

**Village of Pemberton**  
**Financial Statements**  
*December 31, 2017*

# Village of Pemberton Contents

*For the year ended December 31, 2017*

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## Management's Responsibility

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To the Mayor and Council of the Village of Pemberton,

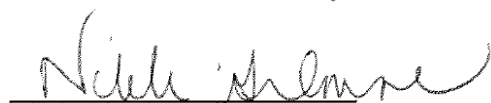
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is 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 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 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 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 8, 2018

A handwritten signature in cursive script, appearing to read "Nicole Schumme", written over a horizontal line.

Chief Administrative Officer

## Independent Auditors' Report

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To the Mayor and Council of the Village of Pemberton,

We have audited the accompanying financial statements of the Village of Pemberton, which comprise the statement of financial position as at December 31, 2017, and the 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 Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Village of Pemberton as at December 31, 2017 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 8, 2018

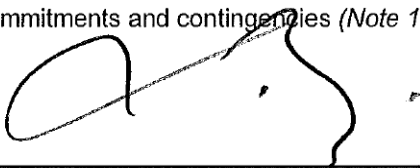
*MNP* LLP

Chartered Professional Accountants

**Village of Pemberton**  
**Statement of Financial Position**  
*As at December 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	4,384,476	4,563,260
Accounts receivable (Note 3)	1,215,883	1,504,161
Municipal Finance Authority debt reserve	93,324	91,538
	<b>5,693,683</b>	<b>6,158,959</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	597,844	504,289
Deferred revenue (Note 4)	1,579,925	1,511,364
Deposits and permits	1,586,849	2,385,739
Long-term debt (Note 5)	5,230,686	5,210,276
Obligations under capital leases	-	447,083
	<b>8,995,304</b>	<b>10,058,751</b>
<b>Net debt</b>	<b>(3,301,621)</b>	<b>(3,899,792)</b>
<b>Non-financial assets</b>		
Prepaid expenses	98,292	26,022
Tangible capital assets (Note 6)	21,826,722	20,661,199
	<b>21,925,014</b>	<b>20,687,221</b>
<b>Accumulated surplus (Note 7)</b>	<b>18,623,393</b>	<b>16,787,429</b>

Commitments and contingencies (Note 10)



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 Mayor

**Village of Pemberton**  
**Statement of Operations and Accumulated Surplus**

*For the year ended December 31, 2017*

	Budget (Note 12)	2017	2016
<b>Revenue</b>			
Taxation (Note 8)	1,932,042	<b>1,836,489</b>	1,705,046
Water and sewer user rates	1,588,090	<b>1,703,447</b>	1,672,958
User charges	1,426,401	<b>441,015</b>	398,756
Penalties and interest income	19,279	<b>95,911</b>	82,296
Government transfers (Note 9)			
Federal and provincial	1,699,878	<b>913,898</b>	476,668
Other local governments	271,095	<b>349,191</b>	243,297
Investment income	8,727	<b>38,501</b>	21,289
Contributions	-	<b>817,711</b>	436,463
Other	791,272	<b>358,932</b>	309,618
Gain on disposal of tangible capital assets	-	<b>4,283</b>	150,200
	<b>7,736,784</b>	<b>6,559,378</b>	5,496,591
<b>Expenses</b>			
General government	2,145,558	<b>1,295,638</b>	1,316,714
Fire protection services	670,590	<b>567,692</b>	574,922
Development and planning services	463,090	<b>421,595</b>	272,902
Public works and parks	1,155,680	<b>683,167</b>	616,208
Water utility	937,475	<b>867,466</b>	793,810
Sewer utility	967,792	<b>777,656</b>	822,189
Airport services	111,768	<b>110,200</b>	91,239
	<b>6,451,953</b>	<b>4,723,414</b>	4,487,984
Annual surplus	1,284,831	<b>1,835,964</b>	1,008,607
Accumulated surplus, beginning of year	16,787,429	<b>16,787,429</b>	15,778,822
<b>Accumulated surplus (Note 7)</b>	<b>18,072,260</b>	<b>18,623,393</b>	16,787,429

