

**Town of Gibsons**  
**Financial Statements**  
December 31, 2017

**Town of Gibsons**  
**Financial Statements**  
**For the Year Ended December 31, 2017**

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## Management's Responsibility for the Financial Statements

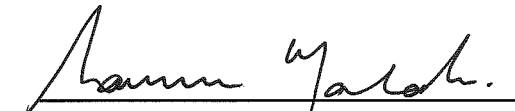
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The accompanying financial statements of The Town of Gibsons (the "Town") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board 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

May 8, 2018

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## Independent Auditor's Report

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### 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, 2017, 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, 2017 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.

*BDO Canada LLP*

Chartered Professional Accountants

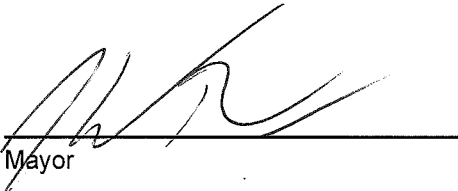
Vancouver, British Columbia

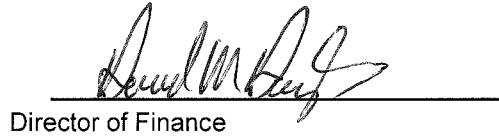
May 8, 2018

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**Town of Gibsons**  
**Statement of Financial Position**

December 31	2017	2016
<b>Assets</b>		
<b>Financial Assets</b>		
Cash	\$ 113,034	\$ 215,768
Portfolio investments (Note 2)	5,358,284	4,611,951
Taxes receivable	307,722	450,709
Accounts receivable	1,304,567	748,254
	<u>7,083,607</u>	<u>6,026,682</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,956,493	1,281,806
Deferred revenue (Note 3)	222,540	249,920
Long-term debt (Note 4) (Schedule 1)	6,434,145	6,829,773
Development cost charges (Note 5)	1,125,984	1,317,572
	<u>9,739,162</u>	<u>9,679,071</u>
<b>Net Debt</b>	<u>(2,655,555)</u>	<u>(3,652,389)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	50,514,890	49,919,918
Prepaid expenses	8,390	6,962
	<u>50,523,280</u>	<u>49,926,880</u>
<b>Accumulated Surplus (Note 6)</b>	<u>\$ 47,867,725</u>	<u>\$ 46,274,491</u>

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Director of Finance

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

**Town of Gibsons**  
**Statement of Operations**

<b>For the Year Ended December 31</b>	<b>Fiscal Plan 2017 (Note 13)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b> (Schedules 3 and 4)			
Taxation (Note 10)	\$ 4,175,942	\$ 4,139,359	\$ 4,114,675
Utility user rates and connection fees	1,681,560	1,715,044	1,533,296
Government transfers (Schedule 2)	2,017,318	1,710,018	943,006
Other contributions (Schedule 2)	202,500	-	5,748
Sales of services	414,450	559,735	403,518
Other revenue	1,206,289	1,456,290	1,366,996
Contributions from developers	626,589	493,884	2,206,231
	<b>10,324,648</b>	<b>10,074,330</b>	<b>10,573,470</b>
<b>Expenses</b> (Schedules 3 and 4)			
General departmental expenditures	5,440,620	5,641,634	5,283,981
Water system	1,099,385	1,063,323	1,099,615
Sewer system	1,049,452	1,125,929	1,083,953
Motor vehicle license agency	267,348	259,023	290,817
Debt interest and other	368,225	359,446	353,052
Disposal of tangible capital assets	-	31,741	20,416
	<b>8,225,030</b>	<b>8,481,096</b>	<b>8,131,834</b>
<b>Annual Surplus</b>	<b>2,099,618</b>	<b>1,593,234</b>	<b>2,441,636</b>
<b>Accumulated Surplus, beginning of year</b>	<b>46,274,491</b>	<b>46,274,491</b>	<b>43,832,855</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ 48,374,109</b>	<b>\$ 47,867,725</b>	<b>\$ 46,274,491</b>

