

Town of Gibsons
Financial Statements
December 31, 2019

Town of Gibsons
Financial Statements
For the Year Ended December 31, 2019

Contents

Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Debt	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-22
Schedule 1 - Long-Term Debt	23
Schedule 2 - Government Transfers	24
Schedule 3 - Statement of Operations by Segment - 2019	25
Schedule 4 - Statement of Operations by Segment - 2018	26

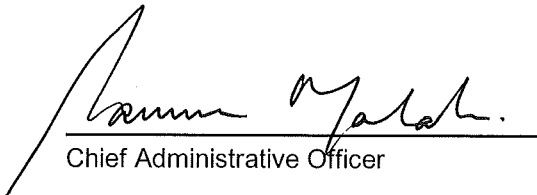
Management's Responsibility for the Financial Statements

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

May 5, 2020



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

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, 2019 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, 2019 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.

Chartered Professional Accountants

Vancouver, British Columbia
May 5, 2020

Town of Gibsons
Statement of Financial Position

December 31	2019	2018
Assets		
Financial Assets		
Cash	\$ 225,796	\$ 320,369
Portfolio investments (Note 2)	5,231,704	4,778,732
Taxes receivable	460,306	399,494
Accounts receivable	2,061,506	2,255,613
	<u>7,979,312</u>	<u>7,754,208</u>
Liabilities		
Accounts payable and accrued liabilities	1,941,898	1,506,505
Deferred revenue (Note 3)	244,897	259,517
Long-term debt (Note 4) (Schedule 1)	6,979,854	7,591,007
Development cost charges (Note 5)	1,138,557	1,098,555
	<u>10,305,206</u>	<u>10,455,584</u>
Net Debt	<u>(2,325,894)</u>	<u>(2,701,376)</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	56,729,965	54,412,953
Prepaid expenses	25,218	22,895
	<u>56,755,183</u>	<u>54,435,848</u>
Accumulated Surplus (Note 6)	\$ 54,429,289	\$ 51,734,472

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 2019	2019	2018
Revenue (Schedules 3 and 4)			
Taxation (Note 10)	\$ 4,720,716	\$ 4,754,784	\$ 4,421,003
Utility user rates and connection fees	1,925,574	1,886,997	1,755,235
Government transfers (Schedule 2)	2,472,379	2,588,664	1,674,221
Other contributions	-	42,368	-
Sales of services	1,050,936	599,225	556,748
Other revenue	1,256,212	1,825,697	1,429,745
Contributions from developers	766,655	454,560	3,092,600
	12,192,472	12,152,295	12,929,552
Expenses (Schedules 3 and 4)			
General departmental expenditures	6,410,422	6,428,628	6,149,023
Water system	1,330,057	1,431,499	1,262,351
Sewer system	1,332,153	1,320,921	1,249,434
Motor vehicle license agency	286,088	275,780	269,946
Loss on disposal of tangible capital assets	-	650	132,051
	9,358,720	9,457,478	9,062,805
Annual Surplus	2,833,752	2,694,817	3,866,747
Accumulated Surplus, beginning of year	51,734,472	51,734,472	47,867,725
Accumulated Surplus, end of year	\$ 54,568,224	\$ 54,429,289	\$ 51,734,472

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 2019	2019	2018
Annual Surplus	\$ 2,833,752	\$ 2,694,817	\$ 3,866,747
Acquisition of tangible capital assets	(10,686,000)	(3,862,675)	(5,537,010)
Amortization of tangible capital assets	1,390,100	1,545,013	1,506,891
Loss on disposal of tangible capital assets	-	650	132,051
	(9,295,900)	(2,317,012)	(3,898,068)
Net acquisition of prepaid expenses	-	(2,323)	(14,500)
Change in net debt for the year	(6,462,148)	375,482	(45,821)
Net debt, beginning of year	(2,701,376)	(2,701,376)	(2,655,555)
Net debt, end of year	\$ (9,163,524)	\$ (2,325,894)	\$ (2,701,376)

