

**Resort Municipality of Whistler
Consolidated Financial Statements
For the year ended December 31, 2018**

**Resort Municipality of Whistler
December 31, 2018**

Council

Mayor
Councilors

Jack Crompton
Arthur De Jong
Cathy Jewett
Duane Jackson
Jen Ford
John Grills
Ralph Forsyth

Appointed Officers

Administrator
Director of Finance
General Manager of Corporate and Community Services
General Manager of Infrastructure Services
General Manager of Resort Experience
Corporate Officer

Mike Furey
Carlee Price
Ted Battiston
James Hallisey
Jan Jansen
Brooke Browning

Solicitors

Young, Anderson

Bankers

Royal Bank of Canada
BlueShore Financial

Auditors

BDO Canada LLP

Police

Royal Canadian Mounted Police

**Resort Municipality of Whistler
Consolidated Financial Statements
For the year ended December 31, 2018**

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Resort Municipality of Whistler
December 31, 2018

Management's Responsibility for Financial Reporting

The Council of the Resort Municipality of Whistler ("RMOW") has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of the RMOW. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Mayor and Council review internal financial statements on a regular basis, and the Audit and Finance Committee meets periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged. Council annually reviews and approves the consolidated financial statements.

The RMOW's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether these consolidated financial statements present fairly the RMOW's consolidated financial position, financial activities and cash flows in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion in accordance with Canadian generally accepted auditing standards.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Carlee Price
Director of Finance
April 30, 2019

Independent Auditor's Report

**To the Mayor and Council of the
Resort Municipality of Whistler**

Opinion

We have audited the consolidated financial statements of the Resort Municipality of Whistler and its subsidiaries (the "Consolidated Entity"), which comprise the Consolidated Statement of Financial Position as at December 31, 2018 and the Consolidated Statements of Operations, Change in Net Financial Assets and Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Entity as at December 31, 2018 and its consolidated results of operations, change in net financial assets and 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 Consolidated Financial Statements section of this report. We are independent of the Consolidated Entity 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 Consolidated Financial Statements

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

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Consolidated Entity'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 consolidated entity'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 consolidated 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 Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 30, 2019

**Resort Municipality of Whistler
Consolidated Statement of Financial Position**

As at December 31	2018	2017
Financial assets		
Cash	\$ 1,886,028	\$ 1,702,266
Accounts receivable (Note 3)	10,909,082	6,659,977
Portfolio investments (Note 4)	97,915,295	98,334,516
Investment in government business enterprises (Note 5)	1,570,678	1,462,495
	112,281,083	108,159,254
Liabilities		
Accounts payable (Note 6)	16,047,191	11,866,212
Employee future benefits (Note 7)	478,800	485,300
Landfill closure (Note 8)	1,040,471	1,125,307
Deferred revenue	2,961,691	2,769,141
Deferred contributions	1,530,147	1,479,563
Debt (Note 9, Schedule 2)	31,880,447	27,555,084
	53,938,747	45,280,607
Net financial assets	58,342,336	62,878,647
Non-financial assets		
Cheakamus Crossing Phase II land held for development (Note 10)	2,839,614	1,777,635
Inventory	354,081	290,573
Prepays	1,217,503	712,583
Tangible capital assets (Note 11)	478,549,610	467,449,065
	482,960,808	470,229,856
Accumulated surplus (Note 12)	\$ 541,303,144	\$ 533,108,503

Jack Crompton, Mayor

Carlee Price, Director of Finance

**Resort Municipality of Whistler
Consolidated Statement of Operations**

For the year ended December 31	2018 Financial Plan	2018 Actual	2017 Actual
	(Note 19)		
Revenue (Schedule 4)			
Taxation revenue (Note 13)	\$ 46,399,012	\$ 46,116,208	\$ 45,316,960
Government transfers and grant revenue (Schedule 3)	17,089,939	20,902,454	18,698,991
Fees and charges (Note 14)	27,012,911	27,911,213	26,619,768
Investment income	1,557,566	2,685,439	2,171,631
Contributed tangible capital assets	-	3,253,731	-
Works and services charges	749,301	909,733	715,954
Gain (loss) on disposal of tangible capital assets	640,075	(1,812,541)	(646,321)
Income from government business enterprises (Note 5)	-	108,183	59,995
Other income	821,194	2,294,091	1,669,752
Olympic Village unit sales	-	-	3,823,986
	94,269,998	102,368,511	98,430,716
Expenses (Note 18 and Schedule 4)			
General government services	9,853,905	8,089,945	8,064,740
Resort experience	13,552,749	13,270,158	12,549,770
Infrastructure services	23,498,502	23,138,444	22,969,343
Corporate and community services	21,920,630	22,225,693	21,831,829
Infrastructure maintenance and amortization	36,289,993	24,781,668	18,957,680
Wholly-owned subsidiaries	2,630,153	2,667,962	4,771,362
	107,745,932	94,173,870	89,144,724
Annual surplus (deficit)	(13,475,934)	8,194,641	9,285,992
Accumulated surplus, beginning of year	533,108,503	533,108,503	523,822,511
Accumulated surplus, end of year	\$ 519,632,569	\$ 541,303,144	\$ 533,108,503

