

Village of Pemberton
Consolidated Financial Statements
Year ended December 31, 2014

Village of Pemberton Contents

For the year ended December 31, 2014

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Management's Responsibility

To the Mayor and Council of the Village of Pemberton:


Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Mayor and Council are composed entirely of individuals who are neither management nor employees of the Village. The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Mayor and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for appointing the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Mayor and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

May 3, 2016



Chief Administrative Officer

Independent Auditors' Report

To the Mayor and Council of the Village of Pemberton:

We have audited the accompanying consolidated financial statements of the Village of Pemberton, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, 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 Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Village of Pemberton as at December 31, 2014 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, British Columbia

May 3, 2016

MNP LLP


Chartered Professional Accountants

Village of Pemberton
Consolidated Statement of Financial Position

As at December 31, 2014

	2014	2013
Financial assets		
Cash and cash equivalents (Note 2)	1,090,387	780,355
Accounts receivable (Note 3)	1,507,878	1,906,300
Municipal Finance Authority debt reserve	73,136	68,433
	2,671,401	2,755,088
Financial liabilities		
Accounts payable and accrued liabilities	739,091	878,700
Deferred revenue (Note 4)	1,307,486	1,126,099
Deposits and permits	89,801	84,922
Long-term debt (Note 5)	3,739,905	3,633,090
Obligations under capital leases (Note 6)	632,292	706,908
	6,508,575	6,429,719
Net debt	(3,837,174)	(3,674,631)
Non-financial assets		
Prepaid expenses	20,445	46,299
Tangible capital assets (Note 7)	18,984,177	18,809,567
	19,004,622	18,855,866
Accumulated surplus (Note 8)	15,167,448	15,181,235

Commitments and contingencies (Note 11)



 Financial Officer

Village of Pemberton
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2014

	Budget (Note 13)	2014	2013
Revenue			
Taxation (Note 9)	1,937,610	1,838,169	1,864,299
Water and sewer user rates	1,435,919	1,421,365	1,387,354
User charges	817,738	182,233	288,198
Penalties and interest income	18,000	124,259	123,915
Government transfers (Note 10)			
Provincial	981,205	248,734	551,684
Federal	-	35,311	-
Other local governments	235,124	248,124	212,594
Investment income	6,500	7,216	11,950
Other	1,017,801	437,179	155,275
Development cost charges	-	-	122,000
Gain on disposal of tangible capital assets	-	135,000	-
	6,449,897	4,677,590	4,717,269
Expenses			
General government	1,597,024	1,294,978	1,180,657
Fire protection services	450,696	589,227	433,697
Development and planning services	412,121	327,169	314,098
Public works and parks	873,749	676,658	644,239
Water utility	768,820	843,510	718,661
Sewer utility	931,009	841,477	817,294
Airport services	133,200	118,358	122,362
	5,166,619	4,691,377	4,231,008
Annual surplus (deficit)	1,283,278	(13,787)	486,261
Accumulated surplus, beginning of year	15,181,235	15,181,235	14,694,974
Accumulated surplus, end of year (Note 8)	16,464,513	15,167,448	15,181,235

The accompanying notes are an integral part of these financial statements

Village of Pemberton
Consolidated Statement of Changes in Net Debt
For the year ended December 31, 2014

	Budget (Note 13)	2014	2013
Annual surplus (deficit)	1,283,278	(13,787)	486,261
Acquisition of tangible capital assets	(3,059,547)	(834,861)	(1,647,566)
Disposition of tangible capital assets	-	-	30,755
Amortization of tangible capital assets	674,978	660,250	658,385
Reversal of amortization on disposition	-	-	(15,004)
	(2,384,569)	(174,611)	(973,430)
Change in prepaid expenses	-	25,855	6,647
Increase in net debt	(1,101,291)	(162,543)	(480,522)
Net debt, beginning of year	(3,674,631)	(3,674,631)	(3,194,109)
Net debt, end of year	(4,775,922)	(3,837,174)	(3,674,631)

