

Village of Pemberton
Financial Statements
December 31, 2022

Village of Pemberton

Contents

For the year ended December 31, 2022

	Page
Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Schedule 1 – Schedule of Tangible Capital Assets	19
Schedule 2 – Schedule of Segmented Information	20

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 statements. 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.

September 12, 2023



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, 2022, and the statements of operations and accumulated surplus, changes in net financial assets, cash flows for the year then ended, 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, 2022, and the results of its operations, changes in net financial assets 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.

Other Information

Management is responsible for the other information. The other information comprises the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

September 12, 2023

MNP LLP

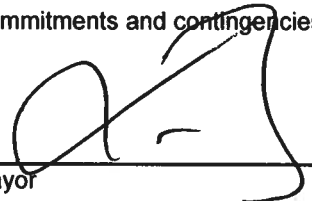
Chartered Professional Accountants

Village of Pemberton
Statement of Financial Position
As at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (Note 2)	12,025,406	11,796,515
Accounts receivable (Note 3)	1,986,495	1,651,639
Investments in government business partnerships (Note 4)	888,664	245,217
Municipal Finance Authority debt reserve	101,320	101,320
	15,001,885	13,794,691
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	1,630,352	1,250,905
Deferred revenue (Note 6)	4,712,469	4,209,011
Deposits and permits	1,921,459	2,274,052
Long-term debt (Note 7)	3,564,936	4,083,682
	11,829,216	11,817,650
Net financial assets	3,172,669	1,977,041
Non-financial assets		
Prepaid expenses	92,847	168,698
Tangible capital assets (Schedule 1)	33,026,179	31,793,846
	33,119,026	31,962,544
Accumulated surplus (Note 8)	36,291,695	33,939,585

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, 2022

	Budget (Note 13)	2022	2021
Revenue			
Taxation (Note 10)	2,538,877	2,431,435	2,349,257
Water and sewer user rates	2,109,544	2,345,686	2,237,148
Government transfers (Note 9)			
Federal and provincial	5,630,313	1,839,425	2,006,983
Other local governments	1,729,388	1,182,566	1,473,239
Other	418,749	1,262,967	1,560,612
User charges	2,913,066	749,512	1,129,930
Contributions	-	167,028	504,307
Earnings from government business partnership (Note 4)	-	643,447	245,217
Penalties and interest income	32,500	100,294	66,802
Investment income	27,860	154,602	22,819
Gain on disposal of tangible capital assets	-	1,087,170	-
	15,400,297	11,964,132	11,596,314
Expenses			
General government	3,956,440	2,586,913	2,508,269
Fire protection services	896,856	1,106,745	975,529
Development and planning services	815,722	883,188	617,569
Public works and parks	1,337,626	1,350,716	1,167,307
Recreation services	1,181,982	1,259,380	1,030,129
Water utility	1,213,357	1,105,087	1,080,271
Sewer utility	1,286,189	1,195,141	1,162,719
Airport services	97,148	124,852	112,552
	10,785,320	9,612,022	8,654,345
Annual surplus	4,614,977	2,352,110	2,941,969
Accumulated surplus, beginning of year	33,939,585	33,939,585	30,997,616
Accumulated surplus (Note 8)	38,554,562	36,291,695	33,939,585

The accompanying notes are an integral part of these financial statements

Village of Pemberton
Statement of Changes in Net Financial Assets
For the year ended December 31, 2022

	Budget (Note 13)	2022	2021
Annual surplus	4,614,977	2,352,110	2,941,969
Acquisition of tangible capital assets	(7,268,709)	(2,553,326)	(2,330,994)
Disposal of tangible capital assets	-	12,830	-
Amortization of tangible capital assets	1,234,067	1,308,163	1,191,743
	(6,034,642)	(1,232,333)	(1,139,251)
Change in prepaid expenses	-	75,851	77,160
Increase (decrease) in net financial assets	(1,419,665)	1,195,628	1,879,878
Net financial assets, beginning of year	1,977,041	1,977,041	97,163
Net financial assets, end of year	557,376	3,172,669	1,977,041