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

Resort Municipality of Whistler
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	2018 Financial Plan	2018 Actual	2017 Actual
	(Note 19)		
Annual surplus	\$ (13,475,934)	\$ 8,194,641	\$ 9,285,992
Acquisition of tangible capital assets	(16,499,805)	(26,824,083)	(31,290,178)
Amortization of tangible capital assets	12,449,083	13,030,197	12,146,434
Loss on sale of tangible capital assets	-	1,812,541	646,321
Proceeds on sale of tangible capital assets	-	150,467	1,089,727
	(4,050,722)	(11,830,878)	(17,407,696)
Acquisition (consumption) of supplies inventory	-	(63,508)	23,938
Net use (acquisition) of prepaid expenses	-	(504,920)	(77,215)
Transfer of Olympic Village lands for Cheakamus Crossing Phase II and related development expenses	-	(331,646)	(1,777,635)
	-	(900,074)	(1,830,912)
Change in net financial assets for the year	(17,526,656)	(4,536,311)	(9,952,616)
Net financial assets, beginning of year	62,878,647	62,878,647	72,831,263
Net financial assets, end of year	\$ 45,351,991	\$ 58,342,336	\$ 62,878,647

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

Resort Municipality of Whistler
Consolidated Statement of Cash Flows

For the year ended December 31

2018

2017

Cash provided by (used in)

Operating transactions

Annual surplus	\$ 8,194,641	\$ 9,285,992
Items not utilizing cash:		
Amortization	13,030,197	12,146,434
Cost of sales Olympic Village units	-	1,557,247
Revaluation of landfill post-closure care costs	(84,836)	(89,598)
Loss on disposal of capital assets	1,812,541	646,321
Revaluation of post employment benefits	(6,500)	(3,500)
Income from government business enterprises	(108,183)	(59,995)
Contributed tangible capital assets	(3,253,731)	-
Changes in non-cash working capital balances	<u>(393,419)</u>	<u>(42,308)</u>
Net cash provided by operating transactions	<u>19,190,710</u>	<u>23,440,593</u>

Capital transactions

Cash used to acquire tangible capital assets	(23,570,352)	(31,290,178)
Proceeds on sale of tangible capital assets	150,467	1,089,727
Investment in Cheakamus Crossing Phase II land held for development	<u>(331,646)</u>	<u>-</u>
Net cash used by capital transactions	<u>(23,751,531)</u>	<u>(30,200,451)</u>

Investing transactions

Sale of portfolio investments	<u>419,221</u>	<u>6,430,026</u>
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Financing transactions

Debt proceeds	7,000,000	2,300,000
Repayment of long-term debt	<u>(2,674,638)</u>	<u>(2,644,735)</u>
Net cash used by financing transactions	<u>4,325,362</u>	<u>(344,735)</u>

Increase (decrease) in cash during the year 183,762 (674,567)

Cash, beginning of year 1,702,266 2,376,833

Cash, end of year \$ 1,886,028 \$ 1,702,266

Supplemental information

Interest paid	<u>\$ 1,906,476</u>	<u>\$ 1,751,703</u>
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Resort Municipality of Whistler Notes to the Consolidated Financial Statements

December 31, 2018

1. Significant Accounting Policies

The Resort Municipality of Whistler ("RMOW") is responsible for preparation and fair presentation of its consolidated financial statements in accordance with Canadian public sector accounting standards ("PSAS") using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The accounting policies of the RMOW include the following:

Reporting Entity These consolidated financial statements consolidate the accounts of all the Funds of the RMOW and all entities controlled by the RMOW. Controlled entities include:

Whistler Village Land Co. Ltd.	- Owns and operates various parking and other structures in the RMOW.
Whistler Housing Authority Ltd.	- Provision, administration and management of resident restricted housing for individuals and families that live and work in the Whistler area.
Emerald Forest Trust	- Recipient of Emerald Forest parklands.
591003 BC Ltd.	- Ownership of a portion of Emerald Forest parklands.
Whistler 2020 Development Corp.	- This wholly-owned subsidiary of the RMOW was responsible for the development and subsequent sale of the 2010 Winter Olympic and Paralympic Games Athletes' Village (the "Olympic Village") and holds one remaining parcel for development.

Cash Cash is made up of the total of the bank account balances of the RMOW and its subsidiaries, petty cash and operating till floats. It is adjusted for deposits and accrued interest held by the RMOW and its subsidiaries for security deposits held in connection with building, development, and other permits, security deposits on rental units and prepaid rent.

