

**Pemberton Valley Dyking District  
Financial Statements  
For the year ended December 31, 2016**

**Pemberton Valley Dyking District  
Financial Statements  
For the year ended December 31, 2016**

---

**Contents**

<b>Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Operations	<b>4</b>
Statement of Changes in Net Financial Assets	<b>5</b>
Statement of Cash Flows	<b>6</b>
Summary of Significant Accounting Policies	<b>7 - 8</b>
Notes to Financial Statements	<b>9 - 12</b>



Tel: 604 932 3799  
Fax: 604 932 3764  
www.bdo.ca

BDO Canada LLP  
202 - 1200 Alpha Lake Road  
Whistler BC V0N 1B1 Canada

---

## Independent Auditor's Report

---

### To the Trustees of the Pemberton Valley Dyking District:

We have audited the accompanying financial statements of the Pemberton Valley Dyking District, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pemberton Valley Dyking District as at December 31, 2016, and the results its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

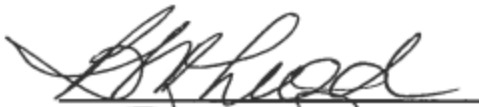

*BDO Canada LLP.*

Chartered Professional Accountants

Whistler, British Columbia  
April 13, 2017

**Pemberton Valley Dyking District**  
**Statement of Financial Position**

December 31	2016	2015
<b>Financial Assets</b>		
Cash (Note 1)	\$ 493,313	\$ 224,818
Investments (Note 2)	463,996	686,462
Accounts receivable	2,619	12,701
Taxes receivable (Note 3)	116,257	127,154
Government transfers receivable (Note 4)	12,871	64,262
	<b>1,089,056</b>	<b>1,115,397</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	33,469	52,493
<b>Net financial assets</b>	<b>\$ 1,055,587</b>	<b>\$ 1,062,904</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	1,993,432	2,035,754
Prepaid expenses	10,264	9,071
	<b>2,003,696</b>	<b>2,044,825</b>
<b>Accumulated surplus (Note 6)</b>	<b>\$ 3,059,283</b>	<b>\$ 3,107,729</b>

  
 \_\_\_\_\_ Trustee  
  
 \_\_\_\_\_ Trustee

**Pemberton Valley Dyking District**  
**Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Taxation	\$ 535,582	\$ 532,780	\$ 523,908
Excavator rentals	1,000	-	287
Government transfers (Note 4)	280,000	279,884	72,490
Interest and miscellaneous	10,500	21,020	17,619
	<b>827,082</b>	<b>833,684</b>	<b>614,304</b>
<b>Expenses</b>			
Administration	187,620	173,753	176,486
Amortization	46,000	44,991	47,905
Bad Debts	-	1,139	(7,244)
District maintenance	681,352	656,916	393,553
Excavator	875	-	-
Repairs and maintenance	7,800	5,331	6,023
	<b>923,647</b>	<b>882,130</b>	<b>616,723</b>
<b>Annual deficit</b>	<b>\$ (96,565)</b>	<b>\$ (48,446)</b>	<b>\$ (2,419)</b>
<b>Accumulated surplus, beginning of year</b>	<b>3,107,729</b>	<b>3,107,729</b>	<b>3,110,148</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 3,011,164</b>	<b>\$ 3,059,283</b>	<b>\$ 3,107,729</b>

**Pemberton Valley Dyking District**  
**Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>Annual deficit</b>	\$ (96,565)	\$ (48,446)	\$ (2,419)
Acquisition of tangible capital assets	(5,000)	(2,669)	(2,711)
Amortization of tangible capital assets	46,000	44,991	47,905
	<b>(55,565)</b>	<b>(6,124)</b>	<b>42,775</b>
Changes in prepaid expenses	-	(1,193)	(35)
<b>Increase (decrease) in net financial assets</b>	<b>(55,565)</b>	<b>(7,317)</b>	<b>42,740</b>
<b>Net financial assets, beginning of year</b>	<b>\$ 1,062,904</b>	<b>\$ 1,062,904</b>	<b>\$ 1,020,164</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,007,339</b>	<b>\$ 1,055,587</b>	<b>\$ 1,062,904</b>