The accompanying notes are an integral part of these financial statements

Village of Pemberton
Consolidated Statement of Cash Flows
For the year ended December 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus (deficit)	(13,787)	486,261
Items not involving cash included in annual surplus		
Amortization of tangible capital assets	660,250	658,385
Amortization reversal on disposition	-	(15,004)
Gain on disposal of tangible capital assets	(135,000)	-
Actuarial reduction of debt	(57,494)	(48,371)
Change in financial assets and liabilities		
Accounts receivable	398,422	55,047
Municipal Finance Authority debt reserve	(4,703)	438,171
Accounts payable and accrued liabilities	(139,609)	(3,180)
Deferred revenues	181,387	(180,548)
Construction deposits	4,879	(223,041)
Change in non-financial assets		
Decrease in prepaid expenses	25,854	6,647
	920,199	1,174,367
Capital Activities		
Acquisition of tangible capital assets	(820,770)	(1,340,239)
Proceeds on disposition of tangible capital assets	135,000	30,755
	(685,770)	(1,309,484)
Financing Activities		
Principal repayments on long-term liabilities	(145,691)	(146,691)
Advances of long-term liabilities	310,000	-
Repayment of obligations under capital lease	(88,706)	(64,322)
	75,603	(211,013)
Increase (decrease) in cash and cash equivalents	310,032	(346,130)
Cash and cash equivalents, beginning of year	780,355	1,126,485
Cash and cash equivalents, end of year	1,090,387	780,355

The accompanying notes are an integral part of these financial statements

Village of Pemberton

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

The Village of Pemberton (the "Village") was incorporated as a Village in 1956 under statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include general government, fire protection, planning and development, parks and cultural services, water utility, sewer utility, airport services and fiscal services.

The Village is committed to building and maintaining a village which preserves and enhances the natural environment, heritage and uniqueness of the community. The Village's objectives are to provide open, fair, and responsive government, recognizing the impact of decisions on the residents of the community; to provide opportunities for commerce and industry; and to deliver municipal services in an effective manner at a cost acceptable to the taxpayers.

1. Significant accounting policies

The consolidated financial statements of the Village are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by the Village are as follows:

(a) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds of the Village, segregated into General, Water Utility, Sewer Utility and Airport Services funds, and those of any local boards which are owned or controlled by the Village and that are accountable for the administration of their financial affairs and resources to the Village.

Interdepartmental and inter-organizational transactions and balances between these funds have been eliminated during consolidation.

(ii) Accounting for other government organizations and School Board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the other government entities and the School Boards with which the Village interacts are not reflected in these consolidated financial statements. Funds collected by the Village on behalf of these other entities and transmitted to them are summarized in Note 9. Funds received by the Village as transfers from other government entities are summarized in Note 10.

(b) Basis of accounting

The Village follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

1. Significant accounting policies (continued)

(c) Revenue recognition

Property taxes, including frontage taxes and special assessments, are recognized as revenue in the year in which they are levied. Water and sewer user rates, connection fees, sale of services, interest and penalties are recognized as revenue in the year the related service is provided.

The Village recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Village recognizes revenue as the liability is settled.

(d) Deferred revenue

Deferred revenue represents development cost charges (DCCs), licenses and other fees which have been collected, but for which the related services or expense have yet to be performed or incurred. These amounts will be recognized as revenues in the fiscal year the services are performed or expenses incurred.

(e) Investment income

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(f) Reserves

Reserves for operating and capital purposes represent amounts reserved either internally or by statute for specific future purposes.

(g) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of 90 days or less at acquisition and readily convertible to cash.

(h) Long-term debt

Long-term debt is recorded net of related sinking fund balances.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

1. Significant accounting policies (continued)

(i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	50
Engineering structures	20-40
Machinery, equipment and vehicles	5-15
Water systems	50
Sewer systems	50

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization

The Village does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

1. Significant accounting policies (continued)

(vi) Leased tangible capital assets

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, valuation of accounts receivable, and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(k) Recent accounting pronouncements

(i) PS 3260 *Liability for Contaminated Sites*

In June 2010, the Public Sector Accounting Board issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Village has determined the effect of the new section on its financial statements to be nil.

(ii) PS 2200 *Related Party Disclosures*

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 *Related Party Disclosures*.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

This Section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The Village does not expect application of the new Standard to have a material effect on the consolidated financial statements.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

1. Significant accounting policies (continued)

(ii) PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries. An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Village does not expect application of the new Standard to have a material effect on the consolidated financial statements.

(iii) PS 3320 *Contingent Assets*

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook. The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

1. Significant accounting policies (continued)

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The Standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Village does not expect application of the new Standard to have a material effect on the consolidated financial statements.

(iv) *PS 3380 Contractual Rights*

In June 2015, new *PS 3380 Contractual Rights* was included in the CPA Canada Public Sector Accounting Handbook. This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Village does not expect application of the new Standard to have a material effect on the consolidated financial statements.