Portfolio Investments Portfolio investments include term deposits, bonds, bond funds and Municipal Finance Authority of British Columbia (MFA) pooled investments, by which market based unit values are allocated amongst the participants in the investment pool. Portfolio investments are carried at cost plus accrued interest but are written down to net realizable value when there has been, in management's opinion, a permanent decline in value.

Investments in Government Business Enterprises The RMOW's investments in Whistler.com and Tourdex.com are accounted for using the modified equity method.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

1. Significant Accounting Policies (Continued)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in ordinary course of operation.

Tangible Capital Assets

Tangible capital assets are a special class of non-financial assets and are recorded at cost less accumulated amortization and are classified according to their functional use. 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. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset commencing once the asset is put into use.

Type	Major Asset Category	Useful Life Range
General	Land	n/a
	Land improvements	9 - 100 years
	Buildings	2 - 80 years
	Equipment	4 - 52 years
Infrastructure	Transportation	10 - 75 years
	Water	4 - 100 years
	Sewer	20 - 100 years
	Drainage	15 - 100 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

The RMOW does not capitalize interest costs associated with the construction of a tangible capital asset.

Inventory of Materials and Supplies

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

1. Significant Accounting Policies (Continued)

**Employee Benefit
Plans**

The RMOW records liabilities for accrued employee benefits in the period in which they are earned. A summary of these benefits is as follows:

- Employees are entitled to compensation for unused vacation credit when they leave the RMOW's employment. The amount of any carried forward vacation credit is limited and any excess is paid out annually.
- Employees may accumulate unused sick leave during their term of employment but are not entitled to compensation for unused sick leave when they leave the RMOW's employment. The amount of unused sick leave carried forward annually is limited.

**Revenue
Recognition**

Taxes and parcel taxes are recognized as revenue in the year they are levied.

Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. Estimates are made of potential adjustments to taxes. Any additional adjustments required over that estimate are recognized at the time they are awarded. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Levies imposed for Regional District services and other taxing authorities are not included.

Charges for sewer, water, and solid waste are recorded as user fees as the services are provided.

Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue are recognized on an accrual basis when earned.

**Government
Transfers**

Government transfers, which include legislative 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. Any resulting liability is recognized in the statement of operations as the stipulation liabilities are settled.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

1. Significant Accounting Policies (Continued)

Interest on Debt RMOW records interest expense on an accrual basis.

**Deferred Revenue
and Deferred
Contributions**

Deferred revenue results from the collection of taxes, revenue from business licences and other sources that are related to the next fiscal year.

Deferred contributions represent funds collected from third parties for use in specific capital projects and may be refundable to the contributor in certain circumstances.

**Financial Plan
Amounts**

The Financial Plan amounts reflect the Five Year Financial Plan as adopted on April 24, 2018, with minor subsequent reallocations, reclassifications, and consolidations of subsidiary budgets to conform with the financial statement presentation.

Use of Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The areas requiring the greatest level of estimation for the RMOW are the landfill closure, useful lives of tangible capital assets, certain employee future benefit liabilities, and contingent liabilities.

**Financial
Instruments**

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

**Segmented
Information**

RMOW segments its operations for financial reporting purposes based upon areas of managerial responsibility. This information is provided in Schedule 4.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

1. **Significant Accounting Policies (Continued)**

**Cheakamus Crossing
Phase II Land Held
for Development**

Cheakamus Crossing Phase II land held for development are recorded at cost, which includes all costs directly attributable to the acquisition or construction of the land held for development including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs (see Note 10).

**Trusts Under
Administration**

Public sector accounting standards require that trusts administered by a government should be excluded from the government reporting entity, (see Note 17).

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

2. Nature of Operations

The Resort Municipality of Whistler ("RMOW") is a local government situated in the province of British Columbia, Canada. The RMOW is subject to the laws and regulations of the provincial statutes of the *Community Charter*, the *Local Government Act* and the *Resort Municipality of Whistler Act*. Local governments in Canada are not subject to income tax. The RMOW provides community services to its taxpayers and as a world class destination resort it is responsible for creating and maintaining an infrastructure to serve a population much in excess of the number of full time residents.

The RMOW is one of many Whistler organizations that have partnered in Whistler 2020 which is a long-term community-wide plan that is guided by its values and sustainability principles and sets out a shared vision of what the resort community will look like in a successful and sustainable future. The RMOW has structured the organization to adhere to the priorities outlined in Whistler 2020 and the consolidated financial statements have also been prepared using this same organizational structure.

3. Accounts Receivable

	2018	2017
Property taxes	\$ 1,673,357	\$ 1,569,538
Other governments	5,985,869	2,947,508
Other	3,249,856	2,142,931
	\$ 10,909,082	\$ 6,659,977

4. Portfolio Investments

	2018	2017
<u>Municipal Finance Authority Pooled Funds</u>		
Short-term bond fund	\$ 15,063,314	\$ 18,809,568
<u>Other</u>		
Bonds	24,322,358	24,322,358
Term deposits	57,112,537	54,022,739
Accrued interest and other	1,417,086	1,179,851
	\$ 97,915,295	\$ 98,334,516

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

4. Portfolio Investments (continued)

Bonds consist of provincial government bonds and corporate bonds. Bond maturities range from 2020 to 2026 and have yields ranging between 2.00% and 3.23%.

