

The Corporation of the Village of Clinton
Financial Statements
For the year ended December 31, 2020

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Financial Statements
For the year ended December 31, 2020

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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 sufficient 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.



Mandy McKague, Chief Financial Officer



Susan Swan, Mayor



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Kamloops, B.C. V2C 3J6

Independent Auditor's Report

To the Members of 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, 2020, 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, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 3 on page 26 of these financial statements.

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

BDO Canada LLP

Chartered Professional Accountants

Kamloops, British Columbia
May 12, 2021

The Corporation of the Village of Clinton
Statement of Financial Position

| As at December 31 | 2020 | 2019 |
|---|---------------------|----------------------|
| Financial assets | | |
| Cash | \$ 3,181,414 | \$ 1,919,684 |
| Portfolio investments (Note 3) | 781,290 | 770,864 |
| Taxes and utilities receivable | 119,888 | 131,236 |
| Accounts receivable | 36,998 | 103,387 |
| Inventory | 1,426 | 1,521 |
| Investment in Community Forest Company (Note 5) | 562,840 | 1,274,280 |
| | 4,683,856 | 4,200,972 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 30,741 | 85,103 |
| Deferred revenue | 100,780 | 100,780 |
| Long-term debt (Note 6) | 76,819 | 120,384 |
| Silviculture liability | 78,041 | 14,488 |
| | 286,381 | 320,755 |
| Net financial assets | 4,397,475 | 3,880,217 |
| Non-financial assets | | |
| Tangible capital assets (Note 7) | 9,066,834 | 9,390,895 |
| Prepaid expenses | 26,849 | 3,887 |
| | 9,093,683 | 9,394,782 |
| Accumulated surplus (Note 8) | \$13,491,158 | \$ 13,274,999 |

Contingent liabilities (Note 11)
Commitments (Note 12)



Mandy McKague, Chief Financial Officer



Susan Swan, Mayor

The Corporation of the Village of Clinton
Statement of Operations

| For the year ended December 31 | Budget 2020 | 2020 | 2019 |
|---|------------------------|---------------------|----------------------|
| | (Note 14) | | |
| Revenue (Schedule 1) | | | |
| Municipal taxation and grants-in-lieu of taxes (Note 9) | \$ 784,587 | \$ 787,220 | \$ 744,045 |
| Sales of services | 450,003 | 326,803 | 357,742 |
| Revenue from own sources | 118,775 | 503,062 | 228,673 |
| Transfers from other governments | 430,225 | 930,047 | 815,895 |
| Actuarial adjustment on debenture debt | - | 1,117 | 1,009 |
| Equity (loss) income in Community Forest Company (Note 5) | - | (541,608) | 392,685 |
| | <u>1,783,590</u> | <u>2,006,641</u> | <u>2,540,049</u> |
| Expenses (Schedule 2) | | | |
| General administration and legislative services | 649,702 | 663,184 | 659,295 |
| Protective services | 167,500 | 111,323 | 115,918 |
| Public Works | 491,682 | 361,201 | 355,840 |
| Environmental and health services | 505,811 | 461,227 | 398,107 |
| Recreation and cultural services | 190,700 | 190,194 | 199,522 |
| Interest on long term debt | - | 3,353 | 4,447 |
| | <u>2,005,395</u> | <u>1,790,482</u> | <u>1,733,129</u> |
| Annual surplus (deficit) | (221,805) | 216,159 | 806,920 |
| Accumulated surplus, beginning of year | <u>13,274,999</u> | <u>13,274,999</u> | <u>12,468,079</u> |
| Accumulated surplus, end of year | <u>\$13,053,194</u> | <u>\$13,491,158</u> | <u>\$ 13,274,999</u> |

