

Village of Pemberton
Consolidated Financial Statements
December 31, 2015

Village of Pemberton Contents

For the year ended December 31, 2015

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

Management's Responsibility

To the Mayor and Council of the Village of Pemberton,

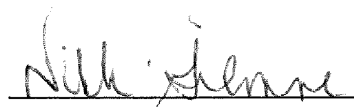
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual 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 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 12, 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, 2015, 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, 2015 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 12, 2016

MNP LLP

Chartered Professional Accountants

Village of Pemberton
Consolidated Statement of Financial Position

As at December 31, 2015

	2015	2014
Financial assets		
Cash and cash equivalents <i>(Note 3)</i>	2,398,149	1,090,387
Accounts receivable <i>(Note 4)</i>	1,490,891	1,507,878
Municipal Finance Authority debt reserve	87,245	73,136
	3,976,285	2,671,401
Financial liabilities		
Accounts payable and accrued liabilities	748,891	739,091
Deferred revenue <i>(Note 5)</i>	1,312,128	1,307,486
Deposits and permits	448,037	89,801
Long-term debt <i>(Note 6)</i>	4,705,768	3,739,905
Obligations under capital leases <i>(Note 7)</i>	533,532	632,292
	7,748,356	6,508,575
Net debt	(3,772,071)	(3,837,174)
Non-financial assets		
Prepaid expenses	54,580	20,445
Tangible capital assets <i>(Note 8)</i>	19,496,313	18,984,177
	19,550,893	19,004,622
Accumulated surplus <i>(Note 9)</i>	15,778,822	15,167,448

Commitments and contingencies *(Note 12)*



Financial Officer

The accompanying notes are an integral part of these financial statements

Village of Pemberton
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2015

	Budget (Note 14)	2015	2014
Revenue			
Taxation (Note 10)	1,877,622	1,915,810	1,838,169
Water and sewer user rates	1,470,919	1,599,962	1,421,365
User charges	744,924	279,710	182,233
Penalties and interest income	19,000	110,558	124,259
Government transfers (Note 11)			
Provincial	5,329,569	645,620	248,734
Federal	-	-	35,311
Other local governments	236,944	294,721	248,124
Investment income	6,500	3,906	7,216
Other	653,271	215,684	437,179
Gain on disposal of tangible capital assets	-	-	135,000
	10,338,749	5,065,971	4,677,590
Expenses			
General government	2,270,403	1,371,853	1,294,978
Fire protection services	473,144	502,343	589,227
Development and planning services	358,760	275,537	327,169
Public works and parks	856,842	554,620	676,658
Water utility	817,708	772,234	843,510
Sewer utility	970,022	886,848	841,477
Airport services	133,200	91,162	118,358
	5,880,079	4,454,597	4,691,377
Annual surplus (deficit)	4,458,670	611,374	(13,787)
Accumulated surplus, beginning of year	15,167,448	15,167,448	15,181,235
Accumulated surplus (Note 9)	19,626,118	15,778,822	15,167,448

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, 2015

	Budget (Note 14)	2015	2014
Annual surplus (deficit)	4,458,670	611,374	(13,787)
Acquisition of tangible capital assets	(6,299,011)	(1,254,901)	(834,861)
Amortization of tangible capital assets	814,358	742,765	660,250
	(5,484,653)	(512,136)	(174,611)
Change in prepaid expenses	-	(34,135)	25,855
(Decrease) increase in net debt	(1,025,983)	65,103	(162,543)
Net debt, beginning of year	(3,837,174)	(3,837,174)	(3,674,631)
Net debt, end of year	(4,863,157)	(3,772,071)	(3,837,174)

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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus (deficit)	611,374	(13,787)
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	742,765	660,250
Gain on disposal of tangible capital assets	-	(135,000)
Actuarial reduction of debt	(65,957)	(57,494)
Change in financial assets and liabilities:		
Accounts receivable	16,987	398,422
Municipal Finance Authority debt reserve	(14,109)	(4,703)
Accounts payable and accrued liabilities	9,800	(139,609)
Deferred revenues	4,641	181,387
Deposits	358,236	4,879
Change in non-financial assets:		
Prepays	(34,135)	25,854
	1,629,602	920,199
Capital Activities		
Acquisition of tangible capital assets	(1,254,901)	(820,770)
Proceeds on disposition of tangible capital assets	-	135,000
	(1,254,901)	(685,770)
Financing Activities		
Principal repayments of long-term debt	(168,180)	(145,691)
Advances of long-term debt	1,200,000	310,000
Repayment of obligations under capital lease	(98,759)	(88,706)
	933,061	75,603
Increase in cash and cash equivalents	1,307,762	310,032
Cash and cash equivalents, beginning of year	1,090,387	780,355
Cash and cash equivalents, end of year	2,398,149	1,090,387

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, 2015

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 transactions and balances between these funds have been eliminated during consolidation.

(ii) Accounting for other government organizations and school district transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the other government entities and the school district 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 10. Funds received by the Village as transfers from other government entities are summarized in Note 11.