The accompanying notes are an integral part of these financial statements

Village of Pemberton
Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus	2,352,110	2,941,969
Items not involving cash included in annual surplus:		
Amortization of tangible capital assets	1,308,163	1,191,743
Income from government business partnerships	(643,447)	(245,217)
Actuarial reduction of debt	(121,426)	(110,775)
Gain on disposal of tangible capital assets	(1,087,170)	-
Change in financial assets and liabilities:		
Accounts receivable	(334,856)	711,112
Municipal Finance Authority debt reserve	-	(1,695)
Accounts payable and accrued liabilities	379,447	(623,820)
Deferred revenue	503,458	1,574,851
Deposits and permits	(352,593)	505,258
Change in non-financial assets:		
Prepaid expenses	75,851	77,160
	2,079,537	6,020,586
Capital Activities		
Acquisition of tangible capital assets	(1,793,326)	(2,330,994)
Cash proceeds on disposition of tangible capital assets	340,000	-
	(1,453,326)	(2,330,994)
Financing Activities		
Principal repayments of long-term debt	(397,320)	(393,917)
Advances of long-term debt	-	329,611
	(397,320)	(64,306)
Increase in cash and cash equivalents	228,891	3,625,286
Cash and cash equivalents, beginning of year	11,796,515	8,171,229
Cash and cash equivalents, end of year	12,025,406	11,796,515

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, 2022

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, recreation, 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.

Impact on operations of COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Due to the on-going COVID-19 pandemic the Village experienced interruption to regular business, however the negative impact to service levels and operations were minimized in the year and mitigated through use of the COVID Restart Fund.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Village's business and financial condition.

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) Reporting entity

The financial statements of the Village reflect the combination of all assets, liabilities, revenues, expenses and accumulated surplus of the Village. Inter-departmental balances and transactions have been eliminated.

The Village's government business partnership, the Speikúmtn Community Forest Limited Partnership, which is 50% owned and controlled by the Village and not dependent on the Village for their continuing operations, are included in the financial statements using the modified equity method.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to confirm to those of the Village. Thus, the Village's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

1. Significant accounting policies (continued)

(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.

(c) Property tax and other revenues

Property tax revenue is recognized at the date property tax notices are issued, based on property assessment values issued by BC Assessment for the current year and tax rates established annually by bylaw. Assessments are subject to appeal and tax adjustments are recorded when the results of appeals are known.

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.

(d) Government transfers

Government transfers are recognized as revenue in the period the transfers are authorized and any eligibility criteria have been met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and recognized in the statement of operations as revenue as the stipulation liabilities are settled.

(e) 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.

(f) 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.

(g) Reserves

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

(h) 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.

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

1. Significant accounting policies (continued)

(i) Long-term debt

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

(j) 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, 2022. No liability has been recorded at December 31, 2022 as no contaminated sites existed.

(k) 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	5 - 50
Engineering structures	10 - 40
Machinery, equipment, and vehicles	4 - 25
Water systems	5 - 50
Sewer systems	10 - 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.

Non-monetary transfers of tangible capital assets are recognized at the valuation of the asset received at the date of transfer.

(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.

1. Significant accounting policies (continued)

(k) Non-financial assets (continued)

(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.

(l) 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.

(m) Employee future benefits

The Village and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer defined benefit pension plan, the Village's contributions are expensed as incurred.

(n) Expenses

Expenses are recognized as they are incurred and measurable based on receipt of goods or services and/or the creation of a legal obligation to pay.

(o) Prepaid expenses

Various items are included in prepaid expenses including insurance and deposits. These items are intended to be included in expenses in the next financial reporting period and as such are not considered financial instruments.