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

| For the year ended December 31 | Budget 2020 | 2020 | 2019 |
|--|----------------------------|----------------------------|----------------------------|
| | (Note 14) | | |
| Annual surplus (deficit) | \$ (221,805) | \$ 216,159 | \$ 806,920 |
| Acquisition of tangible capital assets (Note 7) | (219,500) | (90,155) | (142,699) |
| Amortization of tangible capital assets (Note 7) | <u>360,185</u> | <u>414,216</u> | <u>403,676</u> |
| | (81,120) | 540,220 | 1,067,897 |
| Change in prepaid expenses | <u>-</u> | <u>(22,962)</u> | <u>21,312</u> |
| Increase in net financial assets | (81,120) | 517,258 | 1,089,209 |
| Net financial assets, beginning of year | <u>3,880,217</u> | <u>3,880,217</u> | <u>2,791,008</u> |
| Net financial assets, end of year | <u>\$ 3,799,097</u> | <u>\$ 4,397,475</u> | <u>\$ 3,880,217</u> |

The Corporation of the Village of Clinton
Statement of Cash Flows

| For the year ended December 31 | 2020 | 2019 |
|--|---------------------|---------------------|
| Operating transactions | | |
| Annual surplus | \$ 216,159 | \$ 806,920 |
| Items not involving cash | | |
| Amortization | 414,216 | 403,676 |
| Actuarial adjustment on long-term debt | (1,117) | (1,009) |
| Changes in non-cash operating balances | | |
| Taxes and utilities receivable | 11,348 | (3,096) |
| Accounts receivable | 66,389 | 531,246 |
| Inventories for resale | 95 | 139 |
| Prepaid expenses | (22,962) | 21,312 |
| Accounts payable and accrued liabilities | (54,362) | (163,607) |
| Deferred revenue | - | 100,780 |
| Equity change in Community Forest | 711,440 | (155,978) |
| Solid waste closure and post closure liabilities | 63,553 | 3,143 |
| | <u>1,404,759</u> | <u>1,543,526</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | <u>(90,155)</u> | <u>(142,699)</u> |
| Investing transaction | | |
| Acquisition of portfolio investments | <u>(10,426)</u> | <u>(14,935)</u> |
| Financing transactions | | |
| Repayment of long-term debt | <u>(42,448)</u> | <u>(79,646)</u> |
| Net change in cash | 1,261,730 | 1,306,246 |
| Cash, beginning of year | <u>1,919,684</u> | <u>613,438</u> |
| Cash, end of year | <u>\$ 3,181,414</u> | <u>\$ 1,919,684</u> |
| Supplementary cash flow information | | |
| Interest paid | <u>\$ 3,353</u> | <u>\$ 4,447</u> |

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

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, 2020

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, 2020

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, 2020

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>2020</u> | <u>2019</u> |
|--------------------------|-------------------|-------------------|
| Bonds | \$ 73,432 | \$ 69,554 |
| Money market investments | <u>707,858</u> | <u>701,310</u> |
| | <u>\$ 781,290</u> | <u>\$ 770,864</u> |

The income from portfolio investments for the year was \$10,428 (2019 - \$14,936). The carrying value and market value of the Village's marketable securities was \$781,290 (2019 - \$770,864).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

4. Employee Future Benefits

Municipal Employees Retirement System

The Village and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

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

The Village paid \$32,310 (2019 - \$32,310) for employer contributions to the plan in fiscal 2019.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

5. Investments

| | 2020 | 2019 |
|--|-------------------|---------------------|
| Investment in Clinton & District Community Forest of BC Ltd. | \$ 562,840 | \$ 1,274,280 |

Summary of the audited financial statements of the Clinton & District Community Forest of BC Ltd. for the year ended December 31, 2020 are as follows:

Statement of Financial Position

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash | 16,424 | 210,688 |
| Term deposit | 1,138,044 | 1,654,611 |
| Accounts receivable | - | 10,000 |
| Property, plant and equipment | 44,174 | 11,310 |
| Prepaid expenses | 236 | 236 |
| | 1,198,878 | 1,886,845 |
| Accounts payable and accrued liabilities | 77,882 | 69,041 |
| Silviculture liability | 558,156 | 558,715 |
| Share capital | 1 | 1 |
| Shareholder's equity | 562,839 | 1,259,088 |
| | \$ 1,198,878 | \$ 1,886,845 |

Statement of Operations

| | | |
|--|-------------------|---------------------|
| Revenue | 940,223 | 1,893,094 |
| Expenses | (1,379,566) | (1,619,070) |
| Income from operations | (439,343) | 274,024 |
| Donations to the Community | | |
| Donations to the community at large | (84,075) | (115,046) |
| Donations to the Village | (169,832) | - |
| Scholarships | (3,000) | (3,000) |
| Net Income for the year | (696,250) | 155,978 |
| Retained earnings, beginning of the year | 1,259,089 | 1,118,302 |
| Retained earnings, end of the year | \$ 562,839 | \$ 1,274,280 |

