Pemberton Valley Dyking District

Financial Statements

For the year ended December 31, 2023

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For the year ended December 31, 2023

Contents

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:

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Kathie Bergen

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Administrator, Pemberton Valley Dyking District

April 4, 2024

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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, 2023 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, 2023 and the results of its 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Whistler, British Columbia
April 4, 2024

Pemberton Valley Dyking District
Statement of Financial Position

December 31	2023	2022
Financial Assets		
Cash (Note 1)	$ 828,593	$ 449,343
Investments (Note 2)	1,769,812	930,013
Accounts receivable	33,583	23,288
Taxes receivable (Note 3)	276,463	246,897
Government transfers receivable (Note 4)	-	906,099
	2,908,451	2,555,640
Liabilities		
Accounts payable and accrued liabilities	140,627	121,910
Deferred government transfers (Note 4)	13,501	-
	154,128	121,910
Net financial assets	2,754,323	2,433,730
Non-financial assets		
Tangible capital assets (Note 5)	2,025,225	2,028,530
Prepaid expenses	15,604	15,261
	2,040,829	2,043,791
Accumulated surplus (Note 6)	$ 4,795,152	$ 4,477,521

Trustee John Beks

Trustee Albert Bush

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

Pemberton Valley Dyking District
Statement of Operations

For the year ended December 31	Budget 2023	2023	2022
Revenue			
Taxation	$ 1,590,104	$ 1,592,103	$ 1,342,056
Government transfers (Note 4)	198,922	112,752	578,644
Interest and miscellaneous	41,360	74,255	40,080
Gain on sale of assets	-	-	8,571
	1,830,386	1,779,110	1,969,351
Expenses (Note 9)			
Administration	308,250	279,534	283,068
Amortization	28,760	29,345	29,844
District maintenance	1,445,631	1,143,943	1,328,119
Other repairs and maintenance	14,950	8,657	9,117
	1,797,591	1,461,479	1,650,148
Annual surplus	$ 32,795	$ 317,631	$ 319,203
Accumulated surplus, beginning of year	4,477,521	4,477,521	4,158,318
Accumulated surplus, end of year	$ 4,510,316	$ 4,795,152	$ 4,477,521

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

Pemberton Valley Dyking District
Statement of Changes in Net Financial Assets

For the year ended December 31	Budget 2023	2023	2022
Annual surplus	$ 32,795	$ 317,631	$ 319,203
Acquisition of tangible capital assets	(15,000)	(26,040)	(60,461)
Amortization of tangible capital assets	28,760	29,345	29,844
	46,555	320,936	288,586
Changes in prepaid expenses	-	(343)	(1,818)
Increase in net financial assets	46,555	320,593	286,768
Net financial assets, beginning of year	2,433,730	2,433,730	2,146,962
Net financial assets, end of year	$ 2,480,285	$ 2,754,323	$ 2,433,730

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

Pemberton Valley Dyking District
Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided by (used in)		
Operating transactions		
Annual surplus	$ 317,631	$ 319,203
Items not involving cash:		
Amortization of tangible capital assets	29,345	29,844
Gain on disposal of capital assets	-	(8,571)
Changes in non-cash operating balances		
Accounts receivable	(10,295)	81,307
Taxes receivable	(29,566)	(90,580)
Government transfers receivable	906,099	(271,660)
Prepaid expenses	(343)	(1,818)
Accounts payable and accrued liabilities	18,717	(40,451)
Deferred government transfers	13,501	(306,983)
	1,245,089	(289,709)
Capital transactions		
Acquisition of tangible capital assets	(26,040)	(60,461)
Proceeds on sale of tangible capital assets	-	8,571
	(26,040)	(51,890)
Investing transactions		
Purchase of investments	(1,659,604)	(491,560)
Investments redeemed in the year	819,805	551,875
	(839,799)	60,315
Increase (decrease) in cash during the year	379,250	(281,284)
Cash, beginning of year	449,343	730,627
Cash, end of year	$ 828,593	$ 449,343

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

December 31, 2023

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.
Financial Instruments	Effective January 1, 2023, the District adopted PS 3450 - Financial Instruments. The standard was adopted prospectively and comparative figures were not restated. The District's financial instruments consist of cash, investments, accounts receivable, taxes receivable, government transfers receivable, accounts payable and accrued liabilities, and deferred government transfers. All financial instruments are measured at cost or amortized cost on the statement of financial position, using the effective interest rate method to determine interest revenue or expense. Transaction costs are added to the carrying value for financial instruments. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Unrealized gains and losses from changes in the fair value of financial instruments would be recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. As the District has no financial instruments reported at fair value, no statement of remeasurement gain or loss is presented in these financial statements.
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.

December 31, 2023

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.

Deferred Revenue

Deferred revenue represents funds collected from local governments for use in specific projects and may be refundable to the contributor in certain circumstances.

Asset Retirement Obligations

Effective January 1, 2023, the District adopted PS 3280 - Asset Retirement Obligations. Under this standard, a liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date.

This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

It is management's assessment that the District has no legal or contractual obligations that meet the definition of an asset retirement obligations and, as such, no asset retirement obligation has been recorded in the year ended December 31, 2023.

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:

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 April 20, 2023.

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.

1. Cash

The District's bank accounts are held at a Canadian credit union. The savings accounts earn interest at the current prevailing rate of 0.05%.