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

2. Cash and cash equivalents

	2022	2021
Restricted cash and cash equivalents		
Development cost charges	1,932,605	1,773,116
Unrestricted cash and cash equivalents	10,092,801	10,023,399
	12,025,406	11,796,515

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

Supplemental cash flow information

During the year, land was disposed of for total proceeds of \$1,100,000, of which included \$340,000 of cash transferred and \$760,000 of land transferred in lieu of cash.

3. Accounts receivable

	2022	2021
Trade receivables	1,369,559	1,052,674
Taxes receivable	356,766	333,492
Goods and Services Tax receivable	111,314	144,039
Utilities receivable	148,856	121,434
	1,986,495	1,651,639

4. Investments in government business partnerships

The Village has an investment in the following entity:

	2021 total investment	Share of earnings	Withdrawals	2022 total Investment
Government business partnerships:				
Speikúmtn Community Forest Limited Partnership (50% ownership)	245,217	643,447	-	888,664
<hr/>				
	2020 total investment	Share of earnings	Withdrawals	2021 total Investment
Government business partnerships:				
Speikúmtn Community Forest Limited Partnership (50% ownership)	-	245,217	-	245,217

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

4. Investments in government business partnerships (continued)

Summary audited financial information for the Village's government business partnership, accounted for using the modified equity method, for the respective year-end is as follows:

	Speikúmtn Community Forest LP as at December 31, 2022
Assets	
Cash	656,974
Accounts receivable	659,395
Inventory	593,495
Prepaid expenses	3,170
Deferred logging and engineering	51,408
Related party balances	21
Community forest agreement	52,435
	2,016,898
Liabilities	
Accounts payable and accruals	118,948
Reforestation obligation	67,989
	186,937
Partners' Capital	1,829,961
Total revenues	2,991,641
Total expenses	1,704,619
Net income	1,287,022

5. Accounts payable and accrued liabilities

	2022	2021
Trade payables and accrued liabilities	1,144,399	907,641
Wages payable	280,283	231,276
Government remittances	205,670	111,988
	1,630,352	1,250,905

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

6. Deferred revenue

	2021	Collections	Transfers	2022
Development cost charges				
General	497,713	60,660	(29,521)	528,852
Water utility	126,966	25,395	-	152,361
Sewer utility	766,002	64,622	(1,582)	829,042
Parks	342,896	7,936	29,521	380,353
Drainage	39,538	876	1,582	41,996
	1,773,115	159,489	-	1,932,604
Deferred revenue				
General	-	1,137,010	234,144	1,371,154
Canada Community-Building Fund	1,014,318	174,616	(9,295)	1,179,639
Deferred grants	1,222,139	-	(1,208,402)	13,737
Future local improvements	110,953	-	-	110,953
Prepaid utilities and taxes	88,486	104,382	(88,486)	104,382
	2,435,896	1,416,008	(1,072,039)	2,779,865
	4,209,011	1,575,497	(1,072,039)	4,712,469

Canada Community-Building Fund 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. The 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, 2022

7. Long-term debt

	2022	2021
Outstanding debt, beginning of year	4,083,682	4,258,763
Issues of debt	-	329,611
Repayment of debt	(397,320)	(393,917)
Actuarial reduction of debt	(121,426)	(110,775)
	3,564,936	4,083,682

Bylaw	Year Maturing	% Rate	Cash Payments		Balance Outstanding	
			Interest	Principal	2022	2021
427	2022	3.05	2,411	19,658	-	49,674
515	2025	1.80	19,110	85,572	420,253	552,257
580	2036	3.00	30,838	35,939	1,231,271	1,295,995
756	2024	3.00	8,100	22,489	63,922	92,378
776	2040	2.75	33,000	30,809	960,327	998,199
795	2036	2.10	11,204	19,856	405,099	428,118
N/A	2027	Variable	3,815	34,760	172,890	207,650
N/A	2023	Variable	128	6,232	3,424	9,656
N/A	2023	Variable	128	6,232	3,424	9,656
N/A	2023	Variable	51	2,493	1,368	3,861
N/A	2023	Variable	80	3,552	2,296	5,848
N/A	2023	Variable	256	12,465	6,844	19,309
N/A	2023	Variable	727	35,316	19,391	54,707
N/A	2024	Variable	320	7,072	12,559	19,631
N/A	2024	Variable	276	6,106	10,838	16,944
N/A	2023	Variable	193	6,776	6,368	13,144
N/A	2026	Variable	727	8,488	32,110	40,598
N/A	2026	Variable	4,788	53,505	212,552	266,057
			116,152	397,320	3,564,936	4,083,682