**Pemberton Valley Dyking District**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual deficit	\$ (48,446)	\$ (2,419)
Items not involving cash:		
Amortization of tangible capital assets	44,991	47,905
Bad debt expense	1,139	-
Changes in non-cash operating balances		
Accounts receivable	8,943	25,193
Taxes receivable	10,897	10,551
Government transfers receivable	51,391	132,890
Prepaid expenses	(1,193)	(35)
Accounts payable and accrued liabilities	(19,024)	3,533
	<b>48,698</b>	<b>217,618</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,669)	(2,711)
<b>Investing transactions</b>		
Sale (purchase) of investments	222,466	(578,948)
<b>Increase (decrease) in cash during the year</b>	<b>268,495</b>	<b>(364,041)</b>
<b>Cash, beginning of year</b>	<b>224,818</b>	<b>588,859</b>
<b>Cash, end of year</b>	<b>\$ 493,313</b>	<b>\$ 224,818</b>

---

## Pemberton Valley Dyking District Summary of Significant Accounting Policies

December 31, 2016

---

**Management's  
Responsibility for the  
Financial Statements**

The financial statements of the Pemberton Valley Dyking District ("the District") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

**Nature of  
Operations**

The District was formed for the purpose of maintaining dykes on behalf of the residents of the Pemberton Valley and is subject to the laws and regulations of the Local Government Act, and is therefore not taxable under section 149 of the income tax act.

**Government Transfers**

Government transfers which include government grants are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

**Revenue  
Recognition**

Tax assessment revenue is not restricted in use and is recorded as receivable when it meets the definition of an asset, has been authorized and the taxable event occurs. For dyking taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Excavator revenue is not restricted in use and is recognized as earned.

Interest revenue is recognized as earned.

Reimbursement revenue is not restricted in use and is recognized when earned, measurable, and collection is reasonably assured.

**Investments**

Investments are carried at cost plus accrued interest, which approximates market value.

**Financial Instruments**

The District's financial instruments consist of cash, investments, accounts receivable, government transfers receivable and accounts payable and accrued liabilities. Unless otherwise indicated, it is management's opinion that the District is not exposed to any significant interest, credit or currency risks arising from these financial instruments.



---

## Pemberton Valley Dyking District Summary of Significant Accounting Policies

December 31, 2016

---

### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the financial statements. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Bridges	- 40 years
Buildings	- 20 years
Furniture and fixtures	- 10 years
Equipment	- 5 to 20 years
Survey data	- 5 years

No amortization is provided on dyking projects. It is management's belief that these assets have an indefinite life. They are reviewed every year by the district to ensure they are fully functional, any work performed on the dyke to maintain their functionality is considered repairs and maintenance and expensed as incurred.

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The area requiring the greatest level of estimation for the District is the useful lives of capital assets.

### Budget Amounts

Budget amounts reflect the Annual Budget adopted by the Trustees on May 19, 2016.

### Segmented Operations

The District considers that its only program is the maintenance of dykes. As such it has only one operating segment and does not report details of revenues and expenses by segment.

### Contaminated Sites

The District has not disclosed any liabilities for remediation of contaminated sites, as all property owned or maintained by the District is currently in productive use.

---

**Pemberton Valley Dyking District**  
Notes to Financial Statements

**December 31, 2016**

---

**1. Cash**

The District's bank accounts are held at a Canadian chartered bank and a BC Credit Union. These accounts earn interest at the current prevailing rates.

---

**2. Investments**

At December 31, 2016, the District held four Guaranteed Investment Certificates ("GICs") at a BC credit union and four GICs at a Canadian chartered bank. The GICs earn interest ranging from 0.67 to 1.75% and mature between July 9, 2017 and October 28, 2019.

---

**3. Taxes Receivable**

	2016	2015
Current - become arrears January 1	\$ 71,058	\$ 76,223
Arrears - become second year arrears January 1	22,995	27,488
Second year arrears - become delinquent January 1	4,616	7,544
Delinquent - since January 1	7,431	5,338
Interest receivable - arrears	1,050	1,256
Interest receivable - second year arrears	460	798
Interest receivable - delinquent	1,542	886
Penalties	7,105	7,621
	\$ 116,257	\$ 127,154

---

**4. Government Transfers**

In 2016, the District recorded \$279,884 (2015 - \$72,490) in provincial government transfers for the purpose of funding the recovery costs for the Pemberton Creek Gravel Aggradation project which was a result of the September 2015 high water event. This amount represents the full grant approved for the recovery costs, equal to 80% of up to \$350,000 in recovery costs. As of December 31, 2016, \$267,013 of this funding had been received and the remaining balance is included in government transfers receivable.