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

**Village of Pemberton**  
**Statement of Changes in Net Debt**  
*For the year ended December 31, 2017*

	Budget (Note 12)	2017	2016
Annual surplus	1,284,831	<b>1,835,964</b>	1,008,607
Acquisition of tangible capital assets	(2,227,573)	<b>(1,970,419)</b>	(1,928,494)
Gain on disposal of tangible capital assets	-	<b>(4,283)</b>	(150,200)
Proceeds on disposition of tangible capital assets	-	<b>6,885</b>	150,200
Amortization of tangible capital assets	858,325	<b>802,294</b>	763,608
	(1,369,248)	<b>(1,165,523)</b>	(1,164,886)
Change in prepaid expenses	-	<b>(72,270)</b>	28,558
Decrease (increase) in net debt	(84,417)	<b>598,171</b>	(127,721)
Net debt, beginning of year	(3,899,792)	<b>(3,899,792)</b>	(3,772,071)
<b>Net debt, end of year</b>	<b>(3,984,209)</b>	<b>(3,301,621)</b>	<b>(3,899,792)</b>

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

**Village of Pemberton**  
**Statement of Cash Flows**

*For the year ended December 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating Activities</b>		
Annual surplus	1,835,964	1,008,607
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	802,294	763,608
Gain on disposal of tangible capital assets	(4,283)	(150,200)
Actuarial reduction of debt	(72,809)	(71,442)
Contributions of tangible capital assets	(786,000)	(292,705)
Change in financial assets and liabilities:		
Accounts receivable	288,278	(13,270)
Municipal Finance Authority debt reserve	(1,786)	(4,293)
Accounts payable and accrued liabilities	93,555	(244,602)
Deferred revenues	68,561	199,236
Deposits	(798,890)	1,937,702
Change in non-financial assets:		
Prepays	(72,270)	28,558
	<b>1,352,614</b>	<b>3,161,199</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(1,184,419)	(1,635,789)
Proceeds on disposition of tangible capital assets	6,885	150,200
	<b>(1,177,534)</b>	<b>(1,485,589)</b>
<b>Financing Activities</b>		
Principal repayments of long-term debt	(319,724)	(228,844)
Advances of long-term debt	412,943	804,794
Repayment of obligations under capital lease	(447,083)	(86,449)
	<b>(353,864)</b>	<b>489,501</b>
Increase (decrease) in cash and cash equivalents	<b>(178,784)</b>	2,165,111
Cash and cash equivalents, beginning of year	<b>4,563,260</b>	2,398,149
Cash and cash equivalents, end of year	<b>4,384,476</b>	<b>4,563,260</b>

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



**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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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, public works, parks and cultural services, water utility, sewer utility, and airport 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 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 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.

(b) 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.

(c) 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.

(d) 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.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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**1. Significant accounting policies (continued)**

(e) Reserves

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

(f) 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.

(g) Long-term debt

Long-term debt is recorded net of principal repayments and actuarial adjustments.

(h) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Village is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2017.

(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, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and building improvements	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. Amortization is charged to the date the asset is sold in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**1. Significant accounting policies (continued)**

(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.

(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, estimated useful lives of tangible capital assets, and valuation of accounts receivable.

Liabilities for contaminated sites are estimated based on the best information available regarding potential contamination where the Village is responsible.

(k) Recent accounting pronouncements

(i) 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*.

**1. Significant accounting policies (*continued*)**

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 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 financial statements.

(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 financial statements.

**1. Significant accounting policies (*continued*)**

(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 financial statement date cannot create an existing condition or situation at the financial statement date.

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

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 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 financial statements.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**2. Cash and cash equivalents**

	2017	2016
Restricted cash and cash equivalents		
Development cost charges	698,162	581,941
Other	25,000	25,000
	<b>723,162</b>	606,940
Unrestricted cash and cash equivalents	<b>3,661,314</b>	3,956,319
	<b>4,384,476</b>	4,563,260

Cash equivalents include investments in Municipal Finance Authority Money Market Fund and term deposits.

