

The Corporation of the Village of Clinton
Financial Statements
For the year ended December 31, 2018

The Corporation of the Village of Clinton
Financial Statements
For the year ended December 31, 2018

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3-5
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 22
Schedule 1: Fund Revenue	23
Schedule 2: Fund Expenses	24

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Corporation of the Village of Clinton are the responsibility of management and have been approved by the Mayor and Council of the Village.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Corporation of the Village of Clinton 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 the Village's assets are appropriately accounted for and adequately safeguarded.

The Corporation of the Village of Clinton is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance committee.

The Mayor and Council review the Village's financial statements and recommend their approval. The Mayor and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Mayor and Council takes this information into consideration when approving the financial statements for issuance to the ratepayers. The Mayor and Council also appoint the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian public sector accounting standards on behalf of the ratepayers. BDO Canada LLP has full access to the Council and management.

CFO

Mayor

Independent Auditor's Report

To the Mayor and Council of the Corporation of the Village of Clinton

Opinion

We have audited the financial statements of the Corporation of the Village of Clinton (the Village), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change 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 accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the statements 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 Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Kamloops, British Columbia
May 10, 2019

The Corporation of the Village of Clinton
Statement of Financial Position

As at December 31	2018	2017
Financial assets		
Cash	\$ 515,628	\$ 555,384
Portfolio investments (Note 3)	755,929	1,169,821
Taxes and utilities receivable	128,140	108,421
Accounts receivable	634,633	209,400
Inventory	1,660	-
Investment in Community Forest Company (Note 5)	1,118,302	129,592
	<u>3,154,292</u>	<u>2,172,618</u>
Liabilities		
Accounts payable and accrued liabilities	150,900	244,064
Deferred revenue	-	202,858
Long-term debt (Note 6)	201,039	281,044
Silviculture liability	11,345	11,345
	<u>363,284</u>	<u>739,311</u>
Net financial assets	<u>2,791,008</u>	<u>1,433,307</u>
Non-financial assets		
Tangible capital assets (Note 7)	9,651,872	9,006,339
Prepaid expenses	25,199	12,652
	<u>9,677,071</u>	<u>9,018,991</u>
Accumulated surplus (Note 8)	<u>\$12,468,079</u>	<u>\$ 10,452,298</u>
Contingent liabilities (Note 11)		
Commitments (Note 12)		

_____ CFO

_____ Mayor

The Corporation of the Village of Clinton
Statement of Operations

For the year ended December 31	Budget 2018	2018	2017
	(Note 14)		
Revenue (Schedule 1)			
Municipal taxation and grants-in-lieu of taxes (Note 9)	\$ 687,967	\$ 689,383	\$ 664,951
Sales of services	308,900	313,706	306,899
Revenue from own sources	200,825	377,645	146,800
Transfers from other governments	511,957	1,332,405	999,383
Gain on disposal of tangible capital assets	-	12,000	19,106
Actuarial adjustment on debenture debt	-	906	806
Equity income (loss) in Community Forest Company (Note 5)	-	988,710	(157,254)
	<u>1,709,649</u>	<u>3,714,755</u>	<u>1,980,691</u>
Expenses (Schedule 2)			
General administration and legislative services	614,880	590,065	559,421
Protective services	133,837	118,099	236,936
Public Works	519,530	429,454	370,878
Environmental and health services	371,510	355,071	351,390
Recreation and cultural services	178,372	200,570	198,229
Interest on long term debt	-	5,715	3,824
	<u>1,818,129</u>	<u>1,698,974</u>	<u>1,720,678</u>
Annual surplus (deficit)	(108,480)	2,015,781	260,013
Accumulated surplus, beginning of year	-	10,452,298	10,192,285
Accumulated surplus (deficit), end of year	<u>\$ (108,480)</u>	<u>\$12,468,079</u>	<u>\$ 10,452,298</u>