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

2019

2018

Cash provided by (used in)

Operating transactions

Annual surplus \$ 2,694,817 \$ 3,866,747

Items not involving cash

Development cost charges recognized (376,810) (250,575)

Contributed tangible capital assets (638,000) (2,416,745)

Loss on disposal of tangible capital assets 650 132,051

Amortization 1,545,013 1,506,891

3,225,670 2,838,369

Changes in non-cash operating balances

Accounts and taxes receivable 133,295 (1,032,324)

Accounts payable and accrued liabilities 435,393 (460,482)

Prepaid expenses (2,323) (14,500)

Deferred revenue (14,620) 36,977

3,777,415 1,368,040

Capital transaction

Acquisition of tangible capital assets (3,224,675) (3,120,265)

Investing transactions

Change in portfolio investments, net (452,972) 579,552

Financing transactions

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

Development cost charges contributions 385,698 196,995

Interest on development cost charges 31,114 26,151

Repayment of debt (611,153) (627,138)

(194,341) 1,380,008

Increase (decrease) in cash during year

(94,573) 207,335

Cash, beginning of year

320,369 113,034

Cash, end of year

\$ 225,796 \$ 320,369

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

Town of Gibsons

Notes to the Financial Statements

December 31, 2019

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. The Town's ability to provide services is dependent on the ability of these assets to withstand the impacts of climate change and to continue to perform as required. Recognizing this importance of this, the Town is investing in natural assets to increase our resiliency to climate change. This investment includes: foreshore restoration, urban forest planning, creek assessment and monitoring, aquifer monitoring, expansion of drainage ponds as well as upgrading a seaside sanitary pump station.

Town of Gibsons
Notes to the Financial Statements

December 31, 2019

1. Significant Accounting Policies (Continued)

(b) Revenue Recognition

Taxes are recorded in the period 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 and collected on their behalf are not included as taxation revenue.

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 utility user fees. Connection fee revenues are recognized when the connection has been established.

Receipts which are restricted by agreement with external parties are recorded as deferred revenue at the time they are received. When the qualifying expenditures are incurred the related contributions 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. Government transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(d) Cash

Cash includes all highly liquid investments with maturity of three months or less at acquisition.

(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, 2019

1. Significant Accounting Policies (Continued)

(f) Collection of Taxes on Behalf of Other Entities

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, 2019 and 2018, the Town has reported no amounts as liability for contaminated sites.

Town of Gibsons
Notes to the Financial Statements

December 31, 2019

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 2.25% - 2.46% (2018 - 1.75% - 2.25%) and are redeemable at any time. MFA money market funds include securities issued by federal and provincial governments, Canadian banks and highly rated corporations. The money market fund yielded an annualized interest rate of 1.86% (2018 - 1.65%) and its investments are redeemable at any time.

Not included in portfolio investments are \$2,832,652 (2018 - \$558,240) 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.

	2018	Receipts	Revenue Recognized	2019
Donations	\$ 17,668	\$ -	\$ -	\$ 17,668
Prepaid rent	132,595	-	-	132,595
Prepaid services	109,254	94,634	(109,254)	94,634
	<u>\$ 259,517</u>	<u>\$ 94,634</u>	<u>\$ (109,254)</u>	<u>\$ 244,897</u>

Town of Gibsons
Notes to the Financial Statements
December 31, 2019

4. Debt

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

2020	\$ 547,346
2021	531,066
2022	528,981
2023	452,824
2024	469,793
2024 and onwards	<u>4,449,844</u>
	<u>\$ 6,979,854</u>

(b) Unissued Debt

The following approved debt remained unissued as at December 31, 2019:

Loan Authorization	Expiry	Gross Amount Approved	Unissued Amount	Temporary Borrowings
1264 Sewer Capital Improvements	2024	1,760,000	1,760,000	-
1265 Water Capital Improvements	2024	3,329,000	3,329,000	-