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

6. Long-term Debt

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

| | 2020 | 2019 |
|--|-----------|------------|
| General, Municipal Finance Authority, Chevrolet Silverado, interest at 1.44%, with blended monthly payments of \$676 maturing January 2022 | \$ 9,176 | \$ 17,011 |
| Water, Municipal Finance Authority, Bylaw 395, interest at 4.4%, annual principle payments of \$1,679, due 2027 | 19,286 | 22,082 |
| Municipal Finance Authority, Fire Truck, matured during the year | - | 5,158 |
| Municipal Finance Authority, Chevrolet Silverado, matured during the year | - | 2,633 |
| Municipal Finance Authority, 2017 Backhoe, interest at 1.81%, with blended monthly payments of \$2,202, maturing October 2022 | 48,357 | 73,500 |
| | \$ 76,819 | \$ 120,384 |

Principal repayments and sinking fund contributions relating to long-term debt of \$76,819 outstanding are due as follows:

| | | |
|------------|----|--------|
| 2021 | \$ | 36,579 |
| 2022 | | 26,885 |
| 2023 | | 3,145 |
| 2024 | | 3,271 |
| 2025 | | 3,402 |
| Thereafter | | 3,537 |
| | \$ | 76,819 |

Included in long-term debt are outstanding debentures of \$1,444 (2019 - \$1,444) secured by sinking fund assets with a carrying value of \$768 (market value - \$768) (2019 - \$686 (market value - \$686)).

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

7. Tangible Capital Assets

| | 2020 | | | | | | |
|---|-------------------|---------------------|------------------------|-------------------------|-------------------|---------------------|----------------------|
| | Land | Buildings | Engineering structures | Furniture and equipment | Sewer systems | Water systems | Total |
| Cost, beginning of year | \$ 729,595 | \$ 3,009,900 | \$ 3,883,731 | \$ 1,561,881 | \$ 889,329 | \$ 5,355,760 | \$ 15,430,196 |
| Additions | - | 30,785 | - | 59,370 | - | - | 90,155 |
| Disposals | - | - | - | - | - | - | - |
| Cost, end of year | <u>\$ 729,595</u> | <u>\$ 3,040,685</u> | <u>\$ 3,883,731</u> | <u>\$ 1,621,251</u> | <u>\$ 889,329</u> | <u>\$ 5,355,760</u> | <u>\$ 15,520,351</u> |
| Accumulated amortization, beginning of year | - | \$ 1,560,131 | \$ 2,041,686 | \$ 831,413 | \$ 357,456 | \$ 1,248,615 | \$ 6,039,301 |
| Amortization | - | 65,429 | 96,325 | 112,931 | 13,832 | 125,699 | 414,216 |
| Disposals | - | - | - | - | - | - | - |
| Accumulated amortization, end of year | <u>\$ -</u> | <u>\$ 1,625,560</u> | <u>\$ 2,138,011</u> | <u>\$ 944,344</u> | <u>\$ 371,288</u> | <u>\$ 1,374,314</u> | <u>\$ 6,453,517</u> |
| Net carrying amount, end of year | <u>\$ 729,595</u> | <u>\$ 1,415,125</u> | <u>\$ 1,745,720</u> | <u>\$ 676,907</u> | <u>\$ 518,041</u> | <u>\$ 3,981,446</u> | <u>\$ 9,066,834</u> |

