

Town of Gibsons
Financial Statements
December 31, 2018

Town of Gibsons
Financial Statements
For the Year Ended December 31, 2018

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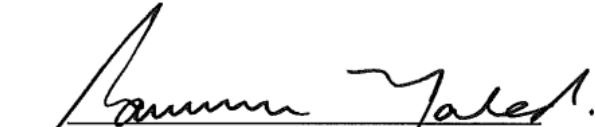
Management's Responsibility for the Financial Statements

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

May 7, 2019



Director of Finance



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Independent Auditor's Report

To the Mayor and Council of the Town of Gibsons

Opinion

We have audited the financial statements of the Town of Gibsons (the "Town") which comprise the Statement of Financial Position as at December 31, 2018 and the Statements Operations, Changes in Net Debt, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Gibsons as at December 31, 2018 and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally-accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally-accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

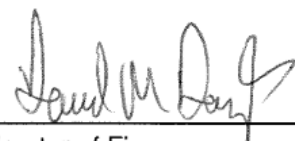
Vancouver, British Columbia
May 6, 2019

Town of Gibsons
Statement of Financial Position

December 31	2018	2017
Assets		
Financial Assets		
Cash	\$ 320,369	\$ 113,034
Portfolio investments (Note 2)	4,778,732	5,358,284
Taxes receivable	399,494	307,722
Accounts receivable	2,255,613	1,315,061
	7,754,208	7,094,101
Liabilities		
Accounts payable and accrued liabilities	1,506,505	1,966,987
Deferred revenue (Note 3)	259,517	222,540
Long-term debt (Note 4) (Schedule 1)	7,591,007	6,434,145
Development cost charges (Note 5)	1,098,555	1,125,984
	10,455,584	9,749,656
Net Debt	(2,701,376)	(2,655,555)
Non-Financial Assets		
Tangible capital assets (Note 9)	54,412,953	50,514,890
Prepaid expenses	22,895	8,390
	54,435,848	50,523,280
Accumulated Surplus (Note 6)	\$ 51,734,472	\$ 47,867,725



Mayor



Director of Finance

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

Town of Gibsons
Statement of Operations

For the Year Ended December 31	Fiscal Plan 2018	2018	2017
Revenue (Schedules 3 and 4)			
Taxation (Note 10)	\$ 4,393,781	\$ 4,421,003	\$ 4,188,250
Utility user rates and connection fees	1,681,333	1,755,235	1,715,044
Government transfers (Schedule 2)	1,677,774	1,674,221	1,710,018
Sales of services	874,914	556,748	559,735
Other revenue	1,332,064	1,429,745	1,456,290
Contributions from developers	376,489	3,092,600	493,884
	10,336,355	12,929,552	10,123,221
Expenses (Schedules 3 and 4)			
General departmental expenditures	6,668,371	6,149,023	5,813,277
Water system	1,169,535	1,262,351	1,209,544
Sewer system	1,239,712	1,249,434	1,216,402
Motor vehicle license agency	275,472	269,946	259,023
Loss on disposal of tangible capital assets	-	132,051	31,741
	9,353,090	9,062,805	8,529,987
Annual Surplus	983,265	3,866,747	1,593,234
Accumulated Surplus, beginning of year	47,867,725	47,867,725	46,274,491
Accumulated Surplus, end of year	\$ 48,850,990	\$ 51,734,472	\$ 47,867,725

Fiscal Plan (Note 14)

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

Town of Gibsons
Statement of Changes in Net Debt

For the Year Ended December 31	Fiscal Plan 2018	2018	2017
Annual Surplus	\$ 983,265	\$ 3,866,747	\$ 1,593,234
Acquisition of tangible capital assets	(4,417,500)	(5,537,010)	(2,013,524)
Amortization of tangible capital assets	1,355,750	1,506,891	1,386,811
Loss on disposal of tangible capital assets	-	132,051	31,741
	(3,061,750)	(3,898,068)	(594,972)
Net acquisition of prepaid expenses	-	(14,500)	(1,428)
Change in net debt for the year	(2,078,485)	(45,821)	996,834
Net debt, beginning of year	(2,655,555)	(2,655,555)	(3,652,389)
Net debt, end of year	\$ (4,734,040)	\$ (2,701,376)	\$ (2,655,555)

Fiscal Plan (Note 14)

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

Town of Gibsons
Statement of Cash Flows

For the Year Ended December 31

2018

2017

Cash provided by (used in)

Operating transactions

Annual surplus \$ 3,866,747 \$ 1,593,234

Items not involving cash

Development cost charges recognized (250,575) (367,621)