5. Development Cost Charges

	Roads	Drainage	Water	Sewer	Total
Balance, January 1, 2018	\$ 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
Interest received	10,034	12,272	554	8,254	31,114
Developer contributions	219,162	41,483	53,005	72,048	385,698
Expenditures	(32,879)	(34,555)	-	(309,376)	(376,810)
Balance, December 31, 2019	\$ 512,420	\$ 493,241	\$ 53,651	\$ 79,245	\$ 1,138,557

Town of Gibsons
Notes to the Financial Statements
December 31, 2019

6. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2019	2018
Total Operating Fund (a)	\$ 2,881,488	\$ 3,366,800
Reserve Fund (b)	1,797,690	1,545,726
Investment in tangible capital assets (c)	49,750,111	46,821,946
	\$ 54,429,289	\$ 51,734,472

- (a) Included in the total are funds externally restricted related to the Estate of Muriel Haynes of \$204,698 (2018 - \$199,794). 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 Amenity	Total
Balance, January 1, 2018	\$ 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
Contributions and transfers	-	-	-	-	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
Interest received	8,674	13,397	2,956	723	14,412	3,054	43,216
Contributions and transfers	-	500,142	-	-	1,650	-	671,792
Operating fund transfers	170,000	-	-	-	-	-	-
Expenditures	(6,000)	(299,593)	-	-	(34,175)	(123,276)	(463,044)
Balance, December 31, 2019	\$ 525,274	\$ 547,502	\$ 123,121	\$ 30,113	\$ 567,751	\$ 3,929	\$1,797,690

Town of Gibsons
Notes to the Financial Statements
December 31, 2019

6. Accumulated Surplus (Continued)

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

	<u>2019</u>	<u>2018</u>
Tangible capital assets	\$56,729,965	\$54,412,953
Amounts financed by:		
Long-term debt	(6,979,854)	(7,591,007)
Investment in TCA	<u>\$49,750,111</u>	<u>\$46,821,946</u>

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 2019, the Town purchased 228,395 m³ of water (2018 – 214,569 m³) at a cost of \$315,036 (2018 - \$285,372). The twenty-five year agreement commenced June 3, 2013 and expires June 2, 2038.

(b) Residential Garbage Services

On March 1, 2019, the Town entered into an agreement for residential garbage pickup and disposal, at an approximate annual cost of \$206,000. The five-year agreement commenced March 1, 2019 and expires February 28, 2024.

(c) Residential Organics Services

On April 1, 2019, the Town entered into an agreement for residential organics pickup and disposal services at an approximate annual cost of \$272,000. 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, 2019

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, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 44,000 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, 2018 indicated a \$2,866 Million funding surplus for basic pension benefits on a going concern basis.

The Town paid \$248,691 (2018 - \$253,923) for employer contributions while employee contributions totaled \$220,053 (2018 - \$216,845) to the Plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022. 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.	2019	2018
Cost, beginning 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
Additions	638,000	35,534	-	-	-	-	-	131,139	340,842	166,220	2,550,940	3,862,675	5,537,010
Disposals	-	(3,541)	-	-	-	-	-	-	-	-	-	(3,541)	(492,253)
Transfers	-	61,113	-	-	-	-	-	161,031	35,260	51,903	(309,307)	-	-
Cost, end of year	10,964,892	7,317,478	509,158	1,472,493	17,007,600	6,840,829	1,250,867	3,265,282	14,469,244	15,560,326	2,908,617	81,566,786	77,707,652
Accumulated amortization, beginning 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
Amortization	-	176,501	26,410	84,642	487,116	88,052	26,926	96,895	255,920	302,551	-	1,545,013	1,506,891
Disposals	-	(2,891)	-	-	-	-	-	-	-	-	-	(2,891)	(360,197)
Accumulated amortization, end of year	-	3,461,656	468,289	957,096	7,384,349	1,699,177	199,310	1,474,479	5,186,733	4,005,732	-	24,836,821	23,294,699
Net carrying amount, end of year	\$10,964,892	\$ 3,855,822	\$ 40,869	\$ 515,397	\$ 9,623,251	\$ 5,141,652	\$ 1,051,557	\$ 1,790,803	\$ 9,282,511	\$11,554,594	\$ 2,908,617	\$56,729,965	\$ 54,412,953