The Corporation of the Village of Clinton
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2018	2018	2017
Annual surplus (deficit)	\$ (108,480)	\$ 2,015,781	\$ 260,013
Acquisition of tangible capital assets (Note 7)	(139,554)	(1,039,011)	(773,047)
Amortization of tangible capital assets (Note 7)	322,460	393,478	359,337
Proceeds on sale of tangible capital assets	-	-	1,272
	74,426	1,370,248	(152,425)
Change in prepaid expenses	-	(12,547)	22,545
Change in inventory	-	-	-
Increase in net financial assets	74,426	1,357,701	(129,880)
Net financial assets, beginning of year	1,433,307	1,433,307	1,563,187
Net financial assets, end of year	\$ 1,507,733	\$ 2,791,008	\$ 1,433,307

The Corporation of the Village of Clinton
Statement of Cash Flows

For the year ended December 31	2018	2017
Operating transactions		
Annual surplus	\$ 2,015,781	\$ 260,013
Items not involving cash		
Amortization	393,478	359,337
Actuarial adjustment on long-term debt	(906)	(806)
Changes in non-cash operating balances		
Taxes and utilities receivable	(19,719)	24,238
Accounts receivable	(425,233)	(58,279)
Inventories for resale	(1,660)	-
Prepaid expenses	(12,547)	22,545
Accounts payable and accrued liabilities	(93,164)	125,788
Deferred revenue	(202,858)	202,858
Equity change in Community Forest	(988,710)	157,254
	<u>664,462</u>	<u>1,092,948</u>
Capital transactions		
Acquisition of tangible capital assets	(1,039,011)	(773,047)
Proceeds on sale of tangible capital assets	-	1,272
	<u>(1,039,011)</u>	<u>(771,775)</u>
Investing transaction		
Disposal (Acquisition) of portfolio investments	<u>413,892</u>	<u>(424,761)</u>
Financing transactions		
Proceeds on issuance of long-term debt	-	165,406
Repayment of long-term debt	(79,099)	(65,676)
Repayment of obligations under capital lease	-	(41,721)
	<u>(79,099)</u>	<u>58,009</u>
Net change in cash	(39,756)	(45,579)
Cash, beginning of year	<u>555,384</u>	<u>600,963</u>
Cash, end of year	<u>\$ 515,628</u>	<u>\$ 555,384</u>
Supplementary cash flow information		
Interest paid	<u>\$ 5,715</u>	<u>\$ 3,824</u>

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

1. Significant accounting policies

Basis of Presentation	The financial statements of the Corporation of the Village of Clinton (the "Village") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.										
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.										
Portfolio Investments	Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.										
Investment in Government Business Enterprises	The Village accounts for its 100% interest in the Clinton and District Community Forest of BC Limited (the "Company") using the modified equity method as the Company is a self-sustaining subsidiary of the Village. Under the modified equity method, the cost of the investment is adjusted by the earnings or losses of the Company.										
Tangible Capital Assets	<p>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. 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:</p> <table><tr><td>Engineering Structures</td><td>10 to 70 years</td></tr><tr><td>Buildings</td><td>10 to 60 years</td></tr><tr><td>Furniture and equipment</td><td>5 to 10 years</td></tr><tr><td>Sewer system and equipment</td><td>25 to 80 years</td></tr><tr><td>Water system and equipment</td><td>25 to 80 years</td></tr></table>	Engineering Structures	10 to 70 years	Buildings	10 to 60 years	Furniture and equipment	5 to 10 years	Sewer system and equipment	25 to 80 years	Water system and equipment	25 to 80 years
Engineering Structures	10 to 70 years										
Buildings	10 to 60 years										
Furniture and equipment	5 to 10 years										
Sewer system and equipment	25 to 80 years										
Water system and equipment	25 to 80 years										

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

1. Significant accounting policies (continued)

Leased Assets Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Village, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Collection of Taxes on Behalf of Other Taxation Authorities The Village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

Reserve Funds Reserves represent amounts set aside for specific or future expenditures. Statutory reserves require the passing of a by-law before funds can be expended. Reserve accounts require an approved council budget and resolution.

Trust Funds Trust funds held in trust by the Village, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Retirement Benefits and Other Employee Benefit Plans The Village's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other pensions and other retirement benefits that accumulate over the period of service provided by employees are actuarially determined using the projected benefit method prorated on services based on management's best estimate of retirement ages, inflation rates, investment returns, wage and salary escalation, insurance and health care costs trends, employee turnover and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

1. Significant accounting policies (continued)

Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
Financial Instruments	Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from its financial instruments. The fair value of its financial instruments approximate their carrying values, unless otherwise noted.
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 at the date of the financial statements, and the reported amounts of 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 Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

2. Nature of Operations

The Village was incorporated on July 16, 1963 under the Municipal Act, a former statute of the Province of British Columbia. Its principal activities include the provision of local government services to the residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sewer, and fiscal services.