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

| | 2019 | | | | | Total |
|---|------------|--------------|------------------------|-------------------------|---------------|--------------|
| | Land | Buildings | Engineering structures | Furniture and equipment | Sewer systems | |
| Cost, beginning of year | \$ 729,595 | \$ 3,009,900 | \$ 3,763,110 | \$ 1,550,620 | \$ 889,329 | \$ 5,344,943 |
| Additions | - | - | 120,621 | 11,261 | - | 10,817 |
| Cost, end of year | \$ 729,595 | \$ 3,009,900 | \$ 3,883,731 | \$ 1,561,881 | \$ 889,329 | \$ 5,355,760 |
| Accumulated amortization, beginning of year | \$ - | \$ 1,495,215 | \$ 1,946,869 | \$ 720,212 | \$ 343,624 | \$ 1,129,705 |
| Amortization | - | 64,916 | 94,817 | 111,201 | 13,832 | 118,910 |
| Accumulated amortization, end of year | \$ - | \$ 1,560,131 | \$ 2,041,686 | \$ 831,413 | \$ 357,456 | \$ 1,248,615 |
| Net carrying amount, end of year | \$ 729,595 | \$ 1,449,769 | \$ 1,842,045 | \$ 730,468 | \$ 531,873 | \$ 4,107,145 |

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, 2020

8. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|----------------------------|-----------------------------|
| Investment in tangible capital assets | \$ 9,163,523 | \$ 9,445,135 |
| General Fund | 1,509,833 | 915,874 |
| Sewer Fund | 260,575 | 242,976 |
| Water Fund | 129,156 | 63,117 |
| Equity in Community Forest Company | 562,840 | 1,274,280 |
| | <u>11,625,927</u> | <u>11,941,382</u> |
| Reserve Funds | | |
| Community support grant reserve | \$ 100,000 | \$ 100,000 |
| Covid-19 Safe Restart Reserve | 350,784 | - |
| Equipment reserve | 1,895 | 1,895 |
| Fire department statutory reserve | 10,013 | 10,013 |
| Gas tax reserve | 725,663 | 642,701 |
| General asset management reserve | 150,000 | 100,000 |
| General capital reserve | 169,483 | 169,483 |
| General sewer reserve | 52,736 | 52,736 |
| Land replacement | 55,000 | 55,000 |
| Recreation | 3,266 | 3,266 |
| Sewer asset management reserve | 27,664 | 13,832 |
| Sidewalk reserve | 4,500 | 4,500 |
| Small community grants reserve | 75,277 | 75,277 |
| Spirit of Clinton reserve | 2,343 | 2,343 |
| Transit reserve | 56,411 | 47,515 |
| Water asset management reserve | 48,922 | 23,782 |
| Woodlot general reserve | 31,274 | 31,274 |
| | <u>1,865,231</u> | <u>1,333,617</u> |
| | <u>\$13,491,158</u> | <u>\$ 13,274,999</u> |

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, 2020

9. Taxation - Net

| | Budget 2020 (Note 14) | 2020 | 2019 |
|---|-----------------------------|-------------------|-------------------|
| Property taxes and payments-in-lieu | \$ 784,587 | \$ 787,232 | \$ 743,246 |
| Collections for other governments | | | |
| Province of British Columbia - school tax | 199,566 | 180,792 | 199,567 |
| Regional Hospital District | 43,421 | 38,989 | 43,420 |
| Thompson Nicola Regional District | 92,007 | 80,418 | 92,006 |
| Municipal Finance Authority | 19 | 19 | 19 |
| British Columbia Assessment Authority | 6,775 | 5,368 | 6,775 |
| Police Tax | 33,529 | 33,490 | 33,529 |
| | <u>1,159,904</u> | <u>1,126,308</u> | <u>1,118,562</u> |
| Transfers | | | |
| Province of British Columbia - school tax | (199,566) | (180,356) | (198,710) |
| Regional Hospital District | (43,421) | (39,076) | (43,421) |
| Thompson Nicola Regional District | (92,007) | (80,598) | (92,007) |
| Municipal Finance Authority | (19) | (19) | (19) |
| British Columbia Assessment Authority | (6,775) | (5,474) | (6,831) |
| Police Tax | (33,529) | (33,565) | (33,529) |
| | <u>(375,317)</u> | <u>(339,088)</u> | <u>(374,517)</u> |
| Available for general municipal purposes | <u>\$ 784,587</u> | <u>\$ 787,220</u> | <u>\$ 744,045</u> |

