributions from others	26,322	-
Contributed tangible capital assets	37,300	-
Provincial grants	<u>7,250</u>	<u>166,956</u>
Balance, end of year	\$ 7,496,473	\$ 7,467,045

Town of Gibsons
 Supplementary Financial Information - Exhibit F
 Water Fund - Operating Fund Financial Activities
 (Unaudited)

For the year ended December 31	2014	2013
Revenue		
User rates	\$ 568,449	\$ 505,215
Parcel tax	417,050	406,320
Connection fees and recoveries	107,404	110,807
Government transfers and other contributions	297,031	33,021
Miscellaneous	5,537	1,108
Appropriation from provision for future expenditures	31,425	34,705
Contribution from capital fund	-	9,105
	<u>1,426,896</u>	<u>1,100,281</u>
Expenditures		
Water supply		
Administration	245,182	286,749
Service of supply	460,276	340,968
Transmission, distribution and pumping	415,001	379,591
Debt charges		
Interest	105,661	73,570
Transfers		
Capital fund	126,242	-
Provision for future expenditures	239,146	-
Debt principal	88,269	88,269
Reserve - Municipal Finance Authority	849	1,108
	<u>1,680,626</u>	<u>1,170,255</u>
Deficit for the year	<u>\$ (253,730)</u>	<u>\$ (69,974)</u>

Town of Gibsons
 Supplementary Financial Information - Exhibit G
 Sewer Fund - Statement of Financial Position
 (Unaudited)

December 31	2014	2013
Assets		
Operating fund		
Accounts receivable - user fees	\$ 90,403	\$ 81,361
Deposit - Municipal Finance Authority	25,595	24,874
Due from general operating fund	<u>537,878</u>	<u>696,523</u>
	<u>653,876</u>	<u>802,758</u>
Capital fund		
Tangible capital assets	<u>9,530,197</u>	<u>9,570,701</u>
	<u>\$ 10,184,073</u>	<u>\$ 10,373,459</u>
Liabilities		
Operating fund		
Accounts payable	\$ 18,094	\$ 18,094
Reserve - Municipal Finance Authority	25,595	24,874
Provision for future expenditures	25,000	136,826
Fund balance	<u>585,187</u>	<u>622,964</u>
	<u>653,876</u>	<u>802,758</u>
Capital fund		
Long-term debt	1,452,697	1,511,642
Investment in tangible capital assets	<u>8,077,500</u>	<u>8,059,059</u>
	<u>9,530,197</u>	<u>9,570,701</u>
	<u>\$ 10,184,073</u>	<u>\$ 10,373,459</u>

Town of Gibsons
Supplementary Financial Information - Exhibit H
Sewer Fund - Operating Fund Balance
and Investment in Tangible Capital Assets
(Unaudited)

For the year ended December 31	2014	2013
Operating fund balance		
Balance, beginning of year	\$ 622,964	\$ 666,347
Deficit for the year	<u>(37,777)</u>	<u>(43,383)</u>
Balance, end of year	\$ 585,187	\$ 622,964
 Investment in Tangible Capital Assets		
Balance, beginning of year	\$ 8,059,059	\$ 8,144,218
Contributions from operating fund for:		
Acquisition of tangible capital assets	46,150	79,528
Reduction of long-term debt	44,793	44,793
Provision for future expenditures	136,826	1,225
Amortization	<u>(223,479)</u>	<u>(222,589)</u>
Contributions from Municipal Finance Authority for:		
Sinking fund for debt reduction	<u>14,151</u>	<u>11,884</u>
Balance, end of year	\$ 8,077,500	\$ 8,059,059

Town of Gibsons
Supplementary Financial Information - Exhibit I
Sewer Fund - Operating Fund Financial Activities
(Unaudited)

For the year ended December 31	2014	2013
Revenue		
User rates	\$ 500,449	\$ 465,714
Parcel tax	566,574	516,215
Connection fees and recoveries	650	2,060
Government transfers and other contributions	801	2,205
Miscellaneous	5,391	27,458
	<u>1,073,865</u>	<u>1,013,652</u>
Expenditures		
Administration	244,461	246,069
Maintenance		
Collection system	250,127	221,705
Treatment system	409,917	373,310
Debt charges		
Interest	90,473	90,473
Transfers		
Reserve - Municipal Finance Authority	721	1,157
Provision for future expenditures	25,000	-
Capital fund	46,150	79,528
Debt principal	44,793	44,793
	<u>1,111,642</u>	<u>1,057,035</u>
Deficit for the year	\$ (37,777)	\$ (43,383)

Town of Gibsons
Supplementary Financial Information - Exhibit J
Reserve Fund - Statement of Financial Position
(Unaudited)

December 31	2014	2013
Assets		
Cash and short-term deposits	\$ 2,406,146	\$ 2,012,971
Liabilities and Fund Balances		
Development cost charges		
Roads	\$ 386,071	\$ 260,598
Drainage	724,128	657,205
Water	97,281	41,540
Sewer	436,886	375,674
	1,644,366	1,335,017
Fund balances		
Capital works	310,357	240,316
Public parking	112,785	109,341
Park acquisition	338,638	328,297
	761,780	677,954
	\$ 2,406,146	\$ 2,012,971

Town of Gibsons
Supplementary Financial Information - Exhibit K
Reserve Fund - Transactions
(Unaudited)

For the year ended December 31, 2014

	Capital Works	Public Parking	Park Acquisition	Development Cost Charges			2014	2013	
				Roads	Drainage	Water			Sewer
Balance, beginning of year	\$ 240,316	\$ 109,341	\$ 328,297	\$ 260,598	\$ 657,205	\$ 41,540	\$ 375,674	\$ 2,012,971	\$ 2,052,229
Interest received	7,570	3,444	10,341	11,872	21,895	2,713	13,108	70,943	35,229
Contributions									
General operating fund	86,075	-	-	-	-	-	-	86,075	11,775
Developers	-	-	-	138,268	45,028	53,028	48,104	284,428	66,173
Expenditures	(23,604)	-	-	(24,667)	-	-	-	(48,271)	(152,435)
Balance, end of year	\$ 310,357	\$ 112,785	\$ 338,638	\$ 386,071	\$ 724,128	\$ 97,281	\$ 436,886	\$ 2,406,146	\$ 2,012,971