3. Portfolio Investments

	<u>2018</u>	<u>2017</u>
Bonds	\$ 67,565	\$ 66,407
Money market investments	688,364	1,103,414
	<u>\$ 755,929</u>	<u>\$ 1,169,821</u>

The income from portfolio investments for the year was \$16,084 (2017 - \$12,068). The carrying value and market value of the Village's marketable securities was \$755,929 (2017 - \$1,169,821).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

4. Employee Future Benefits

Municipal Employees Retirement System

The Village 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 administering 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 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 valuation for the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding deficit 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 Village paid \$42,704 (2017 - \$44,921) for employer contributions to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018 with results available in 2019.

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 the individual employers participating in the Plan.

Sick Leave Benefits

The Village provides for sick leave to its employees. Employees hired prior to 1984 accumulate sick leave entitlement on a monthly basis to a maximum of 150 days and can only use this entitlement for paid time off under certain circumstances. The accrued benefit obligation of \$nil (2017 - \$nil) is included as part of accounts payable and accrued liabilities on the statement of financial position. Employees hired subsequent to 1984 do not accumulate sick leave benefits beyond one year unless specified by contract.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

5. Investments

	2018	2017
Investment in Clinton & District Community Forest of BC Ltd.	\$ 1,118,302	\$ 129,592

Summary of the audited financial statements of the Clinton & District Community Forest of BC Ltd. for the year ended December 31, 2018 are as follows:

Statement of Financial Position

	2018	2017
Cash	1,572,437	11,962
Term deposit	128,292	200,044
Accounts receivable	45,264	-
Property, plant and equipment	14,167	4,412
Prepaid expenses	1,746	237
	1,761,906	216,655
Accounts payable and accrued liabilities	99,528	10,950
Silviculture liability	544,075	76,112
Share capital	1	1
Shareholder's equity	1,118,302	129,592
	\$ 1,761,906	\$ 216,655

Statement of Operations

Revenue	3,621,339	6,544
Expenses	(2,545,073)	(151,798)
	1,076,266	(145,254)
Income (loss) from operations	1,076,266	(145,254)
Donations to the Community		
Donations to the community at large	(28,000)	(8,500)
Donations to the Village	(58,056)	-
Scholarships	(1,500)	(3,500)
	988,710	(157,254)
Net Income (loss) for the year	988,710	(157,254)
Retained earnings, beginning of the year	129,592	286,846
	\$ 1,118,302	\$ 129,592

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

6. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2018	2017
General, Municipal Finance Authority, Chevrolet Silverado, interest at 1.44%, with blended monthly payments of \$676 maturing January 2022	\$ 24,687	\$ 32,206
Water, Municipal Finance Authority, Bylaw 395, interest at 4.4%, annual principle payments of \$1,679, due 2027	24,770	27,355
Municipal Finance Authority, Fire Truck, interest at 1.35%, with blended monthly payments of \$2,889, maturing February 2020	39,508	73,398
Municipal Finance Authority, Chevrolet Silverado, interest at 1.35%, with blended monthly payments of \$952, maturing March 2020	13,941	25,098
Municipal Finance Authority, Chevrolet Silverado, interest at 1.39%, with blended monthly payments of \$724, repaid in the year.	-	722
Municipal Finance Authority, 2017 Backhoe, interest at 1.81%, with blended monthly payments of \$2,202, maturing October 2022	98,133	122,265
	\$ 201,039	\$ 281,044

Principal repayments and sinking fund contributions relating to long-term debt of \$201,039 outstanding are due as follows:

2019	\$ 80,654
2020	43,566
2021	36,579
2022	26,885
Thereafter	13,355
	\$ 201,039

Included in long-term debt are outstanding debentures of \$1,444 (2017 - \$1,444) secured by sinking fund assets with a carrying value of \$602 (market value - \$602) (2017 - \$686 (market value - \$686)).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