Town of Gibsons
Notes to the Financial Statements
December 31, 2019

10. Taxation

	Fiscal Plan 2019	2019	2018
General municipal purposes	\$ 3,342,301	\$ 3,336,783	\$ 3,071,603
Specified area requisitions	-	7,639	40,298
Collections for other governments			
Province of British Columbia - School	-	2,766,901	2,572,611
Regional District Hospital	-	178,295	174,365
Municipal Finance Authority	-	387	336
British Columbia Assessment Authority	-	79,243	73,334
Regional District	-	2,674,283	2,564,726
Police Tax	-	400,882	373,691
	3,342,301	9,444,413	8,870,964
Transfers to other governments			
Province of British Columbia - School	-	(2,766,729)	(2,572,539)
Regional Hospital District	-	(178,417)	(174,626)
Municipal Finance Authority	-	(387)	(336)
British Columbia Assessment Authority	-	(79,261)	(73,451)
Regional District	-	(2,674,428)	(2,567,513)
Police Tax	-	(401,054)	(373,763)
	-	(6,100,276)	(5,762,228)
Total general municipal taxes	3,342,301	3,344,137	3,108,736
Frontage, local improvement and parcel taxes			
Water system	566,536	581,106	541,453
Sewer system	811,879	829,541	770,814
	1,378,415	1,410,647	1,312,267
	\$ 4,720,716	\$ 4,754,784	\$ 4,421,003

Town of Gibsons
Notes to the Financial Statements

December 31, 2019

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, 2019 as presented in their annual unaudited financial statements:

	2019		2018
Assets			
Cash	\$ 139,103	\$	231,024
Other assets	157,857		22,424
Property and equipment	673,757		735,614
	970,717		989,062
Liabilities	61,998		48,780
Deferred capital contributions	457,558		508,398
Net assets	451,161		431,884
	970,717		989,062
Revenues for the year			
Moorage	255,633		255,624
Other revenues	135,611		178,862
	391,244		434,486
Expenses for the year			
Wages	180,714		162,713
Other expenses	191,253		270,003
	371,967		432,716
Excess of revenues over expenses for the year	\$ 19,277	\$	1,770

Town of Gibsons
Notes to the Financial Statements

December 31, 2019

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 \$282,296 (2018 - \$318,637) 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.

Town of Gibsons
Notes to the Financial Statements

December 31, 2019

14. Fiscal Plan

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 7, 2019. The Financial Plan does not include certain revenues that are accounted for under Canadian public sector accounting standards. The budget amounts disclosed in the statement of operations and statement of changes in net debt include \$766,655 related to contributions from developers and \$1,465,510 related to government transfers that were not included as revenues in the Financial Plan Bylaw.

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. A segment of this department is the ICBC Autoplan and Driver Licensing Agency.

Finance

The Finance Department is responsible for the overall financial and risk management of the Town.

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.
-

16. Comparative Information

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

17. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, employees and suppliers that could affect the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserve and available credit facilities to ensure it is able to continue providing essential services to its citizens.