Term deposits consist of Guaranteed Investment Certificates maturing from January 2019 to December 2020 and have yields ranging from 2.15% to 3.25%.

MFA pooled funds are recorded at their fair value which approximates cost. In 2018, MFA pooled funds yielded 2.16% (2017 - 2.00%).

Other investments are recorded at cost less impairment, if any.

5. Investment in Government Business Enterprises

In 2004, RMOW purchased 50% of the outstanding shares of Whistler.com Systems Inc. along with 50% of the shares of its affiliate Tourdex.com Systems Inc., a locally based company that provides reservation services for properties in Whistler. Purchase price was \$925,000.

Condensed Financial Information for 2018:

	Whistler.com	Tourdex.com
Financial assets	\$ 3,304,491	\$ 328,567
Non financial assets	45,724	-
	3,350,215	328,567
Liabilities	2,024,308	274,733
Debt	-	-
Equity	1,325,907	53,834
	\$ 3,350,215	\$ 328,567
Revenues	\$ 2,638,734	\$ -
Expenses	2,419,883	2,485
Net income (loss)	218,851	(2,485)
RMOW's portion	\$ 109,426	\$ (1,243)
	2018	2017
Investment in government business enterprises, opening	1,462,495	1,402,500
Income (loss) from government business enterprises	108,183	59,995
Investment in government business enterprises, ending	1,570,678	1,462,495

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

6. Accounts Payable

	2018	2017
Other governments	\$ 406,521	\$ 299,861
Public transit and RCMP	2,032,043	2,064,206
Trade accounts	11,557,478	7,572,027
Payroll	2,051,149	1,930,118
	\$16,047,191	\$ 11,866,212

7. Employment Future Benefits

The RMOW provides paid sick leave to qualifying employees. Unused amounts up to a maximum of 120 days can be banked for future use. Management has accounted for this liability based on the results of an actuarial valuation done by an independent firm. The valuation uses a projected benefit actuarial valuation method pro rated on services, and will be reviewed on a periodic basis. The 2018 extrapolation is based on actual data as at December 31, 2018. The rate of compensation increase, based on age, gender, inflation and job description, ranged from 2.58% to 4.50% annually. The RMOW has fully expensed the employee future benefits. In 2018, the actuarial valuation used a discount rate of 3.3% (2017 - 2.9%).

	2018	2017
Balance, beginning of year	\$ 485,300	\$ 488,800
Current service costs, including interest	3,100	2,700
Benefits paid	(9,600)	(6,200)
Balance, end of year	\$ 478,800	\$ 485,300
Accrued benefit obligation	\$ 238,300	\$ 238,000
Unamortized net actuarial gain	240,500	247,300
Accrued benefit liability	\$ 478,800	\$ 485,300

8. Landfill Future Closure and Post-Closure Care Costs

The RMOW operated a landfill site until its closure in 2005. The RMOW is obligated by government legislation to fund closure and post closure costs related to this site. In 2018 the recorded liability amount was decreased from \$1,125,307 to \$1,040,471 to reflect changes to the RMOW's estimated future post closure care costs. The liability is calculated based on the discounted estimated future cash flows associated with post-closure activities. Estimated future cash flows are discounted at 3.55% (2017 - 3.39%) and inflation is estimated at 1.00% (2017 - 1.00%) per annum.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

9. Debt

Details of outstanding debt are outlined in Schedule 2.

Future payments required are as follows:

	RMOW	Subsidiaries	Total	Interest
2019	\$ 973,631	\$ 1,166,215	\$ 2,139,846	\$ 1,610,978
2020	973,631	3,834,744	4,808,375	1,537,385
2021	973,631	1,078,396	2,052,027	1,407,536
2022	5,910,122	521,891	6,432,013	1,329,443
2023	910,122	553,331	1,463,453	1,294,804
Thereafter	4,755,513	4,479,931	9,235,444	6,002,384
Sinking fund earnings	5,749,289	-	5,749,289	-
	\$ 20,245,939	\$ 11,634,508	\$31,880,447	\$ 13,182,530

Collateral for debt for rental housing includes a first charge against rental housing and related assets, corporate guarantees, a general security agreement and assignment of rents.

During the year, the RMOW advanced \$2,700,000 (2017 - \$2,300,000) in interim financing to the Whistler Housing Authority to finance the construction of employee restricted housing, for a total of \$5,000,000. This was funded through the issue of short-term debt with the Municipal Finance Authority ("MFA"). This debt is an obligation of the RMOW. The loan bears interest at MFA's variable interim financing interest rate, which at December 31, 2018 was 2.80% (2017 - 1.84%). Interest on the loan is payable monthly and full repayment is due within 5 years of issue.

