

The Corporation of the Village of Clinton
Financial Statements
For the year ended December 31, 2017

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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



Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
300 - 275 Lansdowne Street
Kamloops BC V2C 6J3

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Village of Clinton

We have audited the accompanying financial statements of the Corporation of the Village of Clinton as at December 31, 2017, which comprise the statement of financial position and the statements of operations, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Clinton as at December 31, 2017 and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants
Kamloops, British Columbia
April 25, 2018

The Corporation of the Village of Clinton
Statement of Financial Position

As at December 31 2017 2016

Financial assets

Cash	\$ 555,384	\$ 600,962
Portfolio investments (Note 3)	1,169,821	745,060
Taxes and utilities receivable	108,421	132,659
Accounts receivable	209,400	151,121
Investment in Community Forest Company (Note 5)	129,592	286,846
	2,172,618	1,916,648

Liabilities

Accounts payable and accrued liabilities	244,064	118,276
Deferred revenue	202,858	-
Long-term debt (Note 6)	281,044	182,120
Obligations under capital lease (Note 7)	-	41,720
Silviculture liability	11,345	11,345
	739,311	353,461

Net financial assets

1,433,307 **1,563,187**

Non-financial assets

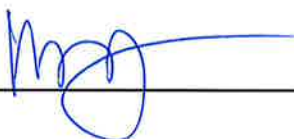
Tangible capital assets (Note 8)	9,006,339	8,593,901
Prepaid expenses	12,652	35,197
	9,018,991	8,629,098

Accumulated surplus (Note 9)

\$ 10,452,298 **\$ 10,192,285**

Contingent liabilities (Note 12)

Commitments (Note 13)


 _____ CFO


 _____ Mayor

The Corporation of the Village of Clinton
Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
	(Note 15)		
Revenue (Schedule 1)			
Municipal taxation and grants-in-lieu of taxes (Note 10)	\$ 659,918	\$ 664,951	\$ 644,778
Sales of services	300,200	306,899	303,576
Revenue from own sources	282,192	146,800	123,456
Transfers from other governments	1,888,643	999,383	622,372
Gain on disposal of tangible capital assets	-	19,106	-
Actuarial adjustment on debenture debt	-	806	711
Equity income (loss) in Community Forest Company (Note 5)	100,000	(157,254)	114,022
	<u>3,230,953</u>	<u>1,980,691</u>	<u>1,808,915</u>
Expenses (Schedule 2)			
General administration and legislative services	487,080	559,421	563,721
Protective services	159,125	236,936	106,457
Public Works	567,360	370,878	381,045
Environmental and health services	312,787	351,390	341,796
Recreation and cultural services	405,809	198,229	180,531
Interest on long term debt	5,500	3,824	5,199
	<u>1,937,661</u>	<u>1,720,678</u>	<u>1,578,749</u>
Annual surplus	1,293,292	260,013	230,166
Accumulated surplus, beginning of year	-	10,192,285	9,962,119
Accumulated surplus, end of year	<u>\$ 1,293,292</u>	<u>\$ 10,452,298</u>	<u>\$ 10,192,285</u>

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

For the year ended December 31	Budget 2017	2017	2016
Annual surplus	\$ 1,293,292	\$ 260,013	\$ 230,166
Acquisition of tangible capital assets	(1,430,250)	(773,047)	(221,246)
Amortization of tangible capital assets	363,500	359,337	357,180
Proceeds on sale of tangible capital assets	-	1,272	8,400
	<u>226,542</u>	<u>(152,425)</u>	<u>374,500</u>
Change in prepaid expenses	-	22,545	(8,798)
Increase in net financial assets	226,542	(129,880)	365,702
Net financial assets, beginning of year	1,563,187	1,563,187	1,197,485
Net financial assets, end of year	\$ 1,789,729	\$ 1,433,307	\$ 1,563,187

