

**Pemberton Valley Dyking District
Financial Statements
For the year ended December 31, 2020**

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Financial Statements
For the year ended December 31, 2020**

Contents

| | |
|--|--------------|
| Management's Responsibility for Financial Reporting | 2 |
| Independent Auditors' Report | 3 - 4 |
| Financial Statements | |
| Statement of Financial Position | 5 |
| Statement of Operations | 6 |
| Statement of Changes in Net Financial Assets | 7 |
| Statement of Cash Flows | 8 |
| Summary of Significant Accounting Policies | 9 - 10 |
| Notes to Financial Statements | 11 - 15 |

Management's Responsibility for Financial Reporting

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

The financial statements include, where appropriate, estimates based on the best judgment of management. The Pemberton Valley Dyking District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Pemberton Valley Dyking District's assets are appropriately accounted for and adequately safeguarded.

The Board of Trustees of the Pemberton Valley Dyking District reviews and approves the annual financial statements and other information contained in the annual report.

Signed by:

A handwritten signature in black ink, appearing to read "otsch", followed by a period.

Administrator, Pemberton Valley Dyking District

Independent Auditor's Report

To the Trustees of the Pemberton Valley Dyking District:

Opinion

We have audited the financial statements of the Pemberton Valley Dyking District, which comprise the Statement of Financial Position as at December 31, 2020 and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Pemberton Valley Dyking District as at December 31, 2020 and the results of operations, its 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 District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is responsible for assessing the District'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 District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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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 District'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 District'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 District 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.

Chartered Professional Accountants


Whistler, British Columbia
March 24, 2021

Pemberton Valley Dyking District
Statement of Financial Position

| <u>December 31</u> | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Financial Assets | | |
| Cash (Note 1) | \$ 969,128 | \$ 700,737 |
| Investments (Note 2) | 814,151 | 804,835 |
| Accounts receivable | 8,233 | 12,108 |
| Taxes receivable (Note 3) | 144,767 | 109,301 |
| Government transfers receivable (Note 4) | 75,656 | 37,587 |
| | <u>2,011,935</u> | <u>1,664,568</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | <u>68,381</u> | <u>38,594</u> |
| Net financial assets | <u>1,943,554</u> | <u>1,625,974</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 5) | 1,918,361 | 1,905,139 |
| Prepaid expenses | 11,881 | 8,630 |
| | <u>1,930,242</u> | <u>1,913,769</u> |
| Accumulated surplus (Note 6) | <u>\$ 3,873,796</u> | <u>\$ 3,539,743</u> |



Trustee



Trustee

Pemberton Valley Dyking District
Statement of Operations

| For the year ended December 31 | Budget 2020 | 2020 | 2019 |
|---|------------------------|---------------------|---------------------|
| Revenue | | | |
| Taxation | \$ 854,059 | \$ 857,578 | \$ 736,006 |
| Government transfers (Note 4) | 1,512,413 | 687,005 | 187,587 |
| Interest and miscellaneous | 103,000 | 81,399 | 27,047 |
| | 2,469,472 | 1,625,982 | 950,640 |
| Expenses (Note 9) | | | |
| Administration | 227,703 | 215,298 | 175,757 |
| Amortization | 24,896 | 28,348 | 24,332 |
| District maintenance | 2,114,613 | 1,037,789 | 590,503 |
| Other repairs and maintenance | 11,450 | 10,494 | 5,104 |
| | 2,378,662 | 1,291,929 | 795,696 |
| Annual surplus | \$ 90,810 | \$ 334,053 | \$ 154,944 |
| Accumulated surplus, beginning of year | 3,539,743 | 3,539,743 | 3,384,799 |
| Accumulated surplus, end of year | \$ 3,630,553 | \$ 3,873,796 | \$ 3,539,743 |