Contributed tangible capital assets (2,416,745) (23,600)

Loss on disposal of tangible capital assets 132,051 31,741

Amortization 1,506,891 1,386,811

2,838,369 2,620,565

Changes in non-cash operating balances

Accounts and taxes receivable (1,032,324) (423,820)

Accounts payable and accrued liabilities (460,482) 685,181

Prepaid expenses (14,500) (1,428)

Deferred revenue 36,977 (27,380)

1,368,040 2,853,118

Capital transaction

Acquisition of tangible capital assets (3,120,265) (1,989,924)

Investing transactions

Change in portfolio investments, net 579,552 (746,333)

Financing transactions

Issuance of long-term debt 1,784,000 550,000

Development cost charges and contributions 196,995 172,535

Interest on development cost charges 26,151 3,498

Repayment of debt (627,138) (945,628)

1,380,008 (219,595)

Increase(decrease) in cash during year

207,335 (102,734)

Cash, beginning of year

113,034 215,768

Cash, end of year

\$ 320,369 \$ 113,034

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

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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
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.

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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.

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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, 2018 and 2017, the Town has reported no amounts as liability for contaminated sites.

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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.

2. Portfolio Investments

Portfolio investments include CIBC high interest savings, BC Credit Union term deposits and Municipal Finance Authority Pooled Investments. CIBC high interest savings and BC Credit Union term deposits yielded an effective interest rate of 1.75% - 2.25% (2017 - 1.75% - 2.00%) and are redeemable at any time. MFA bond and money market funds include securities issued by federal and provincial governments, Canadian banks and highly rated corporations. The bond fund yielded an annualized interest rate of 1.76% (2017 - 0.25%) and its investments have maturities ranging from 2019 to 2026. The money market fund yielded an annualized interest rate of 1.65% (2017 - 0.97%) and its investments are redeemable at any time.

Not included in portfolio investments are \$558,240 (2017 - \$468,000) related to developer deposits that are refundable should the developer meet certain conditions.

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.

	2017	Receipts	Revenue Recognized	2018
Donations	\$ 28,820	\$ -	\$ (11,152)	\$ 17,668
Prepaid rent	139,883	-	(7,288)	132,595
Prepaid services	53,837	109,254	(53,837)	109,254
	<u>\$ 222,540</u>	<u>\$ 109,254</u>	<u>\$ (72,277)</u>	<u>\$ 259,517</u>

Town of Gibsons
Notes to the Financial Statements
December 31, 2018

4. Debt

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

2019	\$ 611,153
2020	547,346
2021	531,066
2022	528,981
2023	452,824
2024 and onwards	4,919,637
	<u>\$ 7,591,007</u>

(b) Unissued Debt

The following approved debt remained unissued as at December 31, 2018:

Loan Authorization	Expiry	Gross Amount Approved	Unissued Amount	Temporary Borrowings
1234 General Capital Improvements	2021	125,000	59,000	-

5. Development Cost Charges

	Roads	Drainage	Water	Sewer	Total
Balance, January 1, 2017	\$ 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)
Balance, December 31, 2017	199,878	585,198	-	340,908	1,125,984
Interest received	4,991	13,289	91	7,780	26,151
Developer contributions	111,234	34,696	23,958	27,107	196,995
Expenditures	-	(159,142)	(23,957)	(67,476)	(250,575)
Balance, December 31, 2018	\$ 316,103	\$ 474,041	\$ 92	\$ 308,319	\$ 1,098,555

Town of Gibsons
Notes to the Financial Statements
December 31, 2018

6. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2018	2017
Total Operating Fund (a)	\$ 3,366,800	\$ 3,061,272
Reserve Fund (b)	1,545,726	725,708
Investment in tangible capital assets (c)	46,821,946	44,080,745
	\$ 51,734,472	\$ 47,867,725

- (a) Included in the total are funds externally restricted related to the Estate of Muriel Haynes of \$199,794 (2017 - \$195,398). These funds are 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	Community Works	Public Parking	Park Aquisition	Affordable Housing	Community Ammenity	Total
Balance, January 1, 2017	\$ 367,279	\$ -	\$ 117,228	\$ 28,671	\$ 255,092	\$ -	\$ 768,270
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)
Balance, December 31, 2017	263,683	-	117,521	28,743	315,761	-	725,708
Interest received	5,933	9,839	2,644	647	7,105	1,664	27,832
Developer contributions	-	-	-	-	270,000	150,000	420,000
Operating fund transfers	145,143	630,322	-	-	-	-	775,465
Expenditures	(62,159)	(306,605)	-	-	(7,002)	(27,513)	(403,279)
Balance, December 31, 2018	\$ 352,600	\$ 333,556	\$ 120,165	\$ 29,390	\$ 585,864	\$ 124,151	\$1,545,726