(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, 2015

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 principal repayments and actuarial adjustments.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. Significant accounting policies (continued)

(i) 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, 2015.

(j) 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 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 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.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. Significant accounting policies (continued)

(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.

(k) 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.

(l) 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*.

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, 2015

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.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. Significant accounting policies (continued)

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.

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. Adoption of accounting policy

Effective January 1, 2015, the Village adopted the recommendations in PS 3260 *Liabilities for Contaminated Sites*, as set out in the Canadian Public Sector Accounting Standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the Village is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 1, Significant Accounting Policies. There was no effect on the Village's consolidated financial statements from adopting the above-noted change in accounting policy.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

3. Cash and cash equivalents

	2015	2014
Restricted cash and cash equivalents		
Development cost charges	440,166	366,985
Other	25,000	25,000
	465,166	391,985
Unrestricted cash and cash equivalents	1,932,983	698,402
	2,398,149	1,090,387

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

4. Accounts Receivable

	2015	2014
Taxes receivable	549,200	510,095
Utilities receivable	308,718	632,157
Trade receivables	632,973	365,626
	1,490,891	1,507,878

5. Deferred revenue

	December 31, 2014	Collections	Transfers	December 31, 2015
Development cost charges				
General	206,319	28,453	-	234,772
Water utility	138,783	14,943	-	153,726
Sewer utility	21,884	29,784	-	51,668
	366,986	73,180	-	440,166
Deferred revenue				
Unspent gas tax funding	552,554	153,478	(219,701)	486,331
Deferred grants	47,721	38,246	(25,932)	60,035
Future local improvements	192,420	-	(80,956)	111,464
Prepaid utilities and taxes	34,057	23,264	(34,057)	23,264
Other	113,748	77,120	-	190,868
	940,500	292,108	(360,644)	871,962
	1,307,486	365,288	(360,644)	1,312,128

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, 2015

6. Long-term debt

	2015	2014
Outstanding debt, beginning of year	3,739,905	3,633,090
Issues of debt	1,200,000	310,000
Repayment of debt	(168,180)	(145,691)
Actuarial reduction of debt	(65,957)	(57,494)
	4,705,768	3,739,905

Bylaw	Year Maturing	% Rate	Cash Payments		Balance Outstanding	
			Interest	Principal	2015	2014
427	2022	3.05	19,825	19,658	301,804	337,106
515	2025	1.80	87,570	70,521	1,253,309	1,353,684
564	2016	4.43	10,411	19,573	27,859	54,647
580	2036	3.00	89,292	35,939	1,635,285	1,684,468
756	2024	3.00	8,100	22,489	247,511	270,000
747	2019	variable	-	-	40,000	40,000
776	2040	2.75	-	-	1,200,000	-
			215,198	168,180	4,705,768	3,739,905

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

2016	205,667
2017	186,093
2018	186,093
2019	186,093
2020	186,093

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

7. Obligations under capital leases

	2015	2014
Obligation under capital lease, prime minus 1%, blended monthly payments of \$1,817, due October 2019.	380,219	398,596
Obligation under capital lease, prime minus 1%, blended monthly payments of \$5,112, due March 2018.	120,337	172,466
Obligation under capital lease, prime minus 1%, blended monthly payments of \$917, due July 2018.	24,666	33,961
Obligation under capital lease, prime minus 1%, blended monthly payments of \$113, due September 2017.	8,310	12,958
Obligation under capital lease, repaid in full during the year.	-	8,616
Obligation under capital lease, repaid in full during the year.	-	5,695
	533,532	632,292

The Village leases land, buildings and equipment under capital leases that expire between its 2016 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:

2016	94,872
2017	93,644
2018	44,970
2019	326,782

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

8. Tangible capital assets

2015	Land	Buildings	Engineering Structures	Machinery, Equipment and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
Cost								
Balance, beginning of year	830,087	2,034,303	4,904,741	3,156,535	4,485,045	13,391,040	203,008	29,004,759
Disposals	-	-	-	-	-	-	(146,499)	(146,499)
Additions	-	11,184	-	55,071	1,328,613	-	6,532	1,401,400
Balance, end of year	830,087	2,045,487	4,904,741	3,211,606	5,813,658	13,391,040	63,041	30,259,660
Accumulated amortization								
Balance, beginning of year	-	404,784	2,964,829	2,070,295	1,072,393	3,508,281	-	10,020,582
Amortization reversal on disposal	-	-	-	-	-	-	-	-
Amortization expense	-	55,501	92,519	212,705	115,413	266,627	-	742,765
Balance, end of year	-	460,285	3,057,348	2,283,000	1,187,806	3,774,908	-	10,763,347
Net book value, end of year	830,087	1,585,202	1,847,393	928,606	4,625,852	9,616,132	63,041	19,496,313

The total cost of tangible capital assets under capital lease obligations during the year was \$911,383 and total accumulated amortization was \$310,479 for a net book value of \$600,904.