Town of Gibsons
Schedule 1 - Long-Term Debt

For the Year Ended December 31

Loan Authorization Bylaw	Purpose	Year of Maturity	Rate	Balance	Outstanding
				2019	2018
General					
890	Downtown revitalization	2019	2.10%	\$ -	\$ 83,035
1057	Road improvement	2022	2.90%	159,097	208,103
1093	Road improvements	2029	2.25%	50,741	54,804
1105	Capital improvements	2020	4.50%	34,853	68,366
1126	RCMP Building	2031	3.56%	1,588,311	1,689,951
1231	Road improvement	2027	2.80%	322,585	357,806
1234	Capital improvements	2021	*	44,000	66,000
1246	Road improvements	2038	3.15%	1,717,607	1,784,000
				3,917,194	4,312,065
Water					
1093	Cross connection control and water meter	2029	2.25%	516,829	558,221
1057	Water mains	2022	2.90%	106,065	138,735
1134	Zone 2 Reservoir	2032	2.90%	730,059	772,279
1186	Water mains	2034	3.30%	589,040	617,325
				1,941,993	2,086,560
Sewer					
977	Waste Water Treatment Plant upgrade	2031	4.85%	1,120,667	1,192,382
				\$ 6,979,854	\$ 7,591,007

* 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

For the Year Ended December 31	Fiscal Plan 2019	2019	2018
Government Transfers			
Federal Government			
In lieu of taxes - general	\$ 15,000	\$ 14,207	\$ 14,670
Land Transfer	-	638,000	-
	<u>15,000</u>	<u>652,207</u>	<u>14,670</u>
Provincial Government			
Small Communities	488,515	497,203	488,515
Planning	-	55,000	-
Street lighting	1,000	1,318	989
Other	-	36,516	485,733
Community Works	502,354	500,142	251,178
Clean Water and Waste Water Fund	-	-	284,120
New Build Canada Fund*	1,465,510	846,278	149,016
	<u>2,457,379</u>	<u>1,936,457</u>	<u>1,659,551</u>
	<u>\$ 2,472,379</u>	<u>\$ 2,588,664</u>	<u>\$ 1,674,221</u>

* 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, 2019	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 2019 Actual	Total 2019 Fiscal Plan
Revenues											
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,344,137	\$ 581,106	\$ 829,541	\$ 4,754,784	\$ 4,720,716
Utility user rates and connection fees	-	-	-	-	-	-	-	1,110,272	776,725	1,886,997	1,925,574
Government transfers	503,878	-	-	55,000	672,098	-	511,410	-	846,278	2,588,664	2,472,379
Other contributions	2,000	-	-	-	-	-	-	-	40,368	42,368	-
Sales of services	5,169	-	15,534	-	578,522	-	-	-	-	599,225	1,050,936
Other revenue	283,279	362,747	465,900	-	171,002	4,943	442,813	44,466	50,547	1,825,697	1,256,212
Contributions from developers	40,064	-	-	1,650	103,469	-	-	-	309,377	454,560	766,655
Total Revenues	834,390	362,747	481,434	56,650	1,525,091	4,943	4,298,360	1,735,844	2,852,836	12,152,295	12,192,472
Expenses											
Operating											
Goods and Services	1,007,270	7,624	24,380	276,342	871,827	358,227	-	751,256	619,754	3,916,679	4,163,568
Labour	941,277	268,156	220,556	205,190	778,405	555,030	-	280,362	354,776	3,603,752	3,607,752
Debt interest and other	203,581	-	-	-	-	-	-	97,330	90,473	391,384	197,300
Amortization of tangible capital assets	986,543	-	-	-	-	-	-	302,551	255,919	1,545,013	1,390,100
	3,138,671	275,780	244,936	481,532	1,650,232	913,257	-	1,431,499	1,320,922	9,456,828	9,358,720
Loss on disposal of tangible capital assets	650	-	-	-	-	-	-	-	-	650	-
Total Expenses	3,139,321	275,780	244,936	481,532	1,650,232	913,257	-	1,431,499	1,320,922	9,457,478	9,358,720
Excess (deficiency) in revenues over expenses	\$ (2,304,931)	\$ 86,967	\$ 236,498	\$ (424,882)	\$ (125,141)	\$ (908,314)	\$ 4,298,360	\$ 304,345	\$ 1,531,914	\$ 2,694,817	\$ 2,833,752

Town of Gibsons
Schedule 4 - 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