2. Investments

At December 31, 2023, the District held sixteen Guaranteed Investment Certificates ("GICs") at one Canadian credit union. The GICs earn interest ranging from 2.90% to 5.00% and mature between April 28, 2024 and January 25, 2028.

3. Taxes Receivable

	2023	2022
Current - become arrears January 1	$ 210,873	$ 194,195
Arrears - become second year arrears January 1	41,246	29,576
Second year arrears - become delinquent January 1	-	1,942
Interest receivable - arrears	3,257	1,605
Interest receivable - second year arrears	-	160
Penalties receivable	21,087	19,419
	$ 276,463	$ 246,897

4. Government Transfers

During the year, the District recorded $112,752 in government transfers for Community Emergency Preparedness Fund Structural Flood Mapping and Flood Mitigation Planning Funding Stream projects, funded by the provincial government through the Squamish-Lillooet Regional District and the Village of Pemberton. As of December 31, 2023, none of this funding (2022 - $906,099) is included in government transfers receivable.

The amounts have been recognized as revenue as follows:

	2023	2022
Deferred government transfers, beginning of year	$ -	$ 306,983
Restricted government transfers	126,253	271,661
Spent on completed projects and recognized as revenue	(112,752)	(578,644)
Deferred government transfers, end of year	$ 13,501	$ -

5. Tangible Capital Assets

	Balance at January 1, 2023	Additions	Disposals	Amortization	Balance at December 31, 2023
Land	$ 112,719	$ -	$ -	$ -	$ 112,719
Furniture and fixtures	2,896	-	-	(493)	2,403
Equipment	178,259	11,235	-	(22,295)	167,199
Survey data	9,025	14,805	-	(6,557)	17,273
Dyking projects	1,725,631	-	-	-	1,725,631
	$ 2,028,530	$ 26,040	$ -	$ (29,345)	$2,025,225

During the year, fully amortized equipment assets were disposed without proceeds (2022 - $8,571) which is reflected on the Statement of Operations.

Net book value at December 31, 2023 consists of:

	Cost	Accumulated Amortization	Net Book Value
Land	$ 112,719	$ -	$ 112,719
Buildings	14,001	(14,001)	-
Furniture and fixtures	47,398	(44,995)	2,403
Equipment	685,749	(518,550)	167,199
Survey data	71,925	(54,652)	17,273
Dyking projects	1,725,631	-	1,725,631
	$ 2,657,423	$ (632,198)	$ 2,025,225

Net book value for the comparative period, December 31, 2022, consists of:

	Cost	Accumulated Amortization	Net Book Value
Land	$ 112,719	$ -	$ 112,719
Buildings	14,001	(14,001)	-
Furniture and fixtures	74,638	(71,742)	2,896
Equipment	674,514	(496,255)	178,259
Survey data	89,234	(80,209)	9,025
Dyking projects	1,725,631	-	1,725,631
	$ 2,690,737	$ (662,207)	$ 2,028,530

5. Tangible Capital Assets (continued)

Dyking projects at December 31 consist of:

	2023	2022
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:

	2023	2022
Investment in tangible capital assets (Note 7)	$ 2,025,225	$ 2,028,530
Renewal Reserve Fund	516,892	305,038
Unrestricted Fund	2,253,035	2,143,953
	$ 4,795,152	$ 4,477,521

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 $1,500,000, which management believes is the minimum working capital required to fund current operations and maintain a cash reserve to protect against unknown contingencies.

7. Investment in Tangible Capital Assets

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

	2023	2022
Balance, beginning of year	$ 2,028,530	$ 1,997,913
Current fund contributions for acquisition of tangible capital assets	26,040	60,461
Amortization	(29,345)	(29,844)
Balance, end of year	$ 2,025,225	$ 2,028,530

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 (a jointly trusteed 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 District paid $21,135 (2022 - $18,715) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

8. Municipal Pension Plan (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.

9. Expenses by Object

	2023	2022
Wages and benefits	$ 322,606	$ 276,609
Goods and services	1,109,528	1,343,695
Amortization	29,345	29,844
	$ 1,461,479	$ 1,650,148

10. Financial Instrument Risk Management

The District, through its financial assets and liabilities, is exposed to certain financial risks. The following analysis provides an assessment of those risks as at December 31, 2023. These risks remain unchanged from the prior year.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The District is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the future cash flows related to its investment in GICs, tax assessment arrears and renewal reserve fund (Notes 2, 3 and 6, respectively). The District's objective is to minimize interest risk by locking in fixed rates on its tax assessment arrears and renewal reserve fund when prudent and possible.

Liquidity Risk

Liquidity risk is the risk that the District will encounter difficulty in meeting obligations associated with financial liabilities as they come due. The District is exposed to liquidity risk through its accounts payable and accrued liabilities. The District has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements on an ongoing basis. The District ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and cash reserves.

10. Financial Instrument Risk Management (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The District is exposed to concentrations of credit risk related to its cash, short term investments, accounts receivable and taxes receivable. The District mitigates its risk by holding its cash and short term investments at a Canadian credit union, which provide deposit insurance coverage via the Credit Union Insurance Corporation. Concentrations of credit risk related to accounts receivable and taxes receivable are mitigated as the majority account receivable are due from government and municipalty and property owners are obliged to pay the taxes levied.

It is management's opinion that the District is not exposed to any significant currency or market risks arising from its financial instruments.