The Corporation of the Village of Clinton
Statement of Cash Flows

For the year ended December 31	2017	2016
Operating transactions		
Annual surplus	\$ 260,013	\$ 230,166
Items not involving cash		
Amortization	359,337	357,180
Loss on disposal of tangible capital assets	-	7,450
Actuarial adjustment on long-term debt	(806)	(711)
Changes in non-cash operating balances		
Taxes and utilities receivable	24,238	(21,233)
Accounts receivable	(58,279)	(54,102)
Prepaid expenses	22,545	(8,798)
Accounts payable and accrued liabilities	125,788	(37,741)
Deferred revenue	202,858	-
Equity change in CDFC	157,254	(114,022)
Solid waste closure and post closure liabilities	-	90
	<u>1,092,948</u>	<u>358,279</u>
Capital transactions		
Acquisition of tangible capital assets	(773,047)	(221,246)
Proceeds on sale of tangible capital assets	1,272	950
	<u>(771,775)</u>	<u>(220,296)</u>
Investing transaction		
Acquisition of portfolio investments	(424,761)	(7,804)
Financing transactions		
Proceeds on issuance of long-term debt	165,406	12,187
Repayment of long-term debt	(65,676)	(48,364)
Repayment of obligations under capital lease	(41,720)	(23,113)
	<u>58,010</u>	<u>(59,290)</u>
Net change in cash	(45,578)	70,889
Cash, beginning of year	600,963	530,074
Cash, end of year	\$ 555,385	\$ 600,963
Supplementary cash flow information		
Interest paid	\$ 3,824	\$ 5,200

The Corporation of the Village of Clinton

Notes to Financial Statements

December 31, 2017

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

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:

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, 2017

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, 2017

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** Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
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.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.
- 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, 2017

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>2017</u>	<u>2016</u>
Bonds	\$ 66,407	\$ 66,242
Money market investments	<u>1,103,414</u>	<u>678,818</u>
	<u>\$ 1,169,821</u>	<u>\$ 745,060</u>

The income from portfolio investments for the year was \$12,068 (2016 - \$10,951). The carrying value and market value of the Village's marketable securities was \$1,169,821 (2016 - \$745,060).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

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, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include 38,000 contributors from the Village.

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 \$44,921 (2016 - \$46,131) for employer contributions to the plan in fiscal 2017.

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 (2016 - \$9,374) 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, 2017

5. Investments

	2017	2016
Investment in Clinton & District Community Forest of BC Ltd.	\$ 129,592	\$ 286,846

Summary of the audited financial statements of the Clinton & District Community Forest of BC Ltd. for the year ended December 31, 2017 are as follows:

Statement of Financial Position

	2017	2016
Cash	11,962	14,098
Term deposit	200,044	360,000
Property, plant and equipment	4,412	5,633
Prepaid expenses	237	233
	216,655	379,964
Accounts payable and accrued liabilities	10,950	13,817
Silviculture liability	76,112	79,300
Share capital	1	1
Shareholder's equity	129,592	286,846
	\$ 216,655	\$ 379,964

Statement of Operations

Revenue	6,544	563,598
Expenses	(163,798)	(455,408)
	(157,254)	108,190
Net income (loss) for the year	(157,254)	108,190
Retained earnings, beginning of the year	286,846	178,656
	\$ 129,592	\$ 286,846

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

6. Long-term Debt

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

	2017	2016
General, Municipal Finance Authority, Chevrolet Silverado, interest at 1.44%, with blended monthly payments of \$676 maturing January 2022	\$ 32,206	\$ -
Water, Municipal Finance Authority, Bylaw 395, interest at 4.4%, annual principle payments of \$1,679, due 2027	27,355	29,841
Municipal Finance Authority, Fire Truck, interest at 1.35%, with blended monthly payments of \$2,889, maturing February 2020	73,398	106,834
Municipal Finance Authority, Chevrolet Silverado, interest at 1.35%, with blended monthly payments of \$952, maturing March 2020	25,098	36,104
Municipal Finance Authority, Chevrolet Silverado, interest at 1.39%, with blended monthly payments of \$724, maturing February 2018	722	9,341
Municipal Finance Authority, 2017 Backhoe, interest at 1.81%, with blended monthly payments of \$2,202, maturing October 2022	122,265	-
	\$ 281,044	\$ 182,120

Principal repayments and sinking fund contributions relating to long-term debt of \$281,044 outstanding are due as follows:

2018	\$	79,096
2019		79,645
2020		42,452
2021		35,351
2022		25,540
Thereafter		18,960
	\$	281,044

Included in long-term debt are outstanding debentures of \$1,444 (2016 - \$1,444) secured by sinking fund assets with a carrying value of \$719 (market value - \$719) (2016 - \$686 (market value - \$686)).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

7. Obligations under Capital Lease

	<u>2017</u>	<u>2016</u>
Municipal Finance Authority, Fire Truck, repaid during the year	-	41,720

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

8. Tangible Capital Assets

	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	\$ 729,595	\$ 2,980,000	\$ 3,710,980	\$ 1,289,187	\$ 889,329	\$ 4,677,540	\$ 14,276,631
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	\$ -	\$ 1,418,591	\$ 1,854,428	\$ 643,861	\$ 329,439	\$ 1,023,973	\$ 5,270,292
Net carrying amount, end of year	\$ 729,595	\$ 1,561,409	\$ 1,856,552	\$ 645,326	\$ 559,890	\$ 3,653,567	\$ 9,006,339