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

**Town of Gibsons**  
**Statement of Changes in Net Debt**

<b>For the Year Ended December 31</b>	<b>Fiscal Plan 2017 (Note 13)</b>	<b>2017</b>	<b>2016</b>
<b>Annual Surplus</b>	<b>\$ 2,099,618</b>	<b>\$ 1,593,234</b>	<b>\$ 2,441,636</b>
Aquisition of tangible capital assets	<b>(4,597,700)</b>	<b>(2,013,524)</b>	<b>(3,464,346)</b>
Amortization of tangible capital assets	<b>1,330,080</b>	<b>1,386,811</b>	<b>1,330,080</b>
Disposal of tangible capital assets	<b>-</b>	<b>31,741</b>	<b>20,416</b>
	<b>(1,168,002)</b>	<b>(594,972)</b>	<b>(2,113,850)</b>
Net aquisition of prepaid expenses	<b>-</b>	<b>(1,428)</b>	<b>5,061</b>
<b>Change in net debt for the year</b>	<b>(1,168,002)</b>	<b>996,834</b>	<b>332,847</b>
<b>Net debt, beginning of year</b>	<b>(3,652,389)</b>	<b>(3,652,389)</b>	<b>(3,985,236)</b>
<b>Net debt, end of year</b>	<b>\$ (4,820,391)</b>	<b>\$ (2,655,555)</b>	<b>\$ (3,652,389)</b>

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

**Town of Gibsons**  
**Statement of Cash Flows**

**For the Year Ended December 31**

**2017**

**2016**

**Cash provided by (used in)**

**Operating transactions**

Annual surplus \$ 1,593,234 \$ 2,441,636

**Items not involving cash**

Development cost charges recognized (367,621) (51,350)

Contributed tangible capital assets (23,600) (2,150,881)

Disposal of tangible capital assets 31,741 20,416

Amortization 1,386,811 1,330,080

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**2,620,565** 1,589,901

**Changes in non-cash operating balances**

Accounts and taxes receivable (413,326) 27,330

Accounts payable and accrued liabilities 674,687 (100,146)

Prepaid expenses (1,428) 5,061

Deferred revenue (27,380) 23,019

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**2,853,118** 1,545,165

**Capital transaction**

Acquisition of tangible capital assets (1,989,924) (1,313,465)

**Investing transactions**

Change in portfolio investments, net (746,333) (118,756)

**Financing transactions**

Issuance of long-term debt 550,000 401,192

Development cost charges and contributions 172,535 76,137

Interest on development cost charges 3,498 19,085

Repayment of debt (945,628) (528,752)

Capital lease payments - (38,315)

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**(219,595)** (70,653)

**(Decrease) Increase in cash during year**

**(102,734)** 42,291

**Cash, beginning of year**

**215,768** 173,477

**Cash, end of year**

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**\$ 113,034** \$ 215,768

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



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

**December 31, 2017**

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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 ("PSAS") developed by the Public Sector Accounting Board 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
Geo Utility	10 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. For example, on July 19, 2016, the Town adopted a revision to the Development Cost Charges Bylaw 1218 which included a \$3.2 million valuation for an increase in the Whitetower storm retention pond volumes. This pond system is a natural storage and retention system that would replace, in part, a traditional pipe system. The valuation recognizes the service this natural asset will provide.

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

December 31, 2017

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**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 as services are rendered.

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 deferred 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 term deposits and are recorded at market values which approximate cost.

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

December 31, 2017

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**1 Significant Accounting Policies (Continued)**

**(f) Collection of Taxes on Behalf of Other Taxation Agencies**

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.

**(g) Deferred 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 period services are provided.

**(h) Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at December 31, 2017 and 2016, the Town has reported no amounts as liability for contaminated sites.

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

December 31, 2017

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**1 Significant Accounting Policies (Continued)**

**(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.

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**2 Portfolio Investments**

Portfolio investments include BC Credit Union term deposits and Municipal Finance Authority Pooled Investments. BC Credit Union term deposits yielded an effective interest rate of 1.75% - 2.00 % (2016 - 1.85%) and are redeemable at any time. MFA bond and money market funds include bank issued notes, bonds and Provincial bonds and debentures. The bond fund yielded an annualized interest rate of 0.25% (2016 - 1.43%) and its investments have maturities ranging from 2018 to 2025. The money market fund yielded an annualized interest rate of 0.97% (2016 - 0.79%) and its investments are redeemable at any time.

Not included in portfolio investments are \$468,000 (2016 - \$511,000) related to developer deposits that are refundable should the developer meet certain conditions.

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**3 Deferred Revenue**

Deferred revenue represents funds received, which are held for various restricted purposes. These funds are recognized as revenue in the period when the eligible related expenditures or restrictions have been met.