**3. Accounts Receivable**

	2017	2016
Taxes receivable	384,750	505,684
Utilities receivable	79,958	294,634
Goods and Services Tax receivable	91,390	69,539
Trade receivables	659,785	634,304
	<b>1,215,883</b>	1,504,161

**4. Deferred revenue**

	December 31, 2016	Collections	Transfers	December 31, 2017
Development cost charges				
General	293,742	69,703	-	363,445
Water utility	180,451	37,988	-	218,439
Sewer utility	107,748	79,987	-	187,735
	581,941	187,678	-	769,619
Deferred revenue				
Unspent gas tax funding	536,819	156,624	(327,688)	365,755
Deferred grants	77,149	2,500	(1,000)	78,649
Future local improvements	100,998	-	(2,229)	98,769
Prepaid utilities and taxes	23,589	76,264	(23,589)	76,264
Other	190,869	-	-	190,869
	929,423	235,388	(354,506)	810,306
	1,511,364	423,066	(354,506)	1,579,925

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 Financial Statements**  
*For the year ended December 31, 2017*

**5. Long-term debt**

	2017	2016
Outstanding debt, beginning of year	5,210,276	4,705,768
Issues of debt	412,943	804,794
Repayment of debt	(319,724)	(228,844)
Actuarial reduction of debt	(72,809)	(71,442)
	<b>5,230,686</b>	5,210,276

Bylaw	Year Maturing	% Rate	Cash Payments		Balance Outstanding	
			Interest	Principal	2017	2016
427	2022	3.05	11,375	19,658	<b>225,817</b>	264,737
515	2025	1.80	37,800	77,200	<b>1,035,902</b>	1,146,475
580	2036	3.00	35,273	35,939	<b>1,530,934</b>	1,584,132
756	2024	3.00	8,100	22,489	<b>199,800</b>	224,123
776	2040	2.75	33,000	30,809	<b>1,137,304</b>	1,169,191
795	2036	2.10	11,204	19,856	<b>513,680</b>	533,536
747	2019	variable	1,044	20,000	<b>60,000</b>	80,000
1433	2020	variable	1,576	23,673	<b>94,760</b>	118,433
N/A	2018	variable	326	28,579	<b>19,291</b>	-
N/A	2018	variable	89	5,084	<b>6,883</b>	-
N/A	2021	variable	1,250	20,667	<b>68,983</b>	89,650
N/A	2021	variable	3,145	15,772	<b>337,332</b>	-
			144,182	319,724	<b>5,230,686</b>	5,210,276

During the year, all outstanding capital leases were converted to equipment financing loans. The Village's equipment financing loans have been presented as additions to long-term debt during the year.

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

2018	282,072
2019	256,902
2020	257,985
2021	249,432
2022	222,670

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**6. Tangible capital assets**

2017	Land	Buildings	Engineering Structures	Machinery, Equipment and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
<b>Cost</b>								
Balance, beginning of year	830,087	2,066,915	5,507,590	3,929,702	6,356,297	13,401,023	96,540	32,188,154
Disposals	-	-	-	(8,918)	-	-	-	(8,918)
Additions	851,614	26,465	339,687	168,005	459,829	-	124,819	1,970,419
Balance, end of year	1,681,701	2,093,380	5,847,277	4,088,789	6,816,126	13,401,023	221,359	34,149,655
<b>Accumulated amortization</b>								
Balance, beginning of year	-	485,052	3,189,461	2,496,636	1,314,071	4,041,735	-	11,526,955
Amortization reversal on disposal	-	-	-	(6,316)	-	-	-	(6,316)
Amortization expense	-	52,290	121,462	224,315	137,400	266,827	-	802,294
Balance, end of year	-	537,342	3,310,923	2,714,635	1,451,471	4,308,562	-	12,322,933
<b>Net book value, end of year</b>	<b>1,681,701</b>	<b>1,556,038</b>	<b>2,536,354</b>	<b>1,374,154</b>	<b>5,364,655</b>	<b>9,092,461</b>	<b>221,359</b>	<b>21,826,722</b>

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$1,131,583.