7. Tangible Capital Assets

							2018
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Total
Cost, beginning of year	\$ 729,595	\$ 2,980,000	\$ 3,710,980	\$ 1,289,187	\$ 889,329	\$ 4,677,540	\$ 14,276,631
Additions	-	29,900	52,130	289,578	-	667,403	1,039,011
Disposals	-	-	-	(28,145)	-	-	(28,145)
Cost, end of year	\$ 729,595	\$ 3,009,900	\$ 3,763,110	\$ 1,550,620	\$ 889,329	\$ 5,344,943	\$ 15,287,497
Accumulated amortization, beginning of year	\$ -	\$ 1,418,591	\$ 1,854,428	\$ 643,861	\$ 329,439	\$ 1,023,973	\$ 5,270,292
Amortization	-	76,624	92,441	104,496	14,185	105,732	393,478
Disposals	-	-	-	(28,145)	-	-	(28,145)
Accumulated amortization, end of year	\$ -	\$ 1,495,215	\$ 1,946,869	\$ 720,212	\$ 343,624	\$ 1,129,705	\$ 5,635,625
Net carrying amount, end of year	\$ 729,595	\$ 1,514,685	\$ 1,816,241	\$ 830,408	\$ 545,705	\$ 4,215,238	\$ 9,651,872

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

7. Tangible Capital Assets (continued)

	2017						
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Total
Cost, beginning of year	\$ 729,595	\$ 2,980,000	\$ 3,710,980	\$ 1,156,397	\$ 860,629	\$ 4,160,518	\$13,598,119
Additions	-	-	-	227,325	28,700	517,022	773,047
Disposals	-	-	-	(94,535)	-	-	(94,535)
Cost, end of year	<u>\$ 729,595</u>	<u>\$ 2,980,000</u>	<u>\$ 3,710,980</u>	<u>\$ 1,289,187</u>	<u>\$ 889,329</u>	<u>\$ 4,677,540</u>	<u>\$14,276,631</u>
Accumulated amortization, beginning of year	\$ -	\$ 1,342,868	\$ 1,764,315	\$ 657,375	\$ 316,252	\$ 923,408	\$ 5,004,218
Amortization	-	75,723	90,113	79,749	13,187	100,565	359,337
Disposals	-	-	-	(93,263)	-	-	(93,263)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 1,418,591</u>	<u>\$ 1,854,428</u>	<u>\$ 643,861</u>	<u>\$ 329,439</u>	<u>\$ 1,023,973</u>	<u>\$ 5,270,292</u>
Net carrying amount, end of year	<u>\$ 729,595</u>	<u>\$ 1,561,409</u>	<u>\$ 1,856,552</u>	<u>\$ 645,326</u>	<u>\$ 559,890</u>	<u>\$ 3,653,567</u>	<u>\$ 9,006,339</u>

The Village holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

8. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2018	2017
Investment in tangible capital assets	\$ 9,626,466	\$ 8,901,834
General Fund	570,120	508,923
Sewer Fund	203,497	152,890
Water Fund	22,785	(39,954)
Equity in Community Forest Company	1,118,302	129,592
	11,541,170	9,653,285
Reserve Funds		
Transit reserve	\$ 39,563	\$ 33,313
General capital reserve	169,483	111,427
General sewer reserve	52,736	52,736
Land replacement	55,000	55,000
Gas tax reserve	477,367	392,780
Recreation	3,826	4,309
Small community grants reserve	75,277	75,277
Woodlot general reserve	31,274	31,274
Sidewalk reserve	4,500	4,500
Spirit of Clinton reserve	2,343	2,028
Communities in Bloom reserve	3,632	2,143
Equipment reserve	1,895	1,895
Fire department statutory reserve	10,013	32,331
	926,909	799,013
	\$12,468,079	\$ 10,452,298

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

Reserve funds represent funds set aside by by-law or council resolution for specific purposes.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