	2016	Receipts	Revenue Recognized	2017
Donations	\$ 28,820	\$ -	\$ -	\$ 28,820
Prepaid rent	139,883	-	-	139,883
Prepaid services	55,604	53,837	(55,604)	53,837
Other	25,613	-	(25,613)	-
	<u>\$ 249,920</u>	<u>\$ 53,837</u>	<u>\$ (81,217)</u>	<u>\$ 222,540</u>

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**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

**4 Debt**

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

2018	\$ 627,137
2019	544,760
2020	478,962
2021	460,630
2022	456,432
2022 and onwards	3,866,224
	<u>\$ 6,434,145</u>

**(b) Unissued Debt**

The following approved debt remained unissued as at December 31, 2017:

<u>Loan Authorization</u>	<u>Expiry</u>	<u>Gross Amount Approved</u>	<u>Unissued Amount</u>	<u>Temporary Borrowings</u>
1234 General Capital Improvements	2021	125,000	37,000	-

**5 Development Cost Charges**

	<u>Roads</u>	<u>Drainage</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Balance, Jan 1, 2016	\$ 162,457	\$ 801,046	\$ 26,649	\$ 283,548	\$ 1,273,700
Interest received	2,736	11,771	439	4,139	19,085
Developer contributions	35,148	29,488	5,156	6,345	76,137
Expenditures	(24,750)	(20,000)	-	(6,600)	(51,350)
<b>Balance, Dec 31, 2016</b>	175,591	822,305	32,244	287,432	1,317,572
Interest received	459	2,167	83	789	3,498
Developer contributions	23,828	87,167	5,272	56,268	172,535
Expenditures	-	(326,441)	(37,599)	(3,581)	(367,621)
<b>Balance, Dec 31, 2017</b>	<u>\$ 199,878</u>	<u>\$ 585,198</u>	<u>\$ -</u>	<u>\$ 340,908</u>	<u>\$ 1,125,984</u>

**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

**6 Accumulated Surplus**

The Town segregates its accumulated surplus in the following categories:

	2017	2016
Total Operating Fund (a)	<b>\$ 3,061,272</b>	\$ 2,416,076
Reserve Fund (b)	<b>725,708</b>	768,270
Investment in tangible capital assets (c)	<b>44,080,745</b>	43,090,145
	<b>\$ 47,867,725</b>	\$ 46,274,491

- (a) Included in the total are funds held in trust from the Estate of Muriel Haynes of \$195,398 (2016 - \$194,911). 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.
- (b) Reserve funds represent funds set aside bylaw or council resolution for specific purposes and are comprised of the following:

	Capital Works	Public Parking	Park Aquisition	Affordable Housing	Total
Balance, January 1, 2016	\$ 353,845	\$ 115,571	\$ 366,510	\$ 251,486	\$ 1,087,412
Interest Received	6,116	1,657	798	3,606	12,177
Transfers between reserves	338,637	-	(338,637)	-	-
Operating fund transfers	97,624	-	-	-	97,624
Expenditures	(428,943)	-	-	-	(428,943)
<b>Balance, December 31, 2016</b>	<b>367,279</b>	<b>117,228</b>	<b>28,671</b>	<b>255,092</b>	<b>768,270</b>
Interest received	918	293	72	669	1,952
Developer contributions	-	-	-	60,000	60,000
Operating fund transfers	118,419	-	-	-	118,419
Expenditures	(222,933)	-	-	-	(222,933)
<b>Balance, December 31, 2017</b>	<b>\$ 263,683</b>	<b>\$ 117,521</b>	<b>\$ 28,743</b>	<b>\$ 315,761</b>	<b>\$ 725,708</b>

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

December 31, 2017

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**6 Accumulated Surplus (Continued)**

- (c) The investment in tangible capital assets represents amounts already spent and invested in infrastructure.

	<u>2017</u>	<u>2016</u>
Tangible capital assets	<b>\$50,514,890</b>	\$49,919,918
Amounts financed by:		
Long-term debt	<b>(6,434,145)</b>	(6,829,773)
<b>Investment in TCA</b>	<b><u>\$44,080,745</u></b>	<b><u>\$43,090,145</u></b>

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**7 Commitments**

**(a) Integration of Regional District and Town Water Supply**

The Town has entered into a Bulk Water Supply Agreement with the Sunshine Coast Regional District to provide water supply to Zone 3 residents. In 2017, the Town purchased 219,757 m<sup>3</sup> of water (2016 – 230,476 m<sup>3</sup>) at a cost of \$250,701 (2016 - \$293,540).