Town of Gibsons
Notes to the Financial Statements
December 31, 2018

6. Accumulated Surplus (Continued)

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

	2018	2017
Tangible capital assets	\$54,412,953	\$50,514,890
Amounts financed by:		
Long-term debt	(7,591,007)	(6,434,145)
Investment in TCA	\$46,821,946	\$44,080,745

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 2018, the Town purchased 214,569 m³ of water (2017 – 219,757 m³) at a cost of \$285,372 (2017 - \$250,701). The twenty-five year agreement commenced June 3, 2013 and expires June 2, 2038.

(b) Residential Garbage Services

Subsequent to year end, the Town entered into an agreement for residential garbage pickup and disposal, at an approximate annual cost of \$159,000. The five-year agreement commenced March 1, 2019 and expires February 28, 2024.

(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 \$242,000. The five-year agreement commenced on April 1, 2019 and expires on March 31, 2024.

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 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 variation 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 remain unchanged.

The Town paid \$253,923 (2017 - \$249,228) for employer contributions while employee contributions totaled \$216,845 (2017 - \$208,449) to the Plan in fiscal 2018.

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.

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.	2018	2017
Cost, beginning 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	\$72,662,895	\$ 70,743,399
Additions	1,062,837	34,504	4,081	62,159	2,052,306	510,189	-	151,189	138,455	893,428	627,862	5,537,010	2,013,524
Disposals	-	(24,250)	(8,283)	(79,430)	(302,063)	(18,509)	-	-	-	(59,718)	-	(492,253)	(94,028)
Transfers	-	-	-	-	109,058	390,725	-	-	-	535,504	(1,035,287)	-	-
Cost, end of year	10,326,892	7,224,372	509,158	1,472,493	17,007,600	6,840,829	1,250,867	2,973,112	14,093,142	15,342,203	666,984	77,707,652	72,662,895
Accumulated amortization, beginning 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	-	22,148,005	20,823,481
Amortization	-	174,794	27,773	107,943	440,042	88,820	26,926	92,733	255,004	292,856	-	1,506,891	1,386,811
Disposals	-	(8,730)	(6,903)	(70,895)	(209,934)	(5,321)	-	-	-	(58,414)	-	(360,197)	(62,287)
Accumulated amortization, end of year	-	3,288,046	441,879	872,454	6,897,233	1,611,125	172,384	1,377,584	4,930,813	3,703,181	-	23,294,699	22,148,005
Net carrying amount, end of year	\$10,326,892	\$ 3,936,326	\$ 67,279	\$ 600,039	\$10,110,367	\$ 5,229,704	\$ 1,078,483	\$ 1,595,528	\$ 9,162,329	\$11,639,022	\$ 666,984	\$54,412,953	\$ 50,514,890

During the year, \$2,416,745 of asset contributions were received related to various developments within the Town. The fair market value of these assets is shown as contributions from developers as well as tangible capital asset additions. This was comprised of land \$1,062,837; roads \$513,746; drainage \$381,010; sewer \$138,455; water \$184,965; other \$135,732. During 2017, \$23,600 of asset contributions were received relating to water infrastructure.

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

10. Taxation

	Fiscal Plan 2018	2018	2017
General municipal purposes	\$ 3,072,889	\$ 3,071,603	\$ 2,913,597
Specified area requisitions	40,192	40,298	40,205
Collections for other governments			
Province of British Columbia - School	-	2,572,611	2,462,282
Regional District Hospital	-	174,365	219,368
Municipal Finance Authority	-	336	289
British Columbia Assessment Authority	-	73,334	68,963
Regional District	-	2,564,726	2,446,578
Police Tax	-	373,691	342,704
	3,113,081	8,870,964	8,493,986
Transfers to other governments			
Province of British Columbia - School	-	(2,572,539)	(2,462,398)
Regional Hospital District	-	(174,626)	(218,995)
Municipal Finance Authority	-	(336)	(288)
British Columbia Assessment Authority	-	(73,451)	(68,948)
Regional District	-	(2,567,513)	(2,443,100)
Police Tax	-	(373,763)	(342,589)
	-	(5,762,228)	(5,536,318)
Total general municipal taxes	3,113,081	3,108,736	2,957,668
Frontage, local improvement and parcel taxes			
Water system	518,475	541,453	508,239
Sewer system	762,225	770,814	722,343
	1,280,700	1,312,267	1,230,582
	\$ 4,393,781	\$ 4,421,003	\$ 4,188,250