10. Cheakamus Crossing Phase II Land Held for Development

In 2018, the RMOW announced the development of additional employee-restricted housing at Cheakamus Crossing, the location of the former Olympic Village of the 2010 Olympic and Paralympic games. The planned development comprises the remaining undeveloped serviced lot of the Olympic Village development, recorded at \$1,777,635, as well as other RMOW-owned lands in the Cheakamus neighbourhood. The development is collectively known as Cheakamus Crossing Phase II.

As a result of this planned development, land with a cost of \$730,333 has been reclassified from tangible capital assets to Cheakamus Crossing Phase II land held for development. Additionally, development costs totaling \$331,646 were also capitalized in the year.

Resort Municipality of Whistler
Notes to Financial Statements

December 31, 2018

11. Tangible Capital Assets

	General					Infrastructure				2018 Total
	Land	Land improvements	Buildings	Equipment	Transportation	Water	Sewer	Drainage	Work in progress	
Cost, beginning of year	\$ 102,502,994	\$ 41,432,077	\$ 164,311,043	\$ 63,031,607	\$ 80,079,556	\$ 85,992,474	\$ 54,327,173	\$ 22,676,027	\$ 18,624,037	\$ 632,976,988
Additions	3,253,731	3,407,688	4,109,721	3,077,331	3,547,118	646,420	731,267	1,010,689	7,040,118	26,824,083
Transfers	-	2,968,576	13,913,439	6,079	1,175,940	(44,156)	105,220	179,527	(18,304,625)	-
Disposals & adjustments	(741,506)	(32,975)	(17,422)	(400,177)	(237,495)	(2,311,926)	(150,331)	-	(59,790)	(3,951,622)
Cost, end of year	105,015,219	47,775,366	182,316,781	65,714,840	84,565,119	84,282,812	55,013,329	23,866,243	7,299,740	655,849,449
Accumulated amortization, beginning of year	-	9,411,898	65,057,006	24,333,555	26,016,592	20,067,429	13,970,270	6,671,173	-	165,527,923
Amortization	-	970,886	4,498,729	3,029,768	2,080,719	1,337,403	775,467	337,225	-	13,030,197
Disposals	-	(31,876)	(17,422)	(387,157)	(154,121)	(628,821)	(38,884)	-	-	(1,258,281)
Accumulated amortization, end of year	-	10,350,908	69,538,313	26,976,166	27,943,190	20,776,011	14,706,853	7,008,398	-	177,299,839
Net book value, year ended 2018	\$ 105,015,219	\$ 37,424,458	\$ 112,778,468	\$ 38,738,674	\$ 56,621,929	\$ 63,506,801	\$ 40,306,476	\$ 16,857,845	\$ 7,299,740	\$ 478,549,610
Net book value, year ended 2017	\$ 102,502,994	\$ 32,020,179	\$ 99,254,037	\$ 38,698,052	\$ 54,062,964	\$ 65,925,045	\$ 40,356,903	\$ 16,004,854	\$ 18,624,037	\$ 467,449,065

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

11. Tangible Capital Assets (Continued)

(a) Assets under construction:

Assets under construction having a cost of approximately \$7,299,740 (2017 - \$18,624,037) have not been amortized. Amortization of these assets will commence when the assets are put into service.

(b) Works of art and historical treasures:

The RMOW manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

12. Accumulated Surplus

Accumulated surplus consists of:

	<u>2018</u>	<u>2017</u>
Reserve funds (Schedule 1)	\$ 85,972,271	\$ 73,145,777
Investment in Cheakamus Crossing Phase II land held for future development	2,839,614	1,777,635
Unallocated surplus	5,822,096	18,291,110
Investment in tangible capital assets	<u>446,669,163</u>	<u>439,893,981</u>
	<u>\$541,303,144</u>	<u>\$533,108,503</u>

Reserve Fund

(a) Reserve funds

Reserve funds are funds that have been internally restricted by Council. Formal establishing bylaws have been adopted pursuant to the *Community Charter*, *Local Government Act*, and *Resort Municipality of Whistler Act* which define how these reserves are to be used.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

12. Accumulated Surplus (Continued)

Reserve Fund (Continued)

(b) Resort Municipality Initiative and Municipal and Regional District Tax (Schedule 1)

The Municipal and Regional District Tax (MRDT) is funded by a tax on room rentals which is collected by the Province of British Columbia with a portion remitted to the RMOW monthly.

The Province of British Columbia created the Resort Municipality Initiative (RMI) to support the expansion, development and improvement of resorts in British Columbia to increase tourism, economic development and employment. In 2018, RMI funding was recognized for receipts received in the year relating to the funding period of April 1, 2018 to March 31, 2019.

Expenditures from both these funds are restricted to those set out in the establishing Order in Council for the MRDT and to an agreement between the RMOW and the Province of British Columbia for the RMI funding.