**(b) Residential Garbage Services**

The Town has entered into an agreement for residential garbage pickup and disposal, at an approximate annual cost of \$104,000. The two-year agreement expires February 28, 2019.

**(c) Residential Organics Services**

Subsequent to year end, the Town entered into an agreement for residential organics pickup and disposal services at an approximate annual cost of \$384,000 (which includes start up fees of approximately \$190,000). The one year agreement commenced on April 1, 2018 and expires on February 28, 2019.

**(d) Tourism Fee for Service**

Subsequent to year-end, the Town entered into an agreement for a visitor centre at an annual cost of \$45,000. The agreement commenced on April 1, 2018 and expires on December 31, 2020.

**(e) Sunshine Coast Economic Development**

During the year, the Town entered into an agreement to contribute \$40,583 for economic development services to the Sunshine Coast Regional Economic Developments Organization. The agreement ends December 31, 2020.

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

**December 31, 2017**

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**8 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 administering the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Town paid \$249,228 (2016 - \$237,116) for employer contributions while employee contributions totaled \$208,449 (2016 - \$195,071) to the Plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019. Employers participating in the plan record their pension expense at 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

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

December 31

**9 Tangible Capital Assets**

	Land	Buildings	Furn. and Equip.	Vehicles	Roads	Drainage	Geo Utility	Other Tangible Capital Assets	Sewer Utility	Water Utility	Work In Progr.	2017	2016
Cost, beginning of year	\$ 9,264,055	\$ 7,214,118	\$ 508,192	\$ 1,271,999	\$14,989,539	\$ 5,958,424	\$ 1,095,984	\$ 2,821,923	\$13,954,687	\$13,629,987	\$ 34,491	<b>\$70,743,399</b>	\$ 67,502,784
Additions	-	-	5,168	217,765	195,826	-	154,883	-	-	399,964	1,039,918	<b>2,013,524</b>	3,464,346
Disposals	-	-	-	-	(37,066)	-	-	-	-	(56,962)	-	<b>(94,028)</b>	(223,731)
Cost, end of year	9,264,055	7,214,118	513,360	1,489,764	15,148,299	5,958,424	1,250,867	2,821,923	13,954,687	13,972,989	1,074,409	<b>72,662,895</b>	70,743,399
Accumulated amortization, beginning of year	-	2,947,087	390,851	739,479	6,322,592	1,455,414	122,997	1,194,984	4,422,247	3,227,830	-	<b>20,823,481</b>	19,696,716
Amortization	-	174,895	30,158	95,927	368,047	72,212	22,461	89,867	253,562	279,682	-	<b>1,386,811</b>	1,330,080
Disposals	-	-	-	-	(23,514)	-	-	-	-	(38,773)	-	<b>(62,287)</b>	(203,315)
Accumulated amortization, end of year	-	3,121,982	421,009	835,406	6,667,125	1,527,626	145,458	1,284,851	4,675,809	3,468,739	-	<b>22,148,005</b>	20,823,481
Net carrying amount, end of year	\$ 9,264,055	\$ 4,092,136	\$ 92,351	\$ 654,358	\$ 8,481,174	\$ 4,430,798	\$ 1,105,409	\$ 1,537,072	\$ 9,278,878	\$10,504,250	\$ 1,074,409	<b>\$50,514,890</b>	\$ 49,919,918