2. Cash and cash equivalents

	2014	2013
Restricted cash and cash equivalents		
Development cost charges	366,985	366,985
Other	25,000	25,000
	391,985	391,985
Unrestricted cash and cash equivalents	698,402	388,370
	1,090,387	780,355

Cash equivalents include investments in Municipal Finance Authority Money Market Fund and Guaranteed Investment Certificates.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

3. Accounts receivable

	2014	2013
Taxes receivable	510,095	673,149
Utilities receivable	632,157	818,178
Trade receivables	365,626	414,973
	1,507,878	1,906,300

4. Deferred revenue

Deferred revenues, reported on the consolidated statement of financial position, are made up of the following:

	December 31, 2013	Collections	Transfers	December 31, 2014
Development cost charges				
General	206,319	-	-	206,319
Water utility	138,783	-	-	138,783
Sewer utility	21,884	-	-	21,884
	366,986	-	-	366,986
Deferred revenue				
Unspent gas tax funding	398,129	154,425	-	552,554
Deferred capital grants	257,616	24,028	(233,923)	47,721
Future local improvements	103,368	92,971	(3,919)	192,420
Prepaid utilities and taxes	-	34,057	-	34,057
Other	-	113,748	-	113,748
	759,113	419,229	(237,842)	940,500
	1,126,099	419,310	(237,842)	1,307,486

Development cost charges are amounts received from developers to be used by the Village for specific infrastructure upgrades, improvements and projects. The above amounts have been deferred and are to be recognized as revenue in the year the related project expenditures are incurred.

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

5. Long-term debt

Long-term debt reported on the consolidated statement of financial position is made up of the following:

	2014	2013
Outstanding debt, beginning of year	3,633,090	3,828,152
Issues of debt	310,000	-
Repayment of debt	(145,691)	(145,691)
Actuarial reduction of debt	(57,494)	(49,371)
	3,739,905	3,633,090

Bylaw	Year Maturing	% Rate	Cash Payments		Balance Outstanding	
			Interest	Principal	2014	2013
427	2022	3.05	19,825	19,658	337,106	370,728
515	2025	1.80	87,570	70,521	1,353,684	1,450,197
564	2016	4.43	10,411	19,573	54,647	80,404
580	2036	3.00	89,292	35,939	1,684,468	1,731,761
756	2024	3.00	-	-	270,000	-
747	2019	variable	-	-	40,000	-
			207,098	145,691	3,739,905	3,633,090

The estimated aggregate repayments on long-term debt over the next five years are as follows:

2015	168,180
2016	205,667
2017	186,093
2018	186,093
2019	186,093

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

6. Obligations under capital leases

	2014	2013
Obligation under capital lease, prime less 1%, blended monthly payments of \$521, due November 2015.	5,695	11,769
Obligation under capital lease, prime minus 1%, blended monthly payments of \$4,567, due March 2018.	172,466	223,276
Obligation under capital lease, prime minus 1%, blended monthly payments of \$403, due September 2017.	12,958	-
Obligation under capital lease, prime minus 1%, blended monthly payments of \$ 2,115, due October 2019.	398,596	410,942
Obligation under capital lease, prime minus 1%, blended monthly payments of \$819, due July 2018.	33,961	43,013
Obligation under capital lease, prime minus 1%, blended monthly payments of \$797, due November 2015.	8,616	17,908
	632,292	706,908

The capital leases are secured by specific land, buildings and equipment.

The Village leases land, buildings and equipment under capital leases that expire between its 2015 and 2019 fiscal years. The Village is obligated to make the following minimum lease payments under the capital leases in each of the fiscal years ending December 31:

2015	109,326
2016	94,872
2017	93,644
2018	44,970
2019	328,822

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

7. Tangible capital assets

2014	Land	Buildings	Engineering Structures	Machinery, Equipment and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
Cost								
Balance, beginning of year	830,087	1,515,635	4,875,161	2,975,647	4,485,045	13,391,040	97,284	28,169,899
Disposals	-	-	-	-	-	-	(97,284)	(97,284)
Additions	-	518,668	29,580	180,888	-	-	203,008	932,144
Balance, end of year	830,087	2,034,303	4,904,741	3,156,535	4,485,045	13,391,040	203,008	29,004,758
Accumulated amortization								
Balance, beginning of year	-	350,103	2,872,310	1,912,711	983,554	3,241,654	-	9,360,332
Amortization reversal on disposal	-	-	-	-	-	-	-	-
Amortization expense	-	54,681	92,519	157,584	88,839	266,627	-	660,250
Balance, end of year	-	404,784	2,964,829	2,070,295	1,072,393	3,508,281	-	10,020,582
Net book value, end of year	830,087	1,629,519	1,982,912	1,086,240	3,412,652	9,882,759	203,008	18,984,177

