

**Village of Pemberton**  
**Financial Statements**  
*December 31, 2018*

# Village of Pemberton Contents

*For the year ended December 31, 2018*

---

	<b>Page</b>
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position .....	1
Statement of Operations and Accumulated Surplus .....	2
Statement of Changes in Net Debt .....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements</b> .....	5

## Management's Responsibility

---

To the Mayor and Council of the Village of Pemberton,

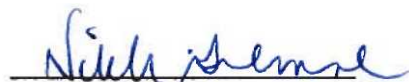
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is 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 7, 2019



Chief Administrative Officer

## Independent Auditor's Report

---

To the Mayor and Council of the Village of Pemberton,

### Opinion

We have audited the financial statements of the Village of Pemberton (the "Village"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the results of its operations, changes 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 our report. We are independent of the Village 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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:

## Independent Auditor's Report

---

- 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 Village'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 Village'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 Village 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.

Kelowna, British Columbia

May 7, 2019

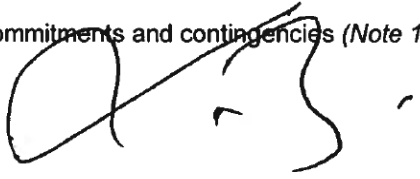
*MNP LLP*

Chartered Professional Accountants

**Village of Pemberton**  
**Statement of Financial Position**  
*As at December 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	6,585,114	4,384,476
Accounts receivable (Note 3)	2,811,382	1,215,883
Municipal Finance Authority debt reserve	93,849	93,324
	<b>9,490,345</b>	<b>5,693,683</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	952,368	597,844
Deferred revenue (Note 5)	1,971,653	1,579,925
Deposits and permits	4,101,153	1,586,849
Long-term debt (Note 6)	5,117,183	5,230,686
	<b>12,142,357</b>	<b>8,995,304</b>
<b>Net debt</b>	<b>(2,652,012)</b>	<b>(3,301,621)</b>
<b>Non-financial assets</b>		
Prepaid expenses	32,473	98,292
Tangible capital assets (Note 7)	25,279,153	21,826,722
	<b>25,311,626</b>	<b>21,925,014</b>
<b>Accumulated surplus (Note 8)</b>	<b>22,659,614</b>	<b>18,623,393</b>

Commitments and contingencies (Note 11)



\_\_\_\_\_  
 Mayor

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

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

*For the year ended December 31, 2018*

	Budget (Note 13)	2018	2017
<b>Revenue</b>			
Taxation (Note 9)	2,015,259	<b>1,946,489</b>	1,836,489
Water and sewer user rates	1,682,091	<b>1,853,538</b>	1,703,447
Government transfers (Note 10)			
Federal and provincial	1,815,825	<b>1,761,890</b>	913,898
Other local governments	365,870	<b>924,504</b>	349,191
Contributions	-	<b>1,804,534</b>	817,711
User charges	1,576,620	<b>459,400</b>	441,015
Penalties and interest income	16,640	<b>103,046</b>	95,911
Investment income	7,320	<b>44,680</b>	38,501
Other	450,740	<b>267,783</b>	358,932
Gain on disposal of tangible capital assets	-	<b>4,464</b>	4,283
	<b>7,930,365</b>	<b>9,170,328</b>	6,559,378
<b>Expenses</b>			
General government	2,309,315	<b>1,588,001</b>	1,295,638
Fire protection services	615,274	<b>587,482</b>	567,692
Development and planning services	593,556	<b>383,807</b>	421,595
Public works and parks	1,254,709	<b>812,203</b>	683,167
Water utility	961,025	<b>743,733</b>	867,466
Sewer utility	986,606	<b>907,444</b>	777,656
Airport services	110,425	<b>111,437</b>	110,200
	<b>6,830,910</b>	<b>5,134,107</b>	4,723,414
Annual surplus	1,099,455	<b>4,036,221</b>	1,835,964
Accumulated surplus, beginning of year	18,623,393	<b>18,623,393</b>	16,787,429
<b>Accumulated surplus (Note 8)</b>	<b>19,722,848</b>	<b>22,659,614</b>	18,623,393