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

8. Tangible Capital Assets (continued)

							2016
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Total
Cost, beginning of year	\$ 729,595	\$ 2,879,629	\$ 3,623,389	\$ 1,177,397	\$ 831,483	\$ 4,156,380	\$13,397,873
Additions	-	100,371	87,591	-	29,146	4,138	221,246
Disposals	-	-	-	(21,000)	-	-	(21,000)
Cost, end of year	<u>\$ 729,595</u>	<u>\$ 2,980,000</u>	<u>\$ 3,710,980</u>	<u>\$ 1,156,397</u>	<u>\$ 860,629</u>	<u>\$ 4,160,518</u>	<u>\$13,598,119</u>
Accumulated amortization, beginning of year	\$ -	\$ 1,264,661	\$ 1,665,564	\$ 602,865	\$ 299,411	\$ 827,137	\$ 4,659,638
Amortization	-	78,207	98,751	67,110	16,841	96,271	357,180
Disposals	-	-	-	(12,600)	-	-	(12,600)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 1,342,868</u>	<u>\$ 1,764,315</u>	<u>\$ 657,375</u>	<u>\$ 316,252</u>	<u>\$ 923,408</u>	<u>\$ 5,004,218</u>
Net carrying amount, end of year	<u>\$ 729,595</u>	<u>\$ 1,637,132</u>	<u>\$ 1,946,665</u>	<u>\$ 499,022</u>	<u>\$ 544,377</u>	<u>\$ 3,237,110</u>	<u>\$ 8,593,901</u>

Assets held under capital leases in the amount of \$nil (2016 - \$148,709) with related accumulated amortization in the amount of \$nil (2016 - \$113,822) are included in furniture and equipment. 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, 2017

9. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2017	2016
Investment in tangible capital assets	\$ 8,901,834	\$ 8,423,722
General Fund	508,923	472,759
Sewer Fund	152,890	137,046
Water Fund	(39,954)	146,726
Equity in Community Forest Company	129,592	286,846
	9,653,285	9,467,099
 Reserve Funds		
Transit reserve	\$ 33,313	\$ 30,296
General capital reserve	111,427	111,427
General sewer reserve	52,736	52,736
Land replacement	55,000	55,000
Gas tax reserve	392,780	311,923
Recreation	4,309	2,663
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	2,028	1,767
Communities in Bloom reserve	2,143	2,763
Equipment reserve	1,895	1,895
Fire department statutory reserve	32,331	43,665
	799,013	725,186
	\$ 10,452,298	\$ 10,192,285

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, 2017

10. Taxation - Net

	Budget 2017	2017	2016
	(Note 15)		
Property taxes and payments-in-lieu	\$ 659,918	\$ 666,747	\$ 644,823
Collections for other governments			
Province of British Columbia - school tax	206,000	201,301	205,672
Regional Hospital District	42,000	46,038	41,633
Thompson Nicola Regional District	116,000	112,423	115,515
Municipal Finance Authority	20	18	18
British Columbia Assessment Authority	9,000	7,517	8,208
Police Tax	35,000	32,962	34,353
	<u>1,067,938</u>	<u>1,067,006</u>	<u>1,050,222</u>
Transfers			
Province of British Columbia - school tax	(206,000)	(206,159)	(205,672)
Regional Hospital District	(42,000)	(46,042)	(41,648)
Thompson Nicola Regional District	(116,000)	(109,356)	(115,545)
Municipal Finance Authority	(20)	(18)	(18)
British Columbia Assessment Authority	(9,000)	(7,518)	(8,208)
Police Tax	(35,000)	(32,962)	(34,353)
	<u>(408,020)</u>	<u>(402,055)</u>	<u>(405,444)</u>
Available for general municipal purposes	<u>\$ 659,918</u>	<u>\$ 664,951</u>	<u>\$ 644,778</u>

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

11. Expenses by Object

	Budget 2017	2017	2016
	(Note 15)		
Amortization	\$ 363,500	\$ 359,336	\$ 357,180
Insurance	45,700	46,120	43,244
Interest on long-term debt	2,215	2,589	2,515
Interest on capital lease obligation	-	1,235	2,685
Office and administration	469,526	416,336	304,616
Repairs and maintenance and supplies	356,191	267,578	238,185
Salaries and benefits	700,529	640,011	630,324
	<u>\$ 1,937,661</u>	<u>\$ 1,733,205</u>	<u>\$ 1,578,749</u>

12. 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 consolidated 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.

13. Commitments

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

2018	\$ 1,846
2019	461
	<u>\$ 2,307</u>

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

14. 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.