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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, 2018 as presented in their annual unaudited financial statements:

	2018		2017
Assets			
Cash	\$ 110,527	\$	119,924
Other assets	142,921		88,354
Property and equipment	735,614		812,011
	989,062		1,020,289
Liabilities	48,780		25,288
Deferred capital contributions	508,398		564,887
Net assets	431,884		430,114
	989,062		1,020,289
Revenues for the year			
Moorage	255,624		238,155
Other revenues	178,862		182,933
Project revenue	-		8,375
	434,486		429,463
Expenses for the year			
Wages	162,713		165,883
Other expenses	270,003		269,549
	432,716		435,432
Excess(deficiency) of revenues over expenses for the year	\$ 1,770	\$	(5,969)

Town of Gibsons
Notes to the Financial Statements

December 31, 2018

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 \$318,637 (2017 - \$289,186) 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. Contractual Rights

(a) Contributed Tangible Capital Assets

Subdivision developers are required to provide subdivision infrastructure such as streets, lighting, sidewalks, and drainage. Upon completion these assets are turned over to the Town. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(b) RCMP Funding

The Town has entered into an agreement with the Royal Canadian Mounted Police for the occupancy of the RCMP station on Sunnycrest Road for the provision of policing services for the Town. In return, the Town has received a commitment to receive annual lease revenue of \$159,000. This agreement will be reviewed once the Town's population exceeds 5,000.

(c) Marina Lease

The Town has entered into a Marina Lease Agreement with Gibsons Marina Hotel Incorporated (GMHI) for a 30 year term, expiring February 28, 2042. In return, the Town has received a commitment to receive annual lease revenue which is based on a portion of annual gross revenue earned by GMHI.

14. Fiscal Plan

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 8, 2018 with estimates for amortization of tangible capital assets.

The Financial Plan Bylaw included certain revenues and expenses that the Town administers on behalf of the Gibsons Public Market. As these amounts do not relate to the Town's operations they are excluded from the budget amounts disclosed in the statement of operations and statement of changes in net debt.

15. 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.

15. Segmented Information (Continued)

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.

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, 2018

16. Expenditures by Function

	Operations	Capital Acquisitions	2018 Total	2017 Total
Goods and Services	\$ 3,577,660	\$ 2,900,945	\$ 6,478,605	\$ 5,048,872
Labour	3,438,760	-	3,259,213	3,259,213
Contributed tangible capital assets	-	2,636,065	2,636,065	408,537
Debt interest and other	407,443	-	407,443	359,446
Loss on disposal of tangible capital assets	132,051	-	132,051	31,741
Total expenditures	<u>7,555,914</u>	<u>5,537,010</u>	<u>12,913,377</u>	<u>9,107,809</u>
Amortization of tangible capital assets	<u>1,506,891</u>	<u>-</u>	<u>1,506,891</u>	<u>1,386,811</u>
Total expenditures and expenses	<u>\$ 9,062,805</u>	<u>\$ 5,537,010</u>	<u>\$ 14,420,268</u>	<u>\$ 10,494,620</u>

17. Comparative Information

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

Town of Gibsons
Schedule 1 - Long-Term Debt

For the Year Ended December 31

Loan Authorization Bylaw	Purpose	Year of Maturity	Rate	Balance	Outstanding
				2018	2017
General					
881	Local improvement	2018	4.65%	\$ -	\$ 32,556
890	Downtown revitalization	2019	2.10%	83,035	162,476
1057	Road improvement	2022	2.90%	208,103	255,224
1093	Road improvements	2029	4.13%	54,804	58,694
1105	Capital improvements	2020	4.50%	68,366	100,590
1126	RCMP Building	2031	3.56%	1,689,951	1,787,682
1231	Road improvement	2027	2.80%	357,806	392,000
Temp.	Capital improvements**	2018	*	-	70,000
1234	Road improvements	2021	*	66,000	88,000
1246	Road improvements***	2038	3.15%	1,784,000	-
				4,312,065	2,947,222
Water					
1093	Cross connection control and water meter	2029	4.13%	558,221	598,037
1057	Water mains	2022	2.90%	138,735	170,150
1134	Zone 2 Reservoir	2032	2.90%	772,279	812,874
686	Water mains	2034	3.30%	617,325	644,524
				2,086,560	2,225,585
Sewer					
576	Waste Water Treatment Plant upgrade	2031	4.85%	1,192,382	1,261,338
				\$ 7,591,007	\$ 6,434,145