*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, 2018*

	Budget (Note 13)	2018	2017
Annual surplus	1,099,455	<b>4,036,221</b>	1,835,964
Acquisition of tangible capital assets	(2,517,260)	<b>(4,390,524)</b>	(1,970,419)
Gain on disposal of tangible capital assets	-	<b>(4,464)</b>	(4,283)
Proceeds on disposition of tangible capital assets	-	<b>4,464</b>	6,885
Amortization of tangible capital assets	855,616	<b>938,093</b>	802,294
	(1,661,644)	<b>(3,452,431)</b>	(1,165,523)
Change in prepaid expenses	-	<b>65,819</b>	(72,270)
Decrease in net debt	(562,189)	<b>649,609</b>	598,171
Net debt, beginning of year	(3,301,621)	<b>(3,301,621)</b>	(3,899,792)
<b>Net debt, end of year</b>	<b>(3,863,810)</b>	<b>(2,652,012)</b>	<b>(3,301,621)</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, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating Activities</b>		
Annual surplus	4,036,221	1,835,964
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	938,093	802,294
Gain on disposal of tangible capital assets	(4,464)	(4,283)
Actuarial reduction of debt	(83,438)	(72,809)
Developer and other contributions of tangible capital assets	(863,534)	(786,000)
Change in financial assets and liabilities:		
Accounts receivable	(1,595,499)	288,278
Municipal Finance Authority debt reserve	(525)	(1,786)
Accounts payable and accrued liabilities	354,524	93,555
Deferred revenues	391,728	68,561
Deposits	2,514,304	(798,890)
Change in non-financial assets:		
Prepays	65,819	(72,270)
	<b>5,753,229</b>	<b>1,352,614</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(3,526,990)	(1,184,419)
Proceeds on disposition of tangible capital assets	4,464	6,885
	<b>(3,522,526)</b>	<b>(1,177,534)</b>
<b>Financing Activities</b>		
Principal repayments of long-term debt	(349,095)	(319,724)
Advances of long-term debt	319,030	412,943
Repayment of obligations under capital lease	-	(447,083)
	<b>(30,065)</b>	<b>(353,864)</b>
Increase (decrease) in cash and cash equivalents	2,200,638	(178,784)
Cash and cash equivalents, beginning of year	4,384,476	4,563,260
Cash and cash equivalents, end of year	<b>6,585,114</b>	<b>4,384,476</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, 2018*

---

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 expenditures 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, 2018*

---

**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, 2018.

(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.

(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.

(j) PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective January 1, 2018, the Village adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements of adopting the new Sections.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

---

(k) PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective January 1, 2018, the Village adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights 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 Section 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.

There was no material impact on the financial statements of adopting the new Sections.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**2. Cash and cash equivalents**

	2018	2017
Restricted cash and cash equivalents		
Development cost charges	1,353,118	698,162
Other	25,000	25,000
	1,378,118	723,162
Unrestricted cash and cash equivalents	5,206,996	3,661,314
	<b>6,585,114</b>	<b>4,384,476</b>

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

**3. Accounts Receivable**

	2018	2017
Taxes receivable	371,129	384,750
Utilities receivable	21,026	79,958
Goods and Services Tax receivable	154,105	91,390
Trade receivables	2,265,122	659,785
	<b>2,811,382</b>	<b>1,215,883</b>

**4. Accounts payable and accrued liabilities**

	2018	2017
Trade payables and accrued liabilities	834,597	465,591
Wages payable	98,826	117,949
Government remittances	18,945	14,304
	<b>952,368</b>	<b>597,844</b>