The variable interest rate on the debt is equal to the equipment financing monthly variable rate as published by the Municipal Finance Authority of BC ("MFA"). The MFA variable rate at December 31, 2022 was 4.51%.

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

2023	353,249
2024	307,676
2025	276,628
2026	173,409
2027	107,812

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

8. Accumulated surplus

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

	2022	2021
Surplus (deficit)		
Invested in tangible capital assets	29,461,243	27,710,164
Invested in government business partnerships	888,664	245,217
Unrestricted	(690,602)	442,988
	29,659,305	28,398,369
Non-statutory reserves		
General reserve	172,551	180,844
Reserves set aside by Council		
Centennial building	7,161	7,161
Capital	895,967	511,361
CAC Reserve	720,537	720,537
Recreation	1,180,883	917,338
Parkland	340,000	-
Fire department	458,106	803,000
Water – general	1,670,554	1,310,939
Sewer – general	607,859	277,403
Transit	148,919	118,596
COVID Restart (Note 15)	429,853	694,037
	6,459,839	5,360,372
	36,291,695	33,939,585

9. Government transfers

The government transfers reported on the statement of operations are:

	2022	2021
Federal and provincial grants		
Social assistance and community development	525,578	413,384
Miscellaneous	297,348	103,382
Capital improvements	1,016,499	1,484,918
Gas tax	-	5,299
	1,839,425	2,006,983
Other municipalities and regional districts		
Recreation services	722,526	1,010,988
Fire protection	285,876	307,233
Rescue services	96,361	89,018
Other	77,803	66,000
	1,182,566	1,473,239
Total government transfer revenues	3,021,991	3,480,222

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

10. Taxation

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

	2022	2021
Municipal and school property taxes levied	6,372,724	5,638,567
Payments in-lieu of taxes	70,680	70,589
	6,443,404	5,709,156
Less transfers to other governments		
Province of B.C. – School taxes	1,855,146	1,732,861
Squamish-Lillooet Regional District	1,339,156	1,251,555
Policing costs	289,271	272,388
B.C. Assessment Authority	63,864	60,164
Sea to Sky Regional Hospital District	52,504	42,670
Municipal Finance Authority	319	261
	3,600,260	3,359,899
Net taxation revenue available for municipal purposes	2,843,144	2,349,257

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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village of Pemberton paid \$241,770 (2021 - \$225,825) for employer contributions to the plan in fiscal 2022. The next valuation will be as at December 31, 2024, with results available in 2025.

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.

- (c) 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.
- (d) 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.

(iv) Recreation services

Recreation services include various recreational programs, facilities and parks operations.

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

12. Segmented information (continued)

(v) 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.

(vi) Water and sewer utilities

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

(vii) 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.

13. Budget data

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets adopted by Council on May 19, 2022. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget amount
Surplus – Statement of Operations	4,614,977
Adjust for budgeted non-cash items included in statement of operations	
Amortization of tangible capital assets	1,234,067
Adjust for budgeted cash items not included in statement of operations	
Capital expenditures	(7,268,709)
Loan proceeds	345,000
Reduction in long-term debt	(229,848)
Capital equipment loans repayments	(210,466)
Transfers from Statutory Reserves	539,540
Transfers to Non-Statutory Reserves	(1,110,949)
Transfers from Non-Statutory Reserves	1,203,552
Transfers to Unrestricted Surplus	(39,198)
Transfers from Unrestricted Surplus	922,029
Total adjustments	(4,614,977)
Financial plan balance	-

14. Recent Accounting Pronouncements

PS 3280 *Asset Retirement Obligations*, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the Town as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) The past transaction or event giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and
- (d) A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the Town's financial results.