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

** This temporary capital improvement debt was converted to long-term debt in April 2018 (Bylaw 1246).

*** As at December 31, 2018, \$430,049 remains unspent (Note 6c).

Town of Gibsons

Schedule 2 - Government Transfers and Other Contributions

For the Year Ended December 31	Fiscal Plan 2018	2018	2017
Government Transfers			
Federal Government			
In lieu of taxes - general	\$ 11,787	\$ 14,670	\$ 13,319
In lieu of taxes - sewer	1,030	-	-
Canada 150	-	-	23,000
	<u>12,817</u>	<u>14,670</u>	<u>36,319</u>
Provincial Government			
Small Communities	480,000	488,515	485,950
Planning	-	-	11,500
Street lighting	1,340	989	1,648
Other	270,428	333,032	39,770
Community Works	251,000	251,178	242,275
Clean Water and Waste Water Fund	487,331	436,821	742,457
New Build Canada Fund*	174,858	149,016	14,911
	<u>1,664,957</u>	<u>1,659,551</u>	<u>1,538,511</u>
	<u>\$ 1,677,774</u>	<u>\$ 1,674,221</u>	<u>\$ 1,574,830</u>

Other contributions

* 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, 2018	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 2018 Actual	Total 2018 Fiscal Plan
Revenues											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,108,736	\$ 541,453	\$ 770,814	\$ 4,421,003	\$ 4,393,781
Utility user rates and connection fees	-	-	-	-	-	-	-	1,026,857	728,378	1,755,235	1,681,333
Government transfers	403,879	-	-	-	334,021	-	503,185	284,120	149,016	1,674,221	1,677,774
Sales of services	26,086	-	19,750	-	510,912	-	-	-	-	556,748	874,914
Other revenue	236,965	338,149	279,118	-	151,754	2,214	335,280	40,501	45,764	1,429,745	1,332,064
Contributions from developers	31,255	-	-	270,000	2,226,491	150,000	-	208,923	205,931	3,092,600	376,489
Total Revenues	698,185	338,149	298,868	270,000	3,223,178	152,214	3,947,201	2,101,854	1,899,903	12,929,552	10,336,355
Expenses											
Operating											
Goods and Services	815,258	7,129	34,969	238,507	1,104,933	201,347	-	582,292	593,225	3,577,660	4,107,791
Labour	884,675	262,817	172,507	191,617	809,724	516,815	-	289,873	310,732	3,438,760	3,503,409
Debt interest and other	219,640	-	-	-	-	-	-	97,330	90,473	407,443	386,140
Amortization of tangible capital assets	959,031	-	-	-	-	-	-	292,856	255,004	1,506,891	1,355,750
	2,878,604	269,946	207,476	430,124	1,914,657	718,162	-	1,262,351	1,249,434	8,930,754	9,353,090
Loss on disposal of tangible capital assets	130,747	-	-	-	-	-	-	1,304	-	132,051	-
Total Expenses	3,009,351	269,946	207,476	430,124	1,914,657	718,162	-	1,263,655	1,249,434	9,062,805	9,353,090
Excess (deficiency) in revenues over expenses	\$ (2,311,166)	\$ 68,203	\$ 91,392	\$ (160,124)	\$ 1,308,521	\$ (565,948)	\$ 3,947,201	\$ 838,199	\$ 650,469	\$ 3,866,747	\$ 983,265

Town of Gibsons
Schedule 4 - 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
Revenues											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,957,668	\$ 508,239	\$ 722,343	\$ 4,188,250	\$ 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
Total Revenues	568,820	316,862	304,256	71,500	868,055	-	3,928,242	2,607,747	1,457,739	10,123,221	10,324,648
Expenses											
Operating											
Goods and Services	959,714	16,653	31,253	315,824	828,314	215,697	-	548,194	577,127	3,492,776	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
Debt interest and other	171,643	-	-	-	-	-	-	97,330	90,473	359,446	368,255
Amortization of tangible capital assets	853,567	-	-	-	-	-	-	279,682	253,562	1,386,811	1,330,080
	2,803,596	259,023	244,508	506,953	1,576,774	681,446	-	1,209,544	1,216,402	8,498,246	8,225,060
Loss on disposal of tangible capital assets	13,553	-	-	-	-	-	-	18,188	-	31,741	-
Total Expenses	2,817,149	259,023	244,508	506,953	1,576,774	681,446	-	1,227,732	1,216,402	8,529,987	8,225,030
Excess (deficiency) in revenues over expenses	\$ (2,248,329)	\$ 57,839	\$ 59,748	\$ (435,453)	\$ (708,719)	\$ (681,446)	\$ 3,928,242	\$ 1,380,015	\$ 241,337	\$ 1,593,234	\$ 2,099,618