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**5. Deferred revenue**

	December 31, 2017	Collections	Transfers	December 31, 2018
Development cost charges				
General	363,445	291,233	(125,939)	<b>528,739</b>
Water utility	218,439	135,341	-	<b>353,780</b>
Sewer utility	187,735	282,865	-	<b>470,599</b>
	<b>769,619</b>	<b>709,439</b>	<b>(125,939)</b>	<b>1,353,118</b>
Deferred revenue				
Unspent gas tax funding	365,755	164,293	(306,464)	<b>223,584</b>
Deferred grants	78,649	2,315	(63,406)	<b>17,558</b>
Future local improvements	98,769	60,000	(36,612)	<b>122,157</b>
Prepaid utilities and taxes	76,264	-	(11,897)	<b>64,367</b>
Other	190,869	-	-	<b>190,869</b>
	<b>810,306</b>	<b>226,608</b>	<b>(418,379)</b>	<b>618,535</b>
	<b>1,579,925</b>	<b>936,047</b>	<b>(544,318)</b>	<b>1,971,653</b>

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Village 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.

**6. Long-term debt**

	2018	2017
Outstanding debt, beginning of year	<b>5,230,686</b>	5,210,276
Issues of debt	<b>319,030</b>	412,943
Repayment of debt	<b>(349,095)</b>	(319,724)
Actuarial reduction of debt	<b>(83,438)</b>	(72,809)
	<b>5,117,183</b>	5,230,686

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**6. Long-term debt (continued)**

Bylaw	Year Maturing	% Rate	Cash Payments		Balance Outstanding	
			Interest	Principal	2018	2017
427	2022	3.05	11,375	19,658	<b>184,949</b>	225,817
515	2025	1.80	37,800	77,200	<b>921,459</b>	1,035,902
580	2036	3.00	35,273	35,939	<b>1,475,609</b>	1,530,934
756	2024	3.00	8,100	22,489	<b>174,503</b>	199,800
776	2040	2.75	33,000	30,809	<b>1,104,301</b>	1,137,304
795	2036	2.10	11,204	19,856	<b>493,228</b>	513,680
747	2019	variable	1,044	20,000	<b>40,000</b>	60,000
1433	2020	variable	1,576	23,690	<b>71,070</b>	94,760
N/A	2018	variable	82	19,291	-	19,291
N/A	2018	variable	54	6,883	-	6,883
N/A	2021	variable	1,363	18,967	<b>50,016</b>	68,983
N/A	2021	variable	7,353	30,396	<b>306,937</b>	337,332
N/A	2021	variable	318	2,358	<b>27,652</b>	-
N/A	2021	variable	318	2,358	<b>27,652</b>	-
N/A	2021	variable	127	939	<b>11,061</b>	-
N/A	2021	variable	75	263	<b>16,767</b>	-
N/A	2021	variable	636	4,695	<b>55,305</b>	-
N/A	2021	variable	1,801	13,304	<b>156,674</b>	-
			151,499	349,095	<b>5,117,183</b>	5,230,686

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

2019	360,297
2020	363,238
2021	336,755
2022	288,040
2023	228,012



**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**7. Tangible capital assets**

<b>2018</b>	<b>Land</b>	<b>Buildings</b>	<b>Engineering Structures</b>	<b>Machinery, Equipment and Vehicles</b>	<b>Water Systems</b>	<b>Sewer Systems</b>	<b>Assets Under Construction</b>	<b>Total</b>
<b>Cost</b>								
Balance, beginning of year	1,681,701	2,093,380	5,847,277	4,088,789	6,816,126	13,401,023	221,359	<b>34,149,655</b>
Disposals and transfers	-	-	-	(20,948)	-	-	(221,359)	<b>(242,307)</b>
Additions	314,361	97,819	3,116,020	398,580	92,386	-	592,717	<b>4,611,883</b>
Balance, end of year	1,996,062	2,191,199	8,963,298	4,466,421	6,908,512	13,401,023	592,717	<b>38,519,231</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	-	537,342	3,310,923	2,714,635	1,451,471	4,308,562	-	<b>12,322,933</b>
Amortization reversal on disposal	-	-	-	(20,948)	-	-	-	<b>(20,948)</b>
Amortization expense	-	62,598	200,553	266,286	141,829	266,827	-	<b>938,093</b>
Balance, end of year	-	599,940	3,511,476	2,959,973	1,593,300	4,575,389	-	<b>13,240,078</b>
<b>Net book value, end of year</b>	<b>1,996,062</b>	<b>1,591,259</b>	<b>5,451,822</b>	<b>1,506,488</b>	<b>5,315,212</b>	<b>8,825,634</b>	<b>592,717</b>	<b>25,279,153</b>