**Pemberton Valley Dyking District**  
Notes to Financial Statements

December 31, 2016

**5. Tangible Capital Assets**

	Open Net Book Value	Additions	Disposals	Amortization	Close Net Book Value
Land	\$ 112,719	\$ -	\$ -	\$ -	\$ 112,719
Furniture and fixtures	10,887	-	-	(3,890)	6,997
Equipment	186,517	2,669	-	(41,101)	148,085
Dyking projects	1,725,631	-	-	-	1,725,631
	<u>\$ 2,035,754</u>	<u>\$ 2,669</u>	<u>\$ -</u>	<u>\$ (44,991)</u>	<u>\$ 1,993,432</u>

Net book value at December 31, 2016 consists of:

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 112,719	\$ -	\$ 112,719
Buildings	14,001	(14,001)	-
Furniture and fixtures	71,019	(64,022)	6,997
Equipment	525,018	(389,584)	135,434
Survey data	51,023	(38,372)	12,651
Dyking projects	1,725,631	-	1,725,631
	<u>\$ 2,499,411</u>	<u>\$ (505,979)</u>	<u>\$ 1,993,432</u>

Net book value for the comparative period, December 31, 2015, consists of:

	Cost	Accumulated Amortization	Net Book Value
Land	\$ 112,719	\$ -	\$ 112,719
Buildings	14,001	(14,001)	-
Furniture and fixtures	71,019	(60,132)	10,887
Equipment	545,299	(358,782)	186,517
Survey data	28,073	(28,073)	-
Dyking projects	1,725,631	-	1,725,631
	<u>\$ 2,496,742</u>	<u>\$ (460,988)</u>	<u>\$ 2,035,754</u>

**Pemberton Valley Dyking District**  
**Notes to Financial Statements**

**December 31, 2016**

**5. Tangible Capital Assets (continued)**

Dyking projects at December 31 consist of:

	2016	2015
A.R.D.S.A. project expenditures - rockwork	\$ 538,000	\$ 538,000
Mackenzie cut - dyking project	10,636	10,636
River protection assistance program (R.P.A.P.)		
Phase I - dyking project	215,648	215,648
Phase II - dyking project	223,124	223,124
Area 3 - dyking project	49,228	49,228
Pomeroy property - rockwork	7,705	7,705
Ryan River 1986 dyking project	59,331	59,331
Ryan River 1993 dyking project	10,193	10,193
Ayers 2014 dyking project	611,766	611,766
	<b>\$ 1,725,631</b>	<b>\$ 1,725,631</b>

As the District's dyking assets were built several years ago, the replacement value of these assets in current dollars is significantly higher than the historical net book value reflected in these financial statements. Annual maintenance requirements and associated costs for these assets are large relative to these net book values. For this reason, the District needs to maintain a level of financial assets on hand to ensure it can maintain and protect these assets, as described in Note 6.

**6. Accumulated Surplus**

The District segregates its accumulated surplus in the following categories:

	2016	2015
Investment in tangible capital assets (Note 7)	\$ 1,993,432	\$ 2,035,754
Renewal Reserve Fund	205,661	356,091
Unrestricted Fund	860,190	715,884
	<b>\$ 3,059,283</b>	<b>\$ 3,107,729</b>

The District is responsible for maintaining the dyking assets and performs annual maintenance and repairs to protect the replacement value of those assets. In addition, as part of its risk management policy, the District has built its accumulated surplus over time to ensure that it has sufficient resources on hand in the event that substantial repairs or maintenance are required at any one time. In the last four years, renewal reserve and unrestricted funds have exceeded \$1,000,000, which management believes is the minimum working capital required to fund current operations and maintain a cash reserve to protect against unknown contingencies.

**Pemberton Valley Dyking District**  
Notes to Financial Statements

**December 31, 2016**

**7. Investment in Tangible Capital Assets**

The following summarizes the changes in the Investment in Tangible Capital Assets:

	2016	2015
Balance, beginning of year	\$ 2,035,754	\$ 2,080,948
Current fund contributions for acquisition of tangible capital assets	2,669	2,711
Amortization	(44,991)	(47,905)
Balance, end of year	\$ 1,993,432	\$ 2,035,754

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other assets.

**8. Municipal Pension Plan**

The District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and the employer, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. As at December 31, 2016, the Plan has about 180,433 active members and 84,800 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The most recent actuarial valuation as at December 31, 2015 indicated a \$2.224 million funding surplus for basic pension benefits of the Plan as a whole.

The actuaries do not attribute portions of the surplus to individual employers. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with current and former employees of the entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and costs to the individual entities participating in the Plan.

The District paid \$16,122 (2015 - \$16,940) to the Plan for employer contributions in fiscal 2016.

**9. Expenses by Object**

	2016	2015
Wages and benefits	\$ 190,011	\$ 175,647
Goods and services	645,989	400,415
Amortization	44,991	47,905
Bad debts	1,139	(7,244)
	\$ 882,130	\$ 616,723