9. Taxation - Net

	Budget 2018 (Note 14)	2018	2017
Property taxes and payments-in-lieu	\$ 683,797	\$ 697,391	\$ 666,747
Collections for other governments			
Province of British Columbia - school tax	193,638	193,650	201,301
Regional Hospital District	43,058	43,056	46,038
Thompson Nicola Regional District	102,173	102,165	112,423
Municipal Finance Authority	18	18	18
British Columbia Assessment Authority	6,175	7,044	7,517
Police Tax	33,143	33,141	32,962
	<u>1,062,002</u>	<u>1,076,465</u>	<u>1,067,006</u>
Transfers			
Province of British Columbia - school tax	(193,638)	(198,566)	(206,159)
Regional Hospital District	(43,058)	(43,058)	(46,042)
Thompson Nicola Regional District	(102,173)	(105,249)	(109,356)
Municipal Finance Authority	(18)	(18)	(18)
British Columbia Assessment Authority	(6,175)	(7,048)	(7,518)
Police Tax	(33,143)	(33,143)	(32,962)
	<u>(378,205)</u>	<u>(387,082)</u>	<u>(402,055)</u>
Available for general municipal purposes	<u>\$ 683,797</u>	<u>\$ 689,383</u>	<u>\$ 664,951</u>

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

10. Expenses by Object

	Budget 2018	2018	2017
	(Note 14)		
Amortization	\$ 322,460	\$ 393,478	\$ 359,336
Insurance	50,850	43,828	46,120
Interest on long-term debt	-	4,934	2,589
Interest on capital lease obligation	-	781	1,235
Office and administration	466,362	371,755	416,336
Repairs and maintenance and supplies	271,400	240,463	267,578
Salaries and benefits	707,057	643,739	640,011
	<u>\$ 1,818,129</u>	<u>\$ 1,698,978</u>	<u>\$ 1,733,205</u>

11. Contingent Liabilities

- (a) Debts of the Thompson-Nicola Regional District (TNRD) are, under the provisions of the British Columbia Community Charter, a direct, joint and several liability of the TNRD and each member municipality within the TNRD, including the Corporation of the Village of Clinton.
- (b) The Village is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the Village, along with other participants, would be required to contribute towards the deficit.
- (c) From time to time the Village is brought forth as defendant in various lawsuits. The Village reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the Village would materially affect the financial statements of the Village. The Village reserves a portion of its operating surplus for future payment of insurance deductibles and payment of claims for which it would not be covered by insurance. The Village is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the financial statements of the Village.

12. Commitments

The Village has an operating lease agreement for a photocopier. Future minimum lease payments until maturity are as follows:

2019	<u>\$ 461</u>
------	---------------

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

13. Funds Held in Trust

The Village operates a cemetery in accordance with the Cremation, Interment and Funeral Services Act. These funds are not included in these financial statements. The Village holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries.

	2018	2017
Balance, beginning of year	\$ 13,506	\$ 12,335
Transfers from operating	-	1,171
	\$ 13,506	\$ 13,506

14. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 14, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. As a result, the budget figures presented in the statements of financial activities and change in net financial assets represent the Financial Plan adopted by Council on May 14, 2018 with adjustments as follows:

	2018
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Capital expenditures	139,554
Transfers to capital reserve	50,000
Transfers to operating reserve	51,142
Less:	
Amortization	(322,460)
Transfers from operating	(26,716)
	\$ (108,480)

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2018

15. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Administrative and Legislative Services

This item relates to the revenues and expenses that relate to the operations of the Village itself and cannot be directly attributed to a specific segment.

Protective Services

Protective services is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Transportation Services

Transportation is responsible for providing the Village's transit services.

Environmental and Public Health

Environmental and public health services are comprised of water, sewer, waste removal, and health services. Water provides the Village's drinking water. The Village processes and cleans sewage and ensures the water system meets all Provincial standards. Waste removal services consists of providing waste disposal to citizens. Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the Village's citizens. Recreational programs and cultural programs like swimming and skating lessons and English as a second language are provided at arenas, aquatic centres and community centres. Also, the Village provides library services to assist with its citizens' informational needs.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, fees and user charges

Allocated to those segments that are funded by these amounts based on the net surplus for the year