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

10. Expenses by Object

| | Budget 2020 | 2020 | 2019 |
|--------------------------------------|---------------------|---------------------|---------------------|
| | (Note 14) | | |
| Amortization | \$ 359,832 | \$ 414,216 | \$ 403,675 |
| Insurance | 47,900 | 44,374 | 46,408 |
| Interest on long-term debt | - | 3,345 | 4,127 |
| Interest on capital lease obligation | - | 8 | 320 |
| Office and administration | 432,683 | 393,222 | 341,409 |
| Repairs and maintenance and supplies | 373,980 | 261,736 | 260,656 |
| Salaries and benefits | 791,000 | 673,581 | 676,534 |
| | <u>\$ 2,005,395</u> | <u>\$ 1,790,482</u> | <u>\$ 1,733,129</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 a 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:

| | |
|------|---------------|
| 2021 | \$ 325 |
| 2022 | 55 |
| | <u>\$ 380</u> |

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

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.

| | <u>2020</u> | <u>2019</u> |
|----------------------------|------------------|------------------|
| Balance, beginning of year | \$ 13,506 | \$ 13,506 |
| Transfers from operating | - | - |
| Balance, end of year | <u>\$ 13,506</u> | <u>\$ 13,506</u> |

14. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 13, 2020 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 13, 2020 with adjustments as follows:

| | <u>2020</u> |
|---|---------------------|
| Financial Plan (Budget) By-Law surplus for the year | \$ - |
| Add: | |
| Capital expenditures | 831,000 |
| Transfers to capital reserve | - |
| Transfers to operating reserve | - |
| Less: | |
| Amortization | (359,832) |
| Transfers from capital reserve | <u>(692,973)</u> |
| Budget surplus per statement of operations | <u>\$ (221,805)</u> |

15. Comparative Figures

Certain of the comparative figures have been restated to conform with the current year financial statement presentation.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

16. Global Pandemic

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Village, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Village's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Village is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Village's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Village will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

The Corporation of the Village of Clinton
Notes to Financial Statements

December 31, 2020

17. 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, 2020

| | General Operating | Sewer | Water | 2020 Total | 2019 Total |
|---|----------------------|-------------------|-------------------|---------------------|---------------------|
| Tax levies | | | | | |
| Real property taxes | \$ 721,448 | \$ - | \$ - | \$ 721,448 | \$ 679,651 |
| Grants in lieu of taxes | 65,772 | - | - | 65,772 | 64,394 |
| | <u>787,220</u> | <u>-</u> | <u>-</u> | <u>787,220</u> | <u>744,045</u> |
| Sale of services | | | | | |
| Cemetery care | 905 | - | - | 905 | 1,810 |
| User fees | - | 110,177 | 215,721 | 325,898 | 355,932 |
| | <u>905</u> | <u>110,177</u> | <u>215,721</u> | <u>326,803</u> | <u>357,742</u> |
| Revenues from own sources | | | | | |
| Licences and permits | 8,378 | - | - | 8,378 | 9,330 |
| Leases, contracts and other rentals | 33,397 | - | - | 33,397 | 57,141 |
| Community Forest revenue | - | - | - | - | - |
| Investment income | 39,935 | - | - | 39,935 | 28,649 |
| Woodlot revenue | 306,667 | - | - | 306,667 | 55,174 |
| Penalties and interest on taxes | 22,592 | - | - | 22,592 | 27,311 |
| Fees, donations and other | 92,093 | - | - | 92,093 | 51,068 |
| | <u>503,062</u> | <u>-</u> | <u>-</u> | <u>503,062</u> | <u>228,673</u> |
| Transfers from other governments | | | | | |
| Provincial | 881,647 | - | 10,000 | 891,647 | 772,577 |
| Federal | - | - | - | - | 5,618 |
| Thompson-Nicola Regional District | 38,400 | - | - | 38,400 | 37,700 |
| | <u>920,047</u> | <u>-</u> | <u>10,000</u> | <u>930,047</u> | <u>815,895</u> |
| Gain on disposal of tangible capital assets | - | - | - | - | - |
| Equity (loss) income in Community Forest Company | (541,608) | - | - | (541,608) | 392,685 |
| Actuarial adjustment on debenture debt | - | - | 1,117 | 1,117 | 1,009 |
| Total revenue | <u>\$ 1,669,626</u> | <u>\$ 110,177</u> | <u>\$ 226,838</u> | <u>\$ 2,006,641</u> | <u>\$ 2,540,049</u> |