**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**6. Tangible capital assets (continued)**

	Land	Buildings	Engineering Structures	Machinery, Equipment and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
<b>Cost</b>								
Balance, beginning of year	830,087	2,045,487	4,904,741	3,211,606	5,813,658	13,391,040	63,041	30,259,660
Disposals	-	-	-	-	-	-	-	-
Additions	-	21,428	602,849	718,096	542,639	9,983	33,499	1,928,494
Balance, end of year	830,087	2,066,915	5,507,590	3,929,702	6,356,297	13,401,023	96,540	32,188,154
<b>Accumulated amortization</b>								
Balance, beginning of year	-	438,053	3,079,581	2,282,999	1,187,806	3,774,908	-	10,763,347
Amortization reversal on disposal	-	-	-	-	-	-	-	-
Amortization expense	-	46,999	109,880	213,637	126,265	266,827	-	763,608
Balance, end of year	-	485,052	3,189,461	2,496,636	1,314,071	4,041,735	-	11,526,955
<b>Net book value, end of year</b>	<b>830,087</b>	<b>1,581,863</b>	<b>2,318,129</b>	<b>1,433,066</b>	<b>5,042,226</b>	<b>9,359,288</b>	<b>96,540</b>	<b>20,661,199</b>

The total cost of tangible capital assets under capital lease obligations in 2016 was \$911,383 and total accumulated amortization was \$361,316 for a net book value of \$550,067.

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$922,270.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**7. Accumulated surplus**

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

	2017	2016
Surplus		
Invested in tangible capital assets	16,596,037	15,003,840
Unrestricted	1,118,979	1,233,896
	<b>17,715,016</b>	<b>16,237,736</b>
Non-statutory reserves		
General reserve	203,543	346,561
Reserves set aside by Council		
Equipment replacement	22,969	22,969
Centennial building	7,161	7,161
Capital	314,317	117,749
Fire department	187,794	-
Water – general	159,753	55,253
Transit	12,840	-
	<b>704,834</b>	<b>203,132</b>
	<b>18,623,393</b>	<b>16,787,429</b>

**8. Taxation**

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

	2017	2016
Municipal and school property taxes levied	4,067,324	3,852,487
Payments in-lieu of taxes	89,078	102,695
	<b>4,156,402</b>	<b>3,955,182</b>
Less transfers to other governments		
Squamish-Lillooet Regional District	872,988	861,005
Province of B.C. – School taxes	1,194,650	1,153,199
Policing costs	185,644	170,053
B.C. Assessment Authority	39,778	39,192
Sea to Sky Regional Hospital District	26,708	26,566
Municipal Finance Authority	145	121
	<b>2,319,913</b>	<b>2,250,136</b>
Net taxation revenue available for municipal purposes	<b>1,836,489</b>	<b>1,705,046</b>

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**9. Government transfers**

The government transfers reported on the statement of operations are:

	2017	2016
Federal and provincial grants		
Social assistance and community development	389,870	387,146
Gas tax	327,688	-
Capital improvements	188,257	75,057
Miscellaneous	8,083	14,465
	<b>913,898</b>	476,668
Other municipalities and regional districts		
Fire protection	279,916	154,122
Rescue services	64,275	63,076
Other	5,000	26,099
	<b>349,191</b>	243,297
<b>Total government transfer revenues</b>	<b>1,263,089</b>	719,965

**10. 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, 2017 the Squamish-Lillooet Regional District had net debt owing of \$48,998,601, \$52,105,136 less \$3,106,535 sinking funds (2016 - \$51,530,513, \$54,813,166 less \$3,282,653 sinking funds).

(b) The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis.

The Village of Pemberton paid \$150,960 (2016 - \$127,914) for employer contributions to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- (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 financial statements of the Village. Management has determined that potential liabilities, if any, arising from these claims will not be significant to the 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.
- (f) At December 31, 2017, the Village has entered into an agreement to purchase land in exchange for consideration of \$300,000. The purchase was completed subsequent to year end.

## **11. 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.

### (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.

**11. Segmented information (continued)**

(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.