The total cost of tangible capital assets acquired under capital lease obligations as at December 31, 2014 was \$911,383 and total accumulated amortization was \$260,026 for a net book value of \$651,357.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

7. Tangible capital assets (continued)

2013	Land	Building and Building Improvements	Engineering Structures	Machinery, Equipment and Vehicles	Water Systems	Sewer Systems	Assets under Construction	Total
Cost								
Balance, beginning of year	830,087	1,339,431	4,761,851	2,634,059	4,443,442	12,420,159	124,061	26,553,090
Disposals	-	-	-	(30,755)	-	-	(124,061)	(154,816)
Additions	-	176,204	113,310	372,343	41,603	970,881	97,284	1,771,625
Balance, end of year	830,087	1,515,635	4,875,161	2,975,647	4,485,045	13,391,040	97,284	28,169,899
Accumulated amortization								
Balance, beginning of year	-	317,654	2,753,051	1,776,504	894,714	2,975,028	-	8,716,951
Amortization reversal on disposal	-	-	-	(15,004)	-	-	-	(15,004)
Amortization expense	-	32,449	119,259	151,211	88,840	266,626	-	658,385
Balance, end of year	-	350,103	2,872,310	1,912,711	983,554	3,241,654	-	9,360,332
Net book value, end of year	830,087	1,165,532	2,002,851	1,062,936	3,501,491	10,149,386	97,284	18,809,567

The total cost of tangible capital assets acquired under capital lease obligations as at December 31, 2013 was \$897,292 and total accumulated amortization was \$219,876 for a net book value of \$677,416.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

8. Accumulated surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2014	2013
Surplus		
Invested in tangible capital assets	14,611,980	14,607,339
Unrestricted	201,519	404,695
	14,813,489	15,012,034
Non-statutory reserves		
General reserve	130,748	-
Reserves set aside by Council		
Equipment replacement	22,969	22,969
Centennial building	7,161	7,161
Capital	106,662	106,662
Water - general	86,409	32,409
Sewage plant decommissioning	-	-
Sewer upgrades	-	-
	223,201	169,201
	15,167,448	15,181,235

9. Taxation

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	2014	2013
Municipal and school property taxes levied	3,982,396	4,145,050
Payments in-lieu of taxes	97,231	94,825
	4,079,627	4,239,875
Less transfers to other governments		
Squamish-Lillooet Regional District	834,932	956,291
Province of B.C. - School taxes	1,182,601	1,195,237
Squamish-Lillooet Regional Hospital District	-	2,760
Policing costs	158,469	155,181
B.C. Assessment Authority	39,459	39,764
Sea to Sky Regional Hospital District	25,888	26,234
Municipal Finance Authority	109	109
	2,241,458	2,375,576
Net taxation revenue available for municipal purposes	1,838,169	1,864,299

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

10. Government transfers

The government transfers reported on the consolidated statement of operations are:

	2014	2013
Provincial and federal grants		
Social assistance and community development	247,654	256,982
Miscellaneous	36,391	294,702
	284,045	551,684
Other municipalities/Regional Districts		
Fire protection	140,619	136,024
Rescue services	53,107	51,560
Other	54,398	25,010
	248,124	212,594
Total government transfer revenues	532,169	764,278

11. Commitments and contingencies

- (a) Under the provisions of the Local Government Act, Regional District debt is a direct, joint and several liability of the Regional District and each member municipality within the Regional District, including the Village of Pemberton. At December 31, 2014 the Squamish-Lillooet Regional District had net debt owing of \$51,446,380, \$59,113,903 less \$7,667,523 sinking funds (2014 - \$41,974,503, \$57,187,900 net of \$15,213,397 sinking funds) including debentures issued for the Village (Note 5).
- (b) The Village and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly-trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2012 indicated a funding deficit of \$1.37 billion for basic pension benefits. The next valuation will be as at December 31, 2015, with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Village of Pemberton paid \$99,351 (2013 - \$94,248) for employer contributions to the plan in fiscal 2014.

Village of Pemberton

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

11. Commitments and contingencies (continued)

- (d) From time to time, the Village is brought forth as defendant in various lawsuits. The Village reviews its exposure to any potential litigation, for which it would not be covered by insurance, and assesses whether a successful claim against the Village would significantly affect the consolidated financial statements of the Village. Management has determined that potential liabilities, if any, arising from these claims will not be significant to the consolidated financial statements.
- (e) The Village is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the Village, along with the other participants, would be required to contribute towards the deficit. The likelihood or amount of any potential liability is not determinable at this time.