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$3,266,174.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

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

<b>2017</b>	<b>Land</b>	<b>Buildings</b>	<b>Engineering Structures</b>	<b>Machinery, Equipment and Vehicles</b>	<b>Water Systems</b>	<b>Sewer Systems</b>	<b>Assets Under Construction</b>	<b>Total</b>
<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	<b>32,188,154</b>
Disposals	-	-	-	(8,918)	-	-	-	<b>(8,918)</b>
Additions	851,614	26,465	339,687	168,005	459,829	-	124,819	<b>1,970,419</b>
Balance, end of year	<b>1,681,701</b>	<b>2,093,380</b>	<b>5,847,277</b>	<b>4,088,789</b>	<b>6,816,126</b>	<b>13,401,023</b>	<b>221,359</b>	<b>34,149,655</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	-	485,052	3,189,461	2,496,636	1,314,071	4,041,735	-	<b>11,526,955</b>
Amortization reversal on disposal	-	-	-	(6,316)	-	-	-	<b>(6,316)</b>
Amortization expense	-	52,290	121,462	224,315	137,400	266,827	-	<b>802,294</b>
Balance, end of year	-	537,342	3,310,923	2,714,635	1,451,471	4,308,562	-	<b>12,322,933</b>
<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 \$3,283,536.

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**8. Accumulated surplus**

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

	<b>2018</b>	2017
Surplus		
Invested in tangible capital assets	<b>20,161,971</b>	16,596,037
Unrestricted	<b>894,783</b>	1,118,979
	<b>21,056,754</b>	17,715,016
Non-statutory reserves		
General reserve	<b>52,150</b>	203,543
Reserves set aside by Council		
Equipment replacement	-	22,969
Centennial building	<b>7,161</b>	7,161
Capital	<b>410,296</b>	314,317
Recreation	<b>352,287</b>	-
Fire department	<b>289,281</b>	187,794
Water – general	<b>429,753</b>	159,753
Sewer – general	<b>40,000</b>	-
Transit	<b>21,932</b>	12,840
	<b>1,550,710</b>	704,834
	<b>22,659,614</b>	18,623,393

**9. Taxation**

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

	<b>2018</b>	2017
Municipal and school property taxes levied	<b>4,332,187</b>	4,067,324
Payments in-lieu of taxes	<b>95,822</b>	89,078
	<b>4,428,009</b>	4,156,402
Less transfers to other governments		
Squamish-Lillooet Regional District	<b>947,233</b>	872,988
Province of B.C. – School taxes	<b>1,254,595</b>	1,194,650
Policing costs	<b>205,533</b>	185,644
B.C. Assessment Authority	<b>42,948</b>	39,778
Sea to Sky Regional Hospital District	<b>31,037</b>	26,708
Municipal Finance Authority	<b>173</b>	145
	<b>2,481,520</b>	2,319,913
Net taxation revenue available for municipal purposes	<b>1,946,489</b>	1,836,489

**Village of Pemberton**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2018*

**10. Government transfers**

The government transfers reported on the statement of operations are:

	2018	2017
Federal and provincial grants		
Social assistance and community development	390,304	389,870
Gas tax	306,464	327,688
Capital improvements	1,041,825	188,257
Miscellaneous	23,297	8,083
	<b>1,761,890</b>	913,898
Other municipalities and regional districts		
Fire protection	301,090	279,916
Rescue services	65,561	64,275
Other	557,853	5,000
	<b>924,504</b>	349,191
<b>Total government transfer revenues</b>	<b>2,686,394</b>	1,263,089

**11. Commitments and contingencies**

- (a) The Village of Pemberton debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the Squamish-Lillooet Regional District and each member municipality within the Regional District, including the Village of Pemberton. The loan agreements with the Regional District and the Municipal Finance Authority provide that if any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations in respect to such borrowings, the resulting deficiency becomes a liability of the Village.
- (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 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$145,054 (2017 - \$150,960) for employer contributions to the plan in fiscal 2018.