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

Pemberton Valley Dyking District
Statement of Changes in Net Financial Assets

| For the year ended December 31 | Budget 2020 | 2020 | 2019 |
|--|------------------------|---------------------|---------------------|
| Annual surplus | \$ 90,810 | \$ 334,053 | \$ 154,944 |
| Acquisition of tangible capital assets | - | (41,570) | - |
| Amortization of tangible capital assets | 24,896 | 28,348 | 24,332 |
| | 115,706 | 320,831 | 179,276 |
| Changes in prepaid expenses | - | (3,251) | 37 |
| Increase in net financial assets | 115,706 | 317,580 | 179,313 |
| Net financial assets, beginning of year | 1,625,974 | 1,625,974 | 1,446,661 |
| Net financial assets, end of year | \$ 1,741,680 | \$ 1,943,554 | \$ 1,625,974 |

Pemberton Valley Dyking District
Statement of Cash Flows

| For the year ended December 31 | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Cash provided by (used in) | | |
| Operating transactions | | |
| Annual surplus | \$ 334,053 | \$ 154,944 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 28,348 | 24,332 |
| Changes in non-cash operating balances | | |
| Accounts receivable | 3,875 | (3,927) |
| Taxes receivable | (35,466) | 21,185 |
| Government transfers receivable | (38,069) | (37,587) |
| Prepaid expenses | (3,251) | 37 |
| Accounts payable and accrued liabilities | 29,787 | 4,167 |
| | <u>319,277</u> | <u>163,151</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (41,570) | - |
| Investing transactions | | |
| Purchase of investments | (727,515) | (666,313) |
| Investments redeemed in the year | 718,199 | 455,622 |
| | <u>(9,316)</u> | <u>(210,691)</u> |
| Increase (decrease) in cash during the year | 268,391 | (47,540) |
| Cash, beginning of year | <u>700,737</u> | <u>748,277</u> |
| Cash, end of year | <u>\$ 969,128</u> | <u>\$ 700,737</u> |

Pemberton Valley Dyking District Summary of Significant Accounting Policies

December 31, 2020

**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 dyke infrastructure 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.

Interest revenue is recognized as earned.

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, 2020

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 |
| 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 and any work performed on the existing dykes to maintain their functionality is considered repairs and maintenance and expensed as incurred, whereas improvements to dyking infrastructure that enhance functionality are capitalized.

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 tangible capital assets.

Budget Amounts

Budget amounts reflect the Annual Budget adopted by the Trustees on May 21, 2020.

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, 2020

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, 2020, the District held three Guaranteed Investment Certificates ("GICs") at a BC credit union and seven GICs at a Canadian chartered bank. The GICs earn interest ranging from 0.31% to 3.15% and mature between January 18, 2021 and July 9, 2023.

3. Taxes Receivable

| | 2020 | 2019 |
|---|------------|------------|
| Current - become arrears January 1 | \$ 113,864 | \$ 87,123 |
| Arrears - become second year arrears January 1 | 17,953 | 12,781 |
| Second year arrears - become delinquent January 1 | 689 | - |
| Delinquent - since January 1 | - | - |
| Interest receivable - arrears | 801 | 686 |
| Interest receivable - second year arrears | 75 | - |
| Interest receivable - delinquent | - | - |
| Penalties receivable | 11,385 | 8,711 |
| | \$ 144,767 | \$ 109,301 |

4. Government Transfers

During the year, the District recorded \$687,005 in government transfers for the Flood Plain Mapping and Lillooet Sediment Removal Project, funded by the provincial government through the Squamish-Lillooet Regional District and the Village of Pemberton. As of December 31, 2020, \$648,935 of this funding has been received and the remaining balance is included in government transfers receivable. In 2019, \$187,587 of funding from the provincial government was recognized for the Flood Plain Mapping Project.