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

8. Tangible capital assets (continued)

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	29,004,759
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	1,939,912	1,086,240	3,412,652	9,882,759	203,008	18,984,177

The total cost of tangible capital assets 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, 2015

9. Accumulated surplus

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

	2015	2014
Surplus		
Invested in tangible capital assets	14,257,013	14,611,980
Unrestricted	900,784	201,519
	15,157,797	14,813,499
Non-statutory reserves		
General reserve	130,748	130,748
Sewer – frontage	97,811	-
Water – frontage	25,469	-
	254,028	130,748
Reserves set aside by Council		
Equipment replacement	22,969	22,969
Centennial building	7,161	7,161
Capital	142,458	106,662
Water – general	194,409	86,409
	366,997	223,201
	15,778,822	15,167,448

10. Taxation

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

	2015	2014
Municipal and school property taxes levied	4,143,306	3,982,396
Payments in-lieu of taxes	99,621	97,231
	4,242,927	4,079,627
Less transfers to other governments		
Squamish-Lillooet Regional District	912,682	834,932
Province of B.C. - School taxes	1,178,327	1,182,601
Squamish-Lillooet Regional Hospital District	13	-
Policing costs	167,824	158,469
B.C. Assessment Authority	39,944	39,459
Sea to Sky Regional Hospital District	28,212	25,888
Municipal Finance Authority	115	109
	2,327,117	2,241,458
Net taxation revenue available for municipal purposes	1,915,810	1,838,169

Village of Pemberton
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

11. Government transfers

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

	2015	2014
Federal and Provincial grants		
Social assistance and community development	406,657	247,982
Capital improvements	219,701	-
Miscellaneous	19,262	36,391
	645,620	284,045
Other municipalities and regional districts		
Fire protection	146,690	140,619
Rescue services	61,240	53,107
Other	86,791	54,398
	294,721	248,124
Total government transfer revenues	940,341	532,169

12. 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, 2015 the Squamish-Lillooet Regional District had net debt owing of \$50,824,558, \$58,147,420 less \$7,322,862 sinking funds (2014 - \$41,974,503, \$57,187,900 net of \$15,213,397 sinking funds) including debentures issued for the Village (Note 6).
- (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 pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits provided are based on a formula. The plan has about 185,000 active members and approximately 80,000 retired members.

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 \$1.370 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 \$113,616 (2014 - \$99,351) for employer contributions to the plan in fiscal 2015.

12. 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.

13. 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.

13. 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, 2015

13. Segmented information (continued)

2015	General Government	Fire Protection Services	Development & Planning Service	Public Works and Parks	Water Utility	Sewer Utility	Airport Services	Total
Revenues								
Taxation	971,845	355,868	195,195	392,902	-	-	-	1,915,810
Water and sewer user rates	-	-	-	-	864,395	735,567	-	1,599,962
User fees	160,596	-	99,329	-	-	-	19,785	279,710
Penalties and interest income	93,100	-	-	-	8,565	8,893	-	110,558
Government transfers	636,112	207,930	-	19,262	77,037	-	-	940,341
Investment income	1,871	-	-	-	500	1,535	-	3,906
Other	46,387	105,597	25,667	8,727	9,987	4,812	14,507	215,684
	1,909,811	669,395	320,191	420,891	960,484	750,807	34,292	5,065,971
Expenses								
Wages, salaries and benefits	549,347	280,148	149,991	288,639	473,227	239,023	21,378	2,001,753
Materials, supplies and contracted services	501,032	218,999	125,546	262,632	163,975	254,773	23,326	1,550,283
Debt servicing	7,207	3,196	-	3,349	19,620	- 126,	-	279,710
Amortization	314,267	-	-	-	115,412	266,628	46,458	742,765
	1,371,853	502,343	275,537	554,620	772,234	886,848	91,162	4,454,597
Annual surplus (deficit)	538,058	167,052	44,654	(133,729)	188,250	(136,041)	(56,870)	611,374

Village of Pemberton
Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

13. 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	-	-	-	-	708,496	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
	1,482,333	641,376	358,558	699,990	737,477	722,616	35,239	4,677,590
Expenses								
Wages, salaries and Materials, supplies and contracted services	486,485	273,008	155,223	372,636	421,068	244,649	33,217	1,986,258
Debt servicing	558,400	311,993	171,946	298,790	311,997	206,430	16,451	1,876,034
Amortization	14,000	4,227	-	5,231	21,606	123,771	-	168,835
	236,093	-	-	-	88,840	266,627	68,690	660,250
	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, 2015

14. Budget data

The budget data presented in these consolidated financial statements is based upon the 2015 operating and capital budgets adopted by Council on May 5, 2015. The following table reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Surplus – Consolidated Statement of Operations	4,458,670
Adjust for budgeted cash items not included in statement of operations	
Capital expenditures	(6,299,011)
Loan proceeds	1,316,001
Amortization	814,358
Reduction in long-term debt	(155,791)
Repayment of obligations under capital lease	(127,749)
Transfers from Statutory Reserves	-
Transfers from Non-Statutory Reserves	(143,790)
Transfers from Unappropriated Surplus	137,312
Total adjustments	(4,458,670)
Financial plan balance	-