**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

**10 Taxation**

	<b>Fiscal Plan 2017</b>	<b>2017</b>	<b>2016</b>
General municipal purposes	<b>\$ 2,906,148</b>	<b>\$ 2,913,597</b>	\$ 2,793,898
Specified area requisitions	<b>40,192</b>	<b>40,205</b>	40,244
Collections for other governments			
Province of British Columbia - School	-	<b>2,462,282</b>	2,320,018
Regional District Hospital	-	<b>219,368</b>	172,706
Municipal Finance Authority	-	<b>289</b>	229
British Columbia Assessment Authority	-	<b>68,963</b>	66,519
Regional District	-	<b>2,446,578</b>	2,295,000
Police Tax	-	<b>342,704</b>	309,004
	<b>2,946,340</b>	<b>8,493,986</b>	7,997,618
Transfers to other governments			
Province of British Columbia - School	-	<b>(2,462,398)</b>	(2,320,007)
Regional Hospital District	-	<b>(218,995)</b>	(172,709)
Municipal Finance Authority	-	<b>(288)</b>	(229)
British Columbia Assessment Authority	-	<b>(68,948)</b>	(66,520)
Regional District	-	<b>(2,443,100)</b>	(2,294,994)
Police Tax	-	<b>(342,589)</b>	(309,015)
	-	<b>(5,536,318)</b>	(5,163,474)
Total general municipal taxes	<b>2,946,340</b>	<b>2,957,668</b>	2,834,144
Frontage, local improvement and parcel taxes			
Water system	<b>508,240</b>	<b>459,348</b>	611,247
Sewer system	<b>721,362</b>	<b>722,343</b>	669,284
	<b>1,229,602</b>	<b>1,181,691</b>	1,280,531
	<b>\$ 4,175,942</b>	<b>\$ 4,139,359</b>	\$ 4,114,675

**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

**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, 2017 as presented in their annual unaudited financial statements:

	2017	2016
<b>Assets</b>		
Cash	\$ 119,924	\$ 132,347
Other assets	88,354	31,963
Property and equipment	812,011	922,053
	1,020,289	1,086,363
<b>Liabilities</b>	25,288	22,628
<b>Deferred capital contributions</b>	564,887	627,652
<b>Net assets</b>	430,114	436,083
	1,020,289	1,086,363
<b>Revenues for the year</b>		
Moorage	238,155	216,233
Other revenues	182,933	122,418
Project revenue	8,375	67,889
	429,463	406,540
<b>Expenses for the year</b>		
Wages	165,883	147,113
Other expenses	269,549	244,507
	435,432	391,620
<b>Deficiency of revenues over expenses for the year</b>	\$ (5,969)	\$ 14,920

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**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

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**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 \$289,186 (2016 - \$270,521) 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.
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**13 Fiscal Plan**

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 4, 2017 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:

	2017	2016
Fiscal Plan Bylaw surplus for the year	\$ -	\$ -
Addback:		
Capital expenditures	4,597,700	1,523,400
Debt principal	432,763	-
Less:		
Budgeted transfers from accumulated surplus	271,235	717,233
Proceeds from borrowing	(1,872,000)	(392,000)
Transfer in equity in capital assets	(1,330,080)	(1,228,323)
Adjusted Annual Surplus	\$ 2,099,618	\$ 620,310

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## **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, under an agency agreement, 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 Network Plans and the review of relevant bylaws.

**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 and 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.
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**Town of Gibsons**  
**Notes to the Financial Statements**  
December 31, 2017

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**15 Expenditures by Function**

	Operations	Capital Aquisitions	2017 Total	2016 Total
Goods and Services	\$ 3,443,885	\$ 1,604,987	\$ 5,048,872	\$ 4,525,887
Labour	3,259,213	-	3,259,213	3,215,864
Contributed tangible capital assets	-	408,537	408,537	2,150,881
Debt interest and other	359,446	-	359,446	353,052
Disposal of tangible capital assets	31,741	-	31,741	20,416
Total expenditures	<u>7,094,285</u>	<u>2,013,524</u>	<u>9,107,809</u>	10,266,100
Amortization of tangible capital assets	<u>1,386,811</u>	-	<u>1,386,811</u>	1,330,080
Total expenditures and expenses	<u>\$ 8,481,096</u>	<u>\$ 2,013,524</u>	<u>\$ 10,494,620</u>	\$ 11,596,180

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**16 Comparative Information**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

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**Town of Gibsons**  
**Schedule 1 - Long-Term Debt**