Pemberton Valley Dyking District
Notes to Financial Statements

December 31, 2020

5. Tangible Capital Assets

| | Open Net Book Value | Additions | Disposals | Amortization | Close Net Book Value |
|------------------------|------------------------|------------------|-------------|--------------------|-------------------------|
| Land | \$ 112,719 | \$ - | \$ - | \$ - | \$ 112,719 |
| Furniture and fixtures | 1,277 | 835 | - | (534) | 1,578 |
| Equipment | 49,725 | 27,330 | - | (19,241) | 57,814 |
| Survey data | 15,787 | 13,405 | - | (8,573) | 20,619 |
| Dyking projects | 1,725,631 | - | - | - | 1,725,631 |
| | <u>\$ 1,905,139</u> | <u>\$ 41,570</u> | <u>\$ -</u> | <u>\$ (28,348)</u> | <u>\$ 1,918,361</u> |

Net book value at December 31, 2020 consists of:

| | Cost | Accumulated Amortization | Net Book Value |
|------------------------|---------------------|-----------------------------|---------------------|
| Land | \$ 112,719 | \$ - | \$ 112,719 |
| Buildings | 14,001 | (14,001) | - |
| Furniture and fixtures | 72,106 | (70,528) | 1,578 |
| Equipment | 563,591 | (505,777) | 57,814 |
| Survey data | 84,655 | (64,036) | 20,619 |
| Dyking projects | 1,725,631 | - | 1,725,631 |
| | <u>\$ 2,572,703</u> | <u>\$ (654,342)</u> | <u>\$ 1,918,361</u> |

Net book value for the comparative period, December 31, 2019, consists of:

| | Cost | Accumulated Amortization | Net Book Value |
|------------------------|---------------------|-----------------------------|---------------------|
| Land | \$ 112,719 | \$ - | \$ 112,719 |
| Buildings | 14,001 | (14,001) | - |
| Furniture and fixtures | 71,271 | (69,994) | 1,277 |
| Equipment | 536,261 | (486,536) | 49,725 |
| Survey data | 71,250 | (55,463) | 15,787 |
| Dyking projects | 1,725,631 | - | 1,725,631 |
| | <u>\$ 2,531,133</u> | <u>\$ (625,994)</u> | <u>\$ 1,905,139</u> |

Pemberton Valley Dyking District
Notes to Financial Statements

December 31, 2020

5. Tangible Capital Assets (continued)

Dyking projects at December 31 consist of:

| | 2020 | 2019 |
|--|---------------------|---------------------|
| 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 |
| | \$ 1,725,631 | \$ 1,725,631 |

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:

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Investment in tangible capital assets (Note 7) | \$ 1,918,361 | \$ 1,905,139 |
| Renewal Reserve Fund | 238,888 | 235,455 |
| Unrestricted Fund | 1,716,547 | 1,399,149 |
| | \$ 3,873,796 | \$ 3,539,743 |

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 five 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, 2020

7. Investment in Tangible Capital Assets

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

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 1,905,139 | \$ 1,929,471 |
| Current fund contributions for acquisition of tangible capital assets | 41,570 | - |
| Amortization | <u>(28,348)</u> | <u>(24,332)</u> |
| Balance, end of year | <u>\$ 1,918,361</u> | <u>\$ 1,905,139</u> |

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other tangible capital 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, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members.

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 valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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.

The District paid \$14,566 (2019 - \$12,023) to the Plan for employer contributions in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

Pemberton Valley Dyking District
Notes to Financial Statements

December 31, 2020

9. Expenses by Object

| | <u>2020</u> | <u>2019</u> |
|--------------------|---------------------|-------------------|
| Wages and benefits | \$ 213,624 | \$ 193,857 |
| Goods and services | 1,049,957 | 577,507 |
| Amortization | <u>28,348</u> | <u>24,332</u> |
| | <u>\$ 1,291,929</u> | <u>\$ 795,696</u> |

10. Uncertainty Due to COVID-19

During 2020, there was minimal financial and operational impact on the District due to COVID-19. Management anticipates that, due to the nature of the District's operations, there will not be significant future impact arising from the impacts of COVID-19. However, given the dynamic nature of these circumstances, there could be further effects on the District, it's taxpayers, funding organizations, suppliers and other third party businesses that could affect the timing and amounts realized on the District's assets and future revenues. At this time, the full potential impact of COVID-19 on the District is not known.