**Village of Pemberton**  
**Notes to the Financial Statements**  
For the year ended December 31, 2017

**11. Segmented information (continued)**

2017	General Government	Fire Protection Services	Development & Planning Service	Public Works and Parks	Water Utility	Sewer Utility	Airport Services	Total
<b>Revenues</b>								
Taxation	599,814	349,777	195,037	316,043	99,985	200,113	75,720	1,836,489
Water and sewer user rates	-	-	-	-	938,446	765,001	-	1,703,447
User fees	189,272	-	228,411	-	-	-	23,332	441,015
Penalties and interest income	75,682	-	-	-	10,233	9,996	-	95,911
Government transfers	402,953	344,191	-	2,923	317,349	-	195,673	1,263,089
Investment income	36,818	-	-	-	578	1,105	-	38,501
Contributions	-	-	-	787,000	30,711	-	-	817,711
Other	37,240	213,529	100,953	447	-	1,359	5,404	358,932
Gain on disposal	-	4,283	-	-	-	-	-	4,283
	<b>1,341,779</b>	<b>911,780</b>	<b>524,401</b>	<b>1,106,413</b>	<b>1,397,302</b>	<b>977,574</b>	<b>300,129</b>	<b>6,559,378</b>
<b>Expenses</b>								
Wages, salaries and benefits	557,407	248,939	210,505	389,735	490,933	277,898	27,824	2,203,241
Materials, supplies and contracted services	390,009	310,881	211,090	289,357	211,442	207,884	25,193	1,645,856
Debt servicing	7,337	7,872	-	4,075	27,691	25,048	-	72,023
Amortization	340,885	-	-	-	137,400	266,826	57,183	802,294
	<b>1,295,638</b>	<b>567,692</b>	<b>421,595</b>	<b>683,167</b>	<b>867,466</b>	<b>777,656</b>	<b>110,200</b>	<b>4,723,414</b>
<b>Annual surplus (deficit)</b>	<b>46,141</b>	<b>344,088</b>	<b>102,806</b>	<b>423,243</b>	<b>529,840</b>	<b>199,918</b>	<b>189,929</b>	<b>1,835,964</b>

**Village of Pemberton**  
**Notes to the Financial Statements**

For the year ended December 31, 2017

**11. Segmented information (continued)**

2016	General Government	Fire Protection Services	Development & Planning Service	Public Works and Parks	Water Utility	Sewer Utility	Airport Services	Total
<b>Revenues</b>								
Taxation	582,023	307,801	119,679	270,233	129,590	244,520	51,200	1,705,046
Water and sewer user rates	-	-	-	-	927,339	745,619	-	1,672,958
User fees	224,355	-	149,314	-	-	-	25,088	398,756
Penalties and interest income	66,131	-	-	-	8,969	7,195	-	82,296
Government transfers	419,709	217,199	-	27,098	-	-	55,959	719,965
Investment income	19,102	-	-	-	811	1,376	-	21,289
Contributions	50,336	-	-	294,278	91,850	-	-	436,463
Other	68,626	102,668	103,346	12,283	-	13,515	9,179	309,618
Gain on disposal	150,200	-	-	-	-	-	-	150,200
	<b>1,580,482</b>	<b>627,668</b>	<b>372,339</b>	<b>603,892</b>	<b>1,158,559</b>	<b>1,012,225</b>	<b>141,426</b>	<b>5,496,591</b>
<b>Expenses</b>								
Wages, salaries and benefits	529,926	324,139	134,494	370,132	452,121	262,394	28,535	2,101,741
Materials, supplies and contracted services	457,581	249,397	138,408	243,652	169,194	218,563	13,758	1,490,553
Debt servicing	7,637	1,386	-	2,424	46,230	74,405	-	132,082
Amortization	321,570	-	-	-	126,265	266,827	48,946	763,608
	<b>1,316,714</b>	<b>574,922</b>	<b>272,902</b>	<b>616,208</b>	<b>793,810</b>	<b>822,189</b>	<b>91,239</b>	<b>4,487,984</b>
<b>Annual surplus (deficit)</b>	<b>263,768</b>	<b>52,746</b>	<b>99,437</b>	<b>(12,316)</b>	<b>364,749</b>	<b>190,036</b>	<b>50,187</b>	<b>1,008,607</b>

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

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**12. Budget data**

The budget data presented in these financial statements is based upon the 2017 operating and capital budgets adopted by Council on May 4, 2017. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	<b>Budget amount</b>
Surplus – Statement of Operations	1,284,831
Adjust for budgeted cash items not included in statement of operations	
Capital expenditures	(2,227,573)
Loan proceeds	-
Amortization	858,325
Reduction in long-term debt	(205,949)
Repayment of obligations under capital lease	(149,579)
Transfers from Statutory Reserves	-
Transfers from Non-Statutory Reserves	134,468
Transfers to Non-Statutory Reserves	(335,164)
Transfers from Unrestricted Surplus	640,641
Total adjustments	(1,016,107)
Financial plan balance	-