13. Taxation Revenue

Taxation revenue for general municipal purposes comprises the following amounts:

	2018	%	2017	%
Total taxation and levies	\$ 71,881,730	100.00	\$ 69,041,058	100.00
Hospital District	649,558	0.90	554,657	0.80
Regional District	930,873	1.30	782,841	1.13
B.C. Assessment Authority	779,189	1.08	699,852	1.01
Municipal Finance Authority	3,633	0.01	3,003	0.00
Province - school	23,402,269	32.56	21,683,745	31.41
	25,765,522	35.85	23,724,098	34.35
Municipal taxation and levies	37,798,330		37,063,889	
1% Utility tax	544,351		526,143	
Parcel and frontage taxes	7,773,527		7,726,928	
Net municipal taxation	\$ 46,116,208	64.15	\$ 45,316,960	65.65

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

14. Fees and Charges

	2018	2017
Fees and charges are comprised as follows:		
Permits and fines	\$ 5,703,525	\$ 4,966,654
Admissions and programs	2,155,385	2,154,979
Facility rental	4,778,336	4,040,764
Fares	2,705,800	3,133,857
User fees - utility funds	12,568,167	12,323,514
	\$27,911,213	\$ 26,619,768

15. Contingent Liabilities

- (a) The RMOW and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, 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 provided are based on a formula. As at December 31, 2018, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Resort Municipality of Whistler paid \$2,116,616 (2017 - \$2,049,743) for employer contributions while employees contributed \$1,834,390 (2017 - \$1,762,835) to the plan in fiscal 2018. The next valuation will be as at December 31, 2018 with results available later in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and costs to individual entities participating in the Plan.

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

15. Contingent Liabilities (Continued)

- (b) A number of legal claims have been initiated against the RMOW in varying and unspecified amounts. The outcome of these claims cannot reasonably be determined at this time. Any ultimate settlements will be recorded in the year the settlements occur.
- (c) The Whistler Village Land Co. Ltd., a subsidiary of the RMOW, has consented to the granting of a mortgage by Whistler Resort Association ("Tourism Whistler") from the Royal Bank of Canada by way of a sublease of the leasehold interest of the Conference Centre facility, in the principal sum of \$5,887,500. Tourism Whistler currently holds a 99 year lease on the property. The RMOW has not guaranteed the mortgage but has allowed the asset to be used as security.
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16. Contractual Obligations

The RMOW has an agreement with Tourism Whistler to pay to it an annual amount of \$17,800 plus 50% of the proceeds from the Municipal and Regional District Tax ("MRDT") to a maximum of \$367,000, set in 1990. Both amounts are indexed to the Consumer Price Index. The current year contributions were \$681,153 (2017 - \$666,707).

In 2017, the RMOW entered into a new agreement with Tourism Whistler, where the RMOW agrees to transfer 50% of all MRDT earned within the Municipality for the calendar year. The new agreement took effect on December 1, 2018 when the MRDT rate was increased from 2% to 3% and was applied retroactively for the calendar year.

The current year transfers to Tourism Whistler under all agreements were \$3,920,182 (2017 - \$2,400,912).

17. Trust Funds

Not recorded in these consolidated financial statements are the Cemetery fund and refundable building, damage and security deposits. The following is a summary of trust fund transactions for the year:

	<u>2018</u>	<u>2017</u>
Balances, beginning of year	\$ 1,961,878	\$ 1,850,951
Contributions received	1,032,630	567,233
	<u>2,994,508</u>	<u>2,418,184</u>
Less: expenses and transfers	601,372	456,306
Balances, end of year	<u>\$ 2,393,136</u>	<u>\$ 1,961,878</u>

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

18. Expenses by Object

	2018	2017
Payroll	\$ 31,521,643	\$ 29,923,622
Goods and services	36,677,411	36,276,235
Interest charges on debt	1,795,468	1,801,515
Infrastructure maintenance	11,233,987	7,529,269
Landfill liability adjustment expense (Note 8)	(84,836)	(89,598)
Cost of sales Olympic Village units	-	1,557,247
Amortization (Note 11)	13,030,197	12,146,434
	\$ 94,173,870	\$ 89,144,724

19. Financial Plan

Financial Plan amounts represent the Financial Plan bylaw adopted by Council on April 24, 2018 as adjusted to match the required presentation in the Statement of Operations and the Statement of Change in Net Financial Assets in accordance with PSAS. This adjustment is necessary because certain revenue items in the Financial Plan are not considered revenues for PSAS purposes including transfers from reserves and other internal sources, collection of works and services charges and debt proceeds. Similarly capital expenditures and debt principal repayments are not considered expenses for PSAS purposes. The Financial Plan amounts are also presented on a consolidated basis and include the budgets for all entities that form part of the RMOW's reporting entity.