15. Schedule of COVID Restart Fund Revenues and Disbursements

COVID-19 Safe Restart funding is provided by the Province of British Columbia. COVID-19 Safe Restart funding may be used towards designated categories that address the impacts of COVID-19. Eligible costs will include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

Revenues under the COVID-19 Safe Restart program have been recognized when allocated to the Municipality. The Municipality continues to track the unspent amounts in the General Financial Stabilization Reserve. The continuity of this fund is presented in the table below:

Village of Pemberton
Notes to the Financial Statements
For the year ended December 31, 2022

15. Schedule of COVID Restart Fund Revenues and Disbursements (continued)

	2022	2021
COVID Restart Fund, beginning of year	694,037	883,540
COVID Restart Fund Revenues	-	-
Interest earned on COVID Restart Funds	11,682	7,051
Eligible expenses incurred:		
Revenue losses	130,000	-
Administrative Salaries	68,409	14,567
Technology and communication expenses	70,824	58,600
Cleaning Supplies	6,633	3,800
Capital Expenditures	-	102,865
Repairs and Maintenance	-	16,722
Total eligible expenses incurred	275,866	203,605
COVID Restart Fund, end of year	429,853	694,037

Village of Pemberton
Schedule 1 - Tangible Capital Assets

For the year ended December 31, 2022

2022	Land	Buildings	Engineering Structures	Machinery, Equipment, and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
Cost								
Balance, beginning of year	1,996,062	2,264,130	17,441,641	5,026,399	7,383,566	13,884,762	464,848	48,461,408
Disposals and transfers	(12,830)	-	-	-	-	-	-	(12,830)
Additions	760,000	43,561	1,112,669	322,190	68,467	58,813	187,626	2,553,326
Balance, end of year	2,743,232	2,307,691	18,554,310	5,348,589	7,452,033	13,943,575	652,474	51,001,904
Accumulated amortization								
Balance, beginning of year	-	796,927	4,631,969	3,744,179	2,068,350	5,426,137	-	16,667,562
Amortization Expense	-	72,034	442,296	305,728	187,296	300,809	-	1,308,163
Balance, end of year	-	868,961	5,074,265	4,049,907	2,255,646	5,726,946	-	17,975,725
Net book value, end of year	2,743,232	1,438,730	13,480,045	1,298,682	5,196,387	8,216,629	652,474	33,026,179

2021	Land	Buildings	Engineering Structures	Machinery, Equipment, and Vehicles	Water Systems	Sewer Systems	Assets Under Construction	Total
Cost								
Balance, beginning of year	1,996,062	2,221,160	15,897,299	4,657,475	7,074,152	13,847,032	437,234	46,130,414
Disposals and transfers	-	-	-	-	-	-	-	-
Additions	-	42,970	1,544,342	368,924	309,414	37,730	27,614	2,330,994
Balance, end of year	1,996,062	2,264,130	17,441,641	5,026,399	7,383,566	13,884,762	464,848	48,461,408
Accumulated amortization								
Balance, beginning of year	-	729,248	4,251,171	3,472,262	1,890,848	5,132,290	-	15,475,819
Amortization Expense	-	67,679	380,798	271,917	177,502	293,847	-	1,191,743
Balance, end of year	-	796,927	4,631,969	3,744,179	2,068,350	5,426,137	-	16,667,562
Net book value, end of year	1,996,062	1,467,203	12,809,672	1,282,220	5,315,216	8,458,625	464,848	31,793,846

Included in tangible capital assets are fully depreciated assets with cost and accumulated amortization of \$2,097,142 (2021 - \$1,556,945)