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

**11. Commitments and contingencies (continued)**

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 subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the *Insurance Act* of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact on any subscriber. Under the Reciprocal Insurance Exchange Agreement the Village is assessed a premium and specific deductible for its claims based on population. The obligation of the Village with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several.

**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 and planning services

Development and planning 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.

**Village of Pemberton**  
**Notes to the Financial Statements**  
For the year ended December 31, 2018

**12. Segmented information (continued)**

<b>2018</b>	<b>General Government</b>	<b>Fire Protection Services</b>	<b>Development &amp; Planning Service</b>	<b>Public Works and Parks</b>	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Airport Services</b>	<b>Total</b>
<b>Revenues</b>								
Taxation	721,422	348,364	174,362	368,981	99,985	200,381	32,994	<b>1,946,489</b>
Water and sewer user rates	-	-	-	-	1,028,326	825,212	-	<b>1,853,538</b>
User fees	165,490	-	268,610	-	-	-	25,300	<b>459,400</b>
Penalties and interest income	71,822	-	-	-	19,538	11,686	-	<b>103,046</b>
Government transfers	719,471	366,651	-	1,554,000	48,447	-	(2,175)	<b>2,686,394</b>
Investment income	44,185	-	-	-	164	331	-	<b>44,680</b>
Contributions	25,000	39,000	-	1,740,534	-	-	-	<b>1,804,534</b>
Other	26,032	95,571	125,542	1,470	150	914	18,104	<b>267,783</b>
Gain on disposal	-	4,464	-	-	-	-	-	<b>4,464</b>
	<b>1,773,422</b>	<b>854,050</b>	<b>568,514</b>	<b>3,664,985</b>	<b>1,196,610</b>	<b>1,038,524</b>	<b>74,223</b>	<b>9,170,328</b>
<b>Expenses</b>								
Wages, salaries and benefits	583,988	276,585	169,970	420,344	403,021	401,401	40,965	<b>2,296,273</b>
Materials, supplies and contracted services	519,573	299,653	213,837	386,539	174,686	220,707	16,049	<b>1,831,044</b>
Debt servicing	9,426	11,244	-	5,320	24,197	18,509	-	<b>68,696</b>
Amortization	475,014	-	-	-	141,829	266,827	54,423	<b>938,093</b>
	<b>1,588,001</b>	<b>587,482</b>	<b>383,807</b>	<b>812,203</b>	<b>743,733</b>	<b>907,444</b>	<b>111,437</b>	<b>5,134,107</b>
<b>Annual surplus (deficit)</b>	<b>185,421</b>	<b>266,568</b>	<b>184,707</b>	<b>2,852,782</b>	<b>452,877</b>	<b>131,080</b>	<b>(37,214)</b>	<b>4,036,221</b>

**Village of Pemberton**  
**Notes to the Financial Statements**  
For the year ended December 31, 2018

**12. 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, 2018*

---

**13. Budget data**

The budget data presented in these financial statements is based upon the 2018 operating and capital budgets adopted by Council on May 10, 2018. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	<b>Budget amount</b>
Surplus – Statement of Operations	1,099,455
Adjust for budgeted cash items not included in statement of operations	
Capital expenditures	(2,517,260)
Loan proceeds	120,000
Amortization	855,616
Reduction in long-term debt	(212,270)
Repayment of obligations under capital lease	(144,507)
Transfers from Statutory Reserves	121,456
Transfers from Non-Statutory Reserves	644,339
Transfers to Non-Statutory Reserves	(601,038)
Transfers from Unrestricted Surplus	634,209
Total adjustments	(1,099,455)
Financial plan balance	-