Grants

Based on percent of budgeted expenses

The Corporation of the Village of Clinton
Schedule 1: Fund Revenue

December 31, 2018

	General Operating	Sewer	Water	2018 Total	2017 Total
Tax levies					
Real property taxes	\$ 628,809	\$ -	\$ -	\$ 628,809	\$ 613,172
Grants in lieu of taxes	60,574	-	-	60,574	51,779
	<u>689,383</u>	<u>-</u>	<u>-</u>	<u>689,383</u>	<u>664,951</u>
Sale of services					
Cemetery care	1,825	-	-	1,825	5,500
User fees	-	108,163	203,718	311,881	301,399
	<u>1,825</u>	<u>108,163</u>	<u>203,718</u>	<u>313,706</u>	<u>306,899</u>
Revenues from own sources					
Licences and permits	7,969	-	-	7,969	8,862
Leases, contracts and other rentals	43,045	-	-	43,045	57,954
Committees of Council	-	-	-	-	-
Investment income	25,544	-	-	25,544	17,900
Woodlot revenue	-	-	-	-	-
Penalties and interest on taxes	15,940	-	-	15,940	15,634
Fees, donations and other	285,147	-	-	285,147	46,450
	<u>377,645</u>	<u>-</u>	<u>-</u>	<u>377,645</u>	<u>146,800</u>
Transfers from other governments					
Provincial	623,497	-	665,050	1,288,547	959,418
Federal	6,858	-	-	6,858	3,465
Thompson-Nicola Regional District	37,000	-	-	37,000	36,500
	<u>667,355</u>	<u>-</u>	<u>665,050</u>	<u>1,332,405</u>	<u>999,383</u>
Gain on disposal of tangible capital assets	12,000	-	-	12,000	19,106
Equity income (loss) in Community Forest Company	988,710	-	-	988,710	(157,254)
Actuarial adjustment on debenture debt	-	-	906	906	806
Total revenue	<u>\$ 2,736,918</u>	<u>\$ 108,163</u>	<u>\$ 869,674</u>	<u>\$ 3,714,755</u>	<u>\$ 1,980,691</u>

The Corporation of the Village of Clinton
Schedule 2: Fund Expenses

December 31, 2018

	General Operating	Sewer	Water	2018 Total	2017 Total
General administrative and legislative services					
Administration, building operations and maintenance	29,292	-	-	29,292	39,391
Amortization	20,621	-	-	20,621	18,512
Insurance	28,414	-	-	28,414	28,343
Legislative	55,034	-	-	55,034	41,595
Office	92,663	-	-	92,663	65,977
Professional fees	18,469	-	-	18,469	23,852
Salaries and employee benefits	345,572	-	-	345,572	341,751
	590,065	-	-	590,065	559,421
Protective services					
Amortization	45,278	-	-	45,278	40,647
Animal Pest Control	8,229	-	-	8,229	17,451
Building operations and maintenance	8,869	-	-	8,869	9,995
Wildfire expenses	-	-	-	-	107,066
Equipment	31,388	-	-	31,388	32,452
Insurance	9,271	-	-	9,271	11,853
Salaries and employee benefits	15,064	-	-	15,064	17,472
	118,099	-	-	118,099	236,936
Public Works					
Amortization	95,994	-	-	95,994	86,177
Building operations and maintenance	8,797	-	-	8,797	8,590
Equipment operations and maintenance	23,601	-	-	23,601	20,305
Road and street maintenance	86,086	-	-	86,086	56,861
Para transit services	9,116	-	-	9,116	1,788
Salaries and employee benefits	205,860	-	-	205,860	197,157
	429,454	-	-	429,454	370,878
Environmental and public health					
Administration	-	32,400	78,574	110,974	123,986
Amortization	40,795	14,185	105,732	160,712	150,375
Insurance	-	1,797	4,347	6,144	5,924
Salaries and employee benefits	-	20,809	56,432	77,241	71,105
	40,795	69,191	245,085	355,071	351,390
Recreation and cultural services					
Amortization	70,872	-	-	70,872	63,624
Committees of council	44,048	-	-	44,048	10,975
Community development	6,076	-	-	6,076	46,049
Memorial hall	17,771	-	-	17,771	15,751
Recreation centre	51,000	-	-	51,000	53,423
Parks and playground	7,531	-	-	7,531	6,591
Museum	3,272	-	-	3,272	1,816
	200,570	-	-	200,570	198,229
Interest on long-term debt					
	4,665	-	1,050	5,715	3,824
Total expenses	\$ 1,383,648	\$ 69,191	\$ 246,135	\$ 1,698,974	\$ 1,720,678