Village of Pemberton
Schedule 2 - Segmented Information
For the year ended December 31, 2022

2022	General Government	Fire Protection Services	Development and Planning Service	Public Works and Parks	Recreation	Water Utility	Sewer Utility	Airport Services	Total
Revenues									
Taxation	847,224	494,344	290,929	444,936	-	99,985	212,064	41,953	2,431,435
Water and sewer user rates	-	-	-	-	-	1,240,884	1,104,802	-	2,345,686
Government transfers	610,881	672,085	-	1,016,499	722,526	-	-	-	3,021,991
Other	355,483	21,013	202,481	48,932	512,080	43,066	75,340	4,572	1,262,967
User charges	283,725	-	404,240	-	-	-	24,542	37,005	749,512
Contributions	167,028	-	-	-	-	-	-	-	167,028
Earnings from government business partnerships	643,447	-	-	-	-	-	-	-	643,447
Penalties and interest	100,294	-	-	-	-	-	-	-	100,294
Investment income	129,367	-	-	-	25,235	-	-	-	154,602
Gain on sale of asset	-	-	-	1,087,170	-	-	-	-	1,087,170
Balance, end of year	3,137,449	1,187,442	897,650	2,597,537	1,259,841	1,383,935	1,416,748	83,530	11,964,132
Expenses									
Wages, salaries	483,588	564,821	397,157	828,253	680,582	579,633	571,216	61,640	4,166,890
Materials, supplies and contracted services	1,300,037	530,463	485,899	516,673	578,285	295,884	272,229	41,347	4,020,817
Debt servicing	5,095	11,461	132	5,790	513	42,274	50,887	-	116,152
Amortization	798,193	-	-	-	-	187,296	300,809	21,865	1,308,163
	2,586,913	1,106,745	883,188	1,350,716	1,259,380	1,105,087	1,195,141	124,852	9,612,022
Annual surplus (deficit)	550,536	80,697	14,462	1,246,821	461	278,848	221,607	(41,322)	2,352,110

Village of Pemberton
Schedule 2 - Segmented Information
For the year ended December 31, 2022

2021	General Government	Fire Protection Services	Development and Planning Service	Public Works and Parks	Recreation	Water Utility	Sewer Utility	Airport Services	Total
Revenues									
Taxation	981,926	335,531	241,682	454,399	-	99,985	212,064	23,670	2,349,257
Water and sewer user rates	-	-	-	-	-	1,207,579	1,029,569	-	2,237,148
Government transfers	513,409	468,757	-	1,484,918	1,013,138	-	-	-	3,480,222
Other	510,338	382,783	136,198	7,811	408,090	39,109	69,511	6,772	1,560,612
User charges	383,834	-	704,258	-	-	-	-	41,838	1,129,930
Contributions	139,816	67,971	-	296,520	-	-	-	-	504,307
Earnings from government business partnerships	245,217	-	-	-	-	-	-	-	245,217
Penalties and interest	66,802	-	-	-	-	-	-	-	66,802
Investment income	15,457	-	-	-	5,767	547	1,048	-	22,819
Balance, end of year	2,856,799	1,255,042	1,082,138	2,243,648	1,426,995	1,347,220	1,312,192	72,280	11,596,314
Expenses									
Wages, salaries	391,051	598,134	383,959	750,010	530,425	511,335	511,999	55,079	3,731,992
Materials, supplies and contracted services	1,415,969	363,277	233,610	415,343	499,324	333,737	290,768	35,608	3,587,636
Debt servicing	2,719	14,118	-	1,954	380	57,698	66,105	-	142,974
Amortization	698,530	-	-	-	-	177,501	293,847	21,865	1,191,743
	2,508,269	975,529	617,569	1,167,307	1,030,129	1,080,271	1,162,719	112,552	8,654,345
Annual surplus (deficit)	348,530	279,513	464,569	1,076,341	396,866	266,949	149,473	(40,272)	2,941,969