For the Year Ended December 31

Loan Authorization Bylaw	Purpose	Year of Maturity	Rate	Balance	Outstanding
				2017	2016
<b>General</b>					
881	Local improvement	2018	5.55%	\$ 32,556	\$ 63,561
890	Downtown revitalization	2019	3.15%	162,476	238,477
1057	Road improvement	2022	2.90%	255,224	300,533
1057	Road improvement	2017	*	-	65,350
1093	Road improvements	2029	4.13%	58,694	62,451
1105	Capital improvements	2020	4.50%	100,590	131,575
1126	RCMP Building	2031	3.56%	1,787,682	1,881,654
Temp.	Road improvement**	2017	*	-	382,000
Equip.	Equipment Financing	2017	*	-	17,285
1231	Road Improvement**	2027	2.80%	392,000	-
Temp.	Capital improvements***	2018	*	70,000	-
1234	Road Improvements	2021	*	88,000	-
				<b>2,947,222</b>	<b>3,142,886</b>
<b>Water</b>					
1093	Cross connection control and water meter	2029	4.13%	598,037	636,306
1057	Water mains	2022	2.90%	170,150	200,355
1134	Zone 2 Reservoir	2032	2.90%	812,874	851,909
686	Water mains	2034	3.30%	644,524	670,676
				<b>2,225,585</b>	<b>2,359,246</b>
<b>Sewer</b>					
576	Waste Water Treatment Plant upgrade	2031	4.85%	1,261,338	1,327,641
				<b>\$ 6,434,145</b>	<b>\$ 6,829,773</b>

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

\*\* The temporary road improvement debt was converted to long term debt on April 7, 2017 at a rate of 2.80%.

\*\*\*This temporary capital improvement debt will be converted to long term debt in April 2018.



**Town of Gibsons**  
**Schedule 2 - Government Transfers and Contributions**

For the Year Ended December 31	Fiscal Plan 2017	2017	2016
<b>Government Transfers</b>			
<b>Federal Government</b>			
In lieu of taxes - general	\$ 10,983	\$ 13,319	\$ 10,984
In lieu of taxes - water	600	-	884
In lieu of taxes - sewer	981	-	924
Canada 150	-	23,000	-
	<b>12,564</b>	<b>36,319</b>	12,792
<b>Provincial Government</b>			
<b>General fund</b>			
Small Communities	475,000	485,950	478,564
Planning	-	11,500	1,650
Street lighting	1,000	1,648	989
Other	346,147	167,450	33,891
<b>Water fund</b>			
Community Works	48,000	242,275	53,968
Clean Water and Waste Water Fund	1,025,880	742,457	185,705
<b>Sewer Fund</b>			
New Build Canada Fund*	36,807	14,911	28,580
	<b>1,932,834</b>	<b>1,666,191</b>	783,347
<b>Local Government</b>			
<b>General fund</b>			
Other	71,920	7,508	146,867
	<b>2,017,318</b>	<b>1,710,018</b>	943,006
<b>Other contributions</b>			
<b>General fund</b>			
Other	202,500	-	5,748
	<b>\$ 202,500</b>	<b>\$ -</b>	\$ 5,748

\* This grant is provided under the New Build Canada - Small Communities Fund. The program is administered by the Province and includes matching Federal funding.

**Town of Gibsons**  
**Schedule 3 - Statement of Operations by Segment**

For the Year Ended December 31, 2017	General Government Services	ICBC Autoplan Driver Licence Agency	Protective Services	Planning and Economic Devel. Services	Public Works	Park Services	Unallocated	Water Utility	Sewer Utility	Total 2017 Actual	Total 2017 Fiscal Plan
<b>Revenues</b>											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,957,668	\$ 459,348	\$ 722,343	\$ 4,139,359	\$ 4,175,942
Utility user rates and connection fees	-	-	-	-	-	-	-	1,024,178	690,865	1,715,044	1,681,560
Government transfers	197,959	-	-	11,500	1,648	-	499,269	984,731	14,911	1,710,018	2,017,318
Other contributions	-	-	-	-	-	-	-	-	-	-	202,500
Sales of services	4,799	-	17,250	-	537,686	-	-	-	-	559,735	414,450
Other revenue	325,679	316,862	287,006	-	-	-	471,305	29,399	26,039	1,456,290	1,206,289
Contributions from developers	40,383	-	-	60,000	328,721	-	-	61,200	3,581	493,884	626,589
<b>Total Revenues</b>	<b>568,820</b>	<b>316,862</b>	<b>304,256</b>	<b>71,500</b>	<b>868,055</b>	<b>-</b>	<b>3,928,242</b>	<b>2,558,856</b>	<b>1,457,739</b>	<b>10,074,330</b>	<b>10,324,648</b>
<b>Expenses</b>											
<b>Operating</b>											
Goods and Services	959,714	16,653	31,253	315,824	828,314	215,697	-	499,303	577,127	3,443,885	3,261,615
Labour	818,672	242,370	213,255	191,129	748,460	465,749	-	284,338	295,240	3,259,213	3,265,110
Amortization of tangible capital assets	853,567	-	-	-	-	-	-	279,682	253,562	1,386,811	1,330,080
	2,631,953	259,023	244,508	506,953	1,576,774	681,446	-	1,063,323	1,125,929	8,089,909	7,856,805
Debt interest and other	171,643	-	-	-	-	-	-	97,330	90,473	359,446	368,225
Disposal of tangible capital assets	13,553	-	-	-	-	-	-	18,188	-	31,741	-
<b>Total Expenses</b>	<b>2,817,149</b>	<b>259,023</b>	<b>244,508</b>	<b>506,953</b>	<b>1,576,774</b>	<b>681,446</b>	<b>-</b>	<b>1,178,841</b>	<b>1,216,402</b>	<b>8,481,096</b>	<b>8,225,030</b>
<b>Excess (deficiency) in revenues over expenses</b>	<b>\$ (2,248,329)</b>	<b>\$ 57,839</b>	<b>\$ 59,748</b>	<b>\$ (435,453)</b>	<b>\$ (708,719)</b>	<b>\$ (681,446)</b>	<b>\$ 3,928,242</b>	<b>\$ 1,380,015</b>	<b>\$ 241,337</b>	<b>\$1,593,234</b>	<b>\$2,099,618</b>