12. Segmented information

Segmented information has been identified based upon lines of service provided by the Village. Village services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) General government

General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, and any other functions not categorized to a specific department.

(ii) Fire protection services

The Fire department is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires.

(iii) Development services

Development services work to achieve the Village's goals to maintain and enhance community spirit and vitality and use of public space. It does so through official community plans, urban design, zoning and other policy initiatives.

12. Segmented information (continued)

(iv) Public works and parks

The public works and parks department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

(v) Water and sewer utilities

The Village is responsible for environmental programs including the engineering and operation of the potable drinking water and wastewater systems.

(vi) Airport services

The Village operates the Pemberton Regional Airport, collecting landing and lease fees and maintaining the grounds and facilities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue.

Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

12. Segmented information (continued)

2014	General Government	Fire Protection Services	Development & Planning Service	Public Works and Parks	Water Utility	Sewer Utility	Airport Services	Total
Revenues								
Taxation	824,225	375,030	208,236	430,678	-	-	-	1,838,169
Water and sewer user rates	-	-	-	-	712,869	708,496	-	1,421,365
User fees	96,944	-	64,750	-	-	-	20,539	182,233
Penalties and interest income	101,529	-	-	-	10,062	12,669	-	124,259
Government transfers	318,536	193,726	-	19,907	-	-	-	532,169
Investment income	5,295	-	-	-	470	1,451	-	7,216
Other	806	72,620	85,572	249,405	14,076	-	14,700	437,179
Gain on disposal	135,000	-	-	-	-	-	-	135,000
Total revenues	1,482,333	641,376	358,558	699,990	737,477	722,616	35,239	4,677,590
Expenses								
Wages, salaries and benefits	486,485	273,008	155,223	372,636	421,068	244,649	33,217	1,986,258
Materials, supplies and contracted services	558,400	311,993	171,946	298,790	311,997	206,430	16,451	1,876,034
Debt servicing	14,000	4,227	-	5,231	21,606	123,771	-	168,835
Amortization	236,093	-	-	-	88,840	266,627	68,690	660,250
Total expenses	1,294,978	589,227	327,169	676,658	843,510	841,477	118,358	4,691,377
Annual surplus (deficit)	187,355	52,149	31,389	23,332	(106,033)	(118,861)	(83,119)	(13,787)

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

12. Segmented information (continued)

2013	General Government	Fire Protection Services	Development & Planning & Service	Public Works and Parks	Water Utility	Sewer Utility	Airport Services	Total
Revenues								
Taxation	858,491	314,072	226,719	465,017	-	-	-	1,876,299
Water and sewer user rates	-	-	-	-	674,370	712,984	-	1,387,354
User fees	124,287	-	146,255	-	-	-	17,656	288,198
Penalties and interest income	108,727	-	-	-	6,402	8,786	-	123,915
Government transfers	260,571	189,005	-	29,352	-	285,350	-	764,278
Investment income	8,904	-	-	-	749	2,297	-	11,950
DCCs	-	-	-	-	-	122,000	-	122,000
Other	36,544	475	77,132	38,864	-	-	2,260	155,275
Total revenues	1,397,524	503,552	450,106	533,233	681,521	1,131,417	19,916	4,717,269
Expenses								
Wages, salaries and benefits	470,905	227,774	152,547	369,348	386,174	169,957	29,900	1,806,605
Materials, supplies and contracted services	472,373	200,706	161,551	259,008	220,059	251,789	18,525	1,584,011
Debt servicing	8,398	5,217	-	15,883	23,589	128,920	-	182,007
Amortization	228,981	-	-	-	88,840	266,627	73,937	658,385
Total expenses	1,180,657	433,697	314,098	644,239	718,662	817,293	122,362	4,231,008
Annual surplus (deficit)	216,867	69,855	136,008	(111,006)	(37,141)	314,124	(102,446)	486,261

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2014

13. Budget data

The budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets adopted by Council on May 13, 2014. The following table reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Surplus - Statement of operations	1,283,278
Adjust for budgeted cash items not included in statement of operations	
Capital expenditures	(3,059,547)
Amortization	674,978
Loan proceeds	1,250,000
Reduction in long-term debt	(162,792)
Repayment of obligations under capital lease	(116,224)
Transfers to (from) Statutory Reserves	-
Transfers to (from) Non-Statutory Reserves	184,307
Transfers to (from) Unappropriated Surplus	(54,000)
Transfers to (from) Development Cost Charges	-
Total adjustments	(1,283,278)
Financial plan balance	-