	2017	2016
Balance, beginning of year	\$ 12,335	\$ 12,035
Transfers from operating	1,171	300
Balance, end of year	\$ 13,506	\$ 12,335

15. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 10, 2017 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. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. 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 10, 2017 with adjustments as follows:

	2017
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Capital expenditures	1,430,250
Community Forest equity adjustment	100,000
Principal lease payments	106,885
Transfers to operating	532,657
Less:	
Amortization	(363,500)
Transfers from operating	(513,000)
Budget surplus per statement of operations	\$ 1,293,292

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2017

16. 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, 2017

	General Operating	Sewer	Water	2017 Total	2016 Total
Tax levies					
Real property taxes	\$ 613,172	\$ -	\$ -	\$ 613,172	\$ 592,606
Grants in lieu of taxes	51,779	-	-	51,779	52,172
	664,951	-	-	664,951	644,778
Sale of services					
Cemetery care	5,500	-	-	5,500	7,133
User fees	-	99,329	202,070	301,399	296,443
	5,500	99,329	202,070	306,899	303,576
Revenues from own sources					
Licences and permits	8,862	-	-	8,862	8,474
Leases, contracts and other rentals	57,954	-	-	57,954	46,401
Committees of Council	-	-	-	-	-
Investment income	17,900	-	-	17,900	12,068
Woodlot revenue	-	-	-	-	-
Penalties and interest on taxes	15,634	-	-	15,634	15,819
Fees, donations and other	46,450	-	-	46,450	40,694
	146,800	-	-	146,800	123,456
Transfers from other governments					
Provincial	649,218	-	310,200	959,418	538,837
Federal	3,465	-	-	3,465	47,535
Thompson-Nicola Regional District	36,500	-	-	36,500	36,000
	689,183	-	310,200	999,383	622,372
Gain on disposal of tangible capital assets	19,106	-	-	19,106	-
Equity income (loss) in Community Forest Company	(157,254)	-	-	(157,254)	114,022
Actuarial adjustment on debenture debt	-	-	806	806	711
Total revenue	\$ 1,368,286	\$ 99,329	\$ 513,076	\$ 1,980,691	\$ 1,808,915

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

December 31, 2017

	General Operating	Sewer	Water	2017 Total	2016 Total
General administrative and legislative services					
Administration, building operations and maintenance	39,391	-	-	39,391	39,320
Amortization	18,512	-	-	18,512	18,398
Insurance	28,343	-	-	28,343	30,068
Legislative	41,595	-	-	41,595	49,375
Office	65,977	-	-	65,977	73,780
Professional fees	23,852	-	-	23,852	21,089
Salaries and employee benefits	341,751	-	-	341,751	331,691
	559,421	-	-	559,421	563,721
Protective services					
Amortization	40,647	-	-	40,647	40,396
Animal Pest Control	17,451	-	-	17,451	10,490
Building operations and maintenance	9,995	-	-	9,995	6,825
Wildfire expenses	107,066	-	-	107,066	-
Equipment	32,452	-	-	32,452	14,780
Insurance	11,853	-	-	11,853	9,931
Salaries and employee benefits	17,472	-	-	17,472	24,035
	236,936	-	-	236,936	106,457
Public Works					
Amortization	86,177	-	-	86,177	85,645
Building operations and maintenance	8,590	-	-	8,590	10,122
Equipment operations and maintenance	20,305	-	-	20,305	23,379
Road and street maintenance	56,861	-	-	56,861	53,382
Para transit services	1,788	-	-	1,788	3,995
Salaries and employee benefits	197,157	-	-	197,157	204,522
	370,878	-	-	370,878	381,045
Environmental and public health					
Administration	-	34,116	89,870	123,986	118,968
Amortization	36,623	13,187	100,565	150,375	149,509
Waste management and collection	-	-	-	-	-
Insurance	-	1,770	4,154	5,924	3,245
Salaries and employee benefits	-	18,898	52,207	71,105	70,074
	36,623	67,971	246,796	351,390	341,796
Recreation and cultural services					
Amortization	63,624	-	-	63,624	63,231
Committees of council	10,975	-	-	10,975	18,625
Community development	46,049	-	-	46,049	23,847
Memorial hall	15,751	-	-	15,751	9,125
Recreation centre	53,423	-	-	53,423	58,589
Parks and playground	6,591	-	-	6,591	5,388
Museum	1,816	-	-	1,816	1,726
	198,229	-	-	198,229	180,531
Interest on long-term debt	2,774	-	1,050	3,824	5,199
Total expenses	\$ 1,404,861	\$ 67,971	\$ 247,846	\$ 1,720,678	\$ 1,578,749