The following shows how these two different bases are reconciled:

	2018
Excess of expenditure over revenue per Financial Plan bylaw	\$ (29,926,019)
Subsidiary budgets not included in bylaw	443,954
Debt proceeds	(2,738,000)
Debt principal repayments	2,244,326
Capital expenditure	16,499,805
Annual deficit on a PSAS basis	(13,475,934)
Acquisition of tangible capital assets (a)	(16,499,805)
Amortization	12,449,083
Change in net financial assets	\$ (17,526,656)

(a) Subsidiary budgets do not include forecasts for planned capital expenditures. During the year, subsidiaries acquired tangible capital assets totaling \$ 7,075,639 (2017 - \$7,976,818).

Resort Municipality of Whistler
Notes to the Consolidated Financial Statements

December 31, 2018

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Resort Municipality of Whistler
Schedule 1 - Consolidated Schedule of Reserves

For the year ended December 31

	Balance 2017	Total Contributions	Total Expenditures	Balance 2018
General fund				
Municipal and regional district tax	\$ 3,583,575	\$ 7,755,469	\$ 7,757,078	\$ 3,581,966
Resort municipality initiative	6,871,812	6,413,385	7,451,160	5,834,037
Vehicle replacement	4,474,397	996,918	975,643	4,495,672
General operating	6,343,877	3,211,498	2,716,816	6,838,559
General capital	10,928,825	16,623,398	8,912,301	18,639,922
Library	270,573	36,727	21,242	286,058
Parking	461,129	11,280	-	472,409
Parkland	235	7	-	242
Recreation W/C	3,802,826	625,939	124,576	4,304,189
Transportation W/C	5,121,776	381,530	1,934,456	3,568,850
Employee housing	-	215,433	-	215,433
	41,859,025	36,271,584	29,893,272	48,237,337
Water fund				
Water capital	2,594,016	3,817,301	2,918,748	3,492,569
Water operating	5,674,873	136,373	199,422	5,611,824
Water W/C	527,585	62,433	-	590,018
	8,796,474	4,016,107	3,118,170	9,694,411
Sewer fund				
Sewer capital	9,659,324	7,232,940	2,899,504	13,992,760
Sewer operating	2,124,006	426,490	446,950	2,103,546
Sewer W/C	9,913,187	460,149	-	10,373,336
	21,696,517	8,119,579	3,346,454	26,469,642
Solid waste fund				
Solid waste capital	7,096	966,144	183,612	789,628
Solid waste operating	135,826	2,792	43,332	95,286
	142,922	968,936	226,944	884,914
Total reserves	72,494,938	49,376,206	36,584,840	85,286,304
Controlled entities reserves				
Whistler Housing Authority	650,839	181,668	146,540	685,967
Total	\$ 73,145,777	\$ 49,557,874	\$ 36,731,380	\$85,972,271

Resort Municipality of Whistler
Schedule 2 - Consolidated Schedule of Debt

As at December 31

Bylaws	Purpose	Maturity	Interest rate	Balance outstanding	
				2018	2017
General fund					
1842	Millennium Place	2018	5.150%	\$ -	\$ 385,284
1841	Library - FCM loan	2029	2.230%	2,253,954	2,458,859
	WHA interim financing	2022	1.940%	5,000,000	2,300,000
				\$ 7,253,954	\$ 5,144,143
Sewer utility fund					
726/1529	Emerald sewer system	2021	3.050%	\$ 458,893	\$ 597,526
1839	WWTP upgrade	2028	5.150%	8,952,209	9,669,168
				\$ 9,411,102	\$ 10,266,694
Solid waste fund					
1840	Transfer station	2028	5.150%	3,580,883	3,867,667
				\$ 3,580,883	\$ 3,867,667
Subsidiary companies					
	Housing loan - Legacy Way	2020	3.886%	\$ 3,133,035	\$ 3,262,816
	Housing loan - Dave Murray Place	2021	2.800%	1,319,888	1,671,720
	Housing loan - Lorimer Road	2019	2.750%	231,043	333,143
	Housing loan - Seppo's Way	2025	6.800%	2,707,029	3,008,901
	MCAP Mortgage	2028	3.239%	4,243,513	-
				\$11,634,508	\$ 8,276,580
Total due				\$31,880,447	\$ 27,555,084

Resort Municipality of Whistler
Schedule 3 - Consolidated Schedule of Government Transfers and Grants