**Town of Gibsons**  
**Schedule 4 - Statement of Operations by Segment**

For the Year Ended December 31, 2016	General Government Services	ICBC Autoplan Driver Licence Agency	Protective Services	Planning and Economic Devel. Services	Public Works	Park Services	Unallocated	Water Utility	Sewer Utility	Total 2016 Actual	Total 2016 Fiscal Plan
<b>Revenues</b>											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,834,143	\$ 611,247	\$ 669,284	\$ 4,114,674	\$ 4,165,959
Utility user rates and connection fees	-	-	-	-	-	-	-	919,064	614,232	1,533,296	1,417,955
Government transfers	2,583	-	-	1,650	30,297	2,000	489,548	240,557	29,504	796,139	1,033,645
Other contributions	5,748	-	-	-	-	-	-	-	-	5,748	260,000
Sales of services	5,456	-	-	-	544,929	-	-	-	-	550,385	695,771
Other revenue	202,619	311,589	284,917	-	9,632	-	504,318	23,814	30,107	1,366,996	800,236
Contributions from developers	-	-	-	-	1,815,790	-	-	279,446	110,995	2,206,231	209,268
<b>Total Revenues</b>	<b>216,406</b>	<b>311,589</b>	<b>284,917</b>	<b>1,650</b>	<b>2,400,648</b>	<b>2,000</b>	<b>3,828,009</b>	<b>2,074,128</b>	<b>1,454,122</b>	<b>10,573,469</b>	<b>8,582,834</b>
<b>Expenses</b>											
<b>Operating</b>											
Goods and Services	840,346	5,487	23,851	290,475	770,869	197,174	-	547,372	536,848	3,212,422	3,273,520
Labour	810,473	285,330	176,671	200,316	695,423	465,359	-	288,398	293,894	3,215,864	3,134,034
Amortization of tangible capital assets	813,024	-	-	-	-	-	-	263,845	253,211	1,330,080	1,228,323
	2,463,843	290,817	200,522	490,791	1,466,292	662,533	-	1,099,615	1,083,953	7,758,366	7,635,877
Debt interest and other	165,249	-	-	-	-	-	-	97,330	90,473	353,052	326,647
Disposal of tangible capital assets	-	-	-	-	-	-	14,940	4,274	1,202	20,416	-
<b>Total Expenses</b>	<b>2,629,092</b>	<b>290,817</b>	<b>200,522</b>	<b>490,791</b>	<b>1,466,292</b>	<b>662,533</b>	<b>14,940</b>	<b>1,201,219</b>	<b>1,175,628</b>	<b>8,131,834</b>	<b>7,962,524</b>
<b>Excess (deficiency) in revenues over expenses</b>	<b>\$ 2,412,686</b>	<b>\$ 20,772</b>	<b>\$ 84,395</b>	<b>\$ (489,141)</b>	<b>\$ 934,356</b>	<b>\$ (660,533)</b>	<b>\$ 3,813,069</b>	<b>\$ 872,909</b>	<b>\$ 278,494</b>	<b>\$ 2,441,635</b>	<b>\$ 620,310</b>