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

December 31, 2020

| | General Operating | Sewer | Water | 2020 Total | 2019 Total |
|--|----------------------|------------------|-------------------|---------------------|---------------------|
| General administrative and legislative services | | | | | |
| Administration, building operations and maintenance | \$ 41,964 | \$ - | \$ - | \$ 41,964 | \$ 81,081 |
| Amortization | 13,897 | - | - | 13,897 | 20,423 |
| Insurance | 36,248 | - | - | 36,248 | 27,145 |
| Legislative | 41,565 | - | - | 41,565 | 70,611 |
| Office | 49,532 | - | - | 49,532 | 39,021 |
| Woodlot silviculture expense | 63,553 | - | - | 63,553 | 3,143 |
| Professional fees | 43,768 | - | - | 43,768 | 27,565 |
| Salaries and employee benefits | 372,657 | - | - | 372,657 | 390,306 |
| | 663,184 | - | - | 663,184 | 659,295 |
| Protective services | | | | | |
| Amortization | 30,514 | - | - | 30,514 | 44,843 |
| Animal Pest Control | 5,600 | - | - | 5,600 | 6,917 |
| Building operations and maintenance | 9,911 | - | - | 9,911 | 9,535 |
| Equipment | 24,254 | - | - | 24,254 | 15,740 |
| Insurance | 5,968 | - | - | 5,968 | 14,570 |
| Salaries and employee benefits | 35,076 | - | - | 35,076 | 24,313 |
| | 111,323 | - | - | 111,323 | 115,918 |
| Public Works | | | | | |
| Amortization | 64,693 | - | - | 64,693 | 95,073 |
| Building operations and maintenance | 10,676 | - | - | 10,676 | 4,489 |
| Equipment operations and maintenance | 20,681 | - | - | 20,681 | 14,586 |
| Road and street maintenance | 61,377 | - | - | 61,377 | 40,916 |
| Para transit services | 3,604 | - | - | 3,604 | 4,548 |
| Salaries and employee benefits | 200,170 | - | - | 200,170 | 196,228 |
| | 361,201 | - | - | 361,201 | 355,840 |
| Environmental and public health | | | | | |
| Administration | - | 38,159 | 97,881 | 136,040 | 154,582 |
| Amortization | 117,818 | 13,832 | 125,700 | 257,350 | 173,147 |
| Insurance | - | 990 | 1,169 | 2,159 | 4,693 |
| Salaries and employee benefits | - | 28,289 | 37,389 | 65,678 | 65,685 |
| | 117,818 | 81,270 | 262,139 | 461,227 | 398,107 |
| Recreation and cultural services | | | | | |
| Amortization | 47,762 | - | - | 47,762 | 70,191 |
| Committees of council | 38,968 | - | - | 38,968 | 5,749 |
| Community development | 13,414 | - | - | 13,414 | 48,092 |
| Memorial hall | 18,874 | - | - | 18,874 | 12,916 |
| Recreation centre | 57,821 | - | - | 57,821 | 50,404 |
| Parks and playground | 9,362 | - | - | 9,362 | 6,557 |
| Museum | 3,993 | - | - | 3,993 | 5,613 |
| | 190,194 | - | - | 190,194 | 199,522 |
| Interest on long-term debt | | | | | |
| | 2,303 | - | 1,050 | 3,353 | 4,447 |
| Total expenses | \$ 1,446,023 | \$ 81,270 | \$ 263,189 | \$ 1,790,482 | \$ 1,733,129 |

The Corporation of the Village of Clinton
Schedule 3: COVID-19 Safe Restart Grant
(Unaudited)

| For the year ended December 31 | 2020 |
|--|-----------------------|
| <hr/> | |
| Revenue | |
| COVID-19 Safe Restart Grant | <u>\$ 373,000</u> |
| Eligible costs incurred | |
| Computer an technology | 3,850 |
| Cleaning supplies | 40 |
| Travel and training | 100 |
| Utility costs: | |
| Memorial hall | 2,330 |
| Arena | 4,979 |
| Curling rink | 4,001 |
| Chiller | <u>6,916</u> |
| | <u>22,216</u> |
| Surplus for the year, end of year | <u>\$ 350,784</u> |