For the year ended December 31	2018 Financial Plan	2018 Actual	2017 Actual
	(Note 19)		
Provincial transfers			
Unconditional			
Provincial revenue sharing	\$ 240,000	\$ 226,571	\$ 229,606
Small community grant	327,000	325,317	326,277
	567,000	551,888	555,883
Conditional			
Municipal and regional district tax	7,153,332	7,840,366	6,251,824
Resort municipality initiative	6,500,000	6,259,866	6,860,609
Victim services	54,000	64,461	54,283
Kids on the Go - recreation	26,000	29,335	30,517
Provincial grants to library	72,400	52,352	54,673
LED Streetlight Replacement Grant	-	-	109,452
BC Housing grant to WHA	-	2,428,452	2,436,548
MY Place Youth Centre	5,500	-	-
UBCM Convention	-	17,500	-
UBCM Firesmart Grant	17,935	57,000	-
UBCM Grant - Asset Management Investment Plan	88,000	63,824	-
EMBC Flood Plain Mapping	-	60,970	-
Ministry of Transportation - Valley Trail at Meadow Park	-	401,698	-
Training Subsidy - NAMS Asset Management	-	-	2,475
Other provincial grants	22,882	-	-
	13,940,049	17,275,824	15,800,381
Federal transfers			
Conditional			
Community works grant - gas tax - federal	470,000	489,207	472,681
Emerald Water Quality Upgrades	557,500	474,847	1,610,962
Canadian Housing and Mortgage Corporation	-	-	60,000
Flood Plain Mapping - Provincial Grant	104,222	44,425	-
Sea to Sky Traffic Study	-	50,000	-
Community Wildfire Protection	562,948	891,100	10,763
MPSC Valley Trail Extension	-	-	90,102
Fire Smart Neighbourhood Program	-	-	12,000
Composter Wood Chip Storage Building	800,000	1,024,389	-
	2,494,670	2,973,968	2,256,508
Total government grants	17,001,719	\$ 20,801,680	\$ 18,612,772
Grants in lieu of taxes	88,220	\$ 100,774	\$ 86,219
	\$ 17,089,939	\$ 20,902,454	\$ 18,698,991

Resort Municipality of Whistler
Schedule 4 - Schedule of Segmented Operations

	GENERAL GOVERNMENT SERVICES	RESORT EXPERIENCE	INFRASTRUCTURE SERVICES	CORPORATE & COMMUNITY SERVICES	INFRASTRUCTURE MAINTENANCE AND AMORTIZATION	WHOLLY-OWNED SUBSIDIARIES	2018	2017
REVENUES								
Taxation revenue	38,342,681	-	7,773,527	-	-	-	46,116,208	45,316,960
Government transfers and grant revenue	14,526,323	-	489,207	372,719	3,085,753	2,428,452	20,902,454	18,698,991
Fees and charges	312,012	1,698,821	15,328,389	6,631,401	-	3,940,590	27,911,213	26,619,768
Investment income	2,240,847	-	381,365	-	-	63,227	2,685,439	2,171,631
Contribution from developers	-	-	-	-	3,253,731	-	3,253,731	-
Works and services charges	909,833	-	-	(100)	-	-	909,733	715,954
Gain (loss) on disposal of tangible capital assets	-	-	-	-	(1,812,541)	-	(1,812,541)	(646,321)
Income (loss) from government business enterprises	108,183	-	-	-	-	-	108,183	59,995
Other income	141,800	570,444	411,156	823,015	336,098	11,578	2,294,091	1,669,752
Olympic Village unit sales	-	-	-	-	-	-	-	3,823,986
	<u>56,581,679</u>	<u>2,269,265</u>	<u>24,383,644</u>	<u>7,827,035</u>	<u>4,863,041</u>	<u>6,443,847</u>	<u>102,368,511</u>	<u>98,430,716</u>
EXPENSES								
Payroll	2,209,431	8,266,008	6,052,948	13,887,543	1,105,713	-	31,521,643	29,923,622
Goods and services	5,778,429	4,854,682	16,105,157	8,331,128	5,980	1,602,035	36,677,411	36,276,235
Interest charges on debt	102,085	-	1,065,175	-	83,688	544,520	1,795,468	1,801,515
Infrastructure maintenance	-	149,468	-	7,022	10,556,090	521,407	11,233,987	7,529,269
Landfill liability adjustment expense	-	-	(84,836)	-	-	-	(84,836)	(89,598)
Cost of sales Olympic Village units	-	-	-	-	-	-	-	1,557,247
	<u>8,089,945</u>	<u>13,270,158</u>	<u>23,138,444</u>	<u>22,225,693</u>	<u>11,751,471</u>	<u>2,667,962</u>	<u>81,143,673</u>	<u>76,998,290</u>
Amortization	-	-	-	-	12,090,403	939,794	13,030,197	12,146,434
	<u>8,089,945</u>	<u>13,270,158</u>	<u>23,138,444</u>	<u>22,225,693</u>	<u>23,841,874</u>	<u>3,607,756</u>	<u>94,173,870</u>	<u>89,144,724</u>
Surplus (deficit)	48,491,734	(11,000,893)	1,245,200	(14,398,658)	(18,978,833)	2,836,091	8,194,641	9,285,992
Transfer to/from other funds	16,734,757	(4,507,291)	12,022,814	240,262	(24,328,927)	(161,615)	-	-
Net Change in Financial Equity	31,756,977	(6,493,602)	(10,777,614)	(14,638,920)	5,350,094	2,997,706	8,194,641	9,285,992