



Village of Clinton, BC

2019 Annual Report

For the year ended December 31, 2019

Report prepared by: | Administrative Services Department | www.village.clinton.bc.ca | (250)459-2261

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Village of Clinton // Community Overview

Clinton is a village in British Columbia, Canada, located approximately 40 km northwest of Cache Creek and 30 km south of 70 Mile House. Village population is under 1,000.

Clinton was incorporated on July 16, 1963 and lies within Electoral Area "E" of the Thompson-Nicola Regional District (TNRD). The mayor, who also sits on the TNRD Board of Directors, and four councillors, each serving 4-year concurrent terms, govern the Village of Clinton.

It is considered by some to straddle the southern edge of the Cariboo country of British Columbia, although others consider Ashcroft-Cache Creek, Lillooet, Savona, Kamloops and even Lytton and Spences Bridge to be in the Cariboo. Clinton, however, does sit immediately below the southern edge of the Cariboo Plateau. Clinton has several attractions including horse-back riding, big game viewing, hiking, fishing, and other outdoor activities.

Every May, Clinton is home to the Annual Ball where many people dress as the first settlers did. The May rodeo and dance are held on the Victoria Day weekend. This is one of British Columbia's oldest continual events having first been held in 1867 and was a highlight of the social calendar in the British Columbia Interior for many decades. The Clinton Museum, built in 1892, has several historical artifacts on display that date back to the gold rush and founding of the area.

The Village of Clinton provides the following services:

- Animal Control
- Recreation Facilities and Community Hall
- Municipal Administration
- Business Licensing
- Road Maintenance
- Cemeteries
- Sanitary and Storm Sewers
- Fire Protection (5-mile fire protection area)
- Street Lighting
- Subdivision Approval
- Land Use Planning
- Tourist Information
- Community Parks
- Water System
- Economic Development

Message from Mayor Susan Swan

August 31, 2020

My fellow Clinton Residents and Stakeholders,

The Annual Report and Mayor's message are an opportunity to review the previous year and update our residents and taxpayers on initiatives that took place during that period. The report presents the year's audited financial statements, and the activities and operations undertaken by Council and staff.

2019 was a year of major change. The closure of West Fraser's Chasm Mill made a big impact. Some former mill employees found work elsewhere and left our community. Thankfully, West Fraser provided a lot of support to their employees and contractors right from the time of the announced closure. The Village participated in Community Transition Teams and Economic Development Transition Teams initiated by the Ministry of Forests Lands Natural Resource Operations and Rural Development. These brought all stakeholders to the table to work on solutions to some of the challenges being experienced due to the closures of mills throughout the North Thompson Nicola Regional District and South Cariboo.

Even with the mill closure and loss of jobs, the year-end TNRD Building Inspection Services report shows \$629,785 in construction in the Village of Clinton in 2019 compared to \$528,540 during 2018. That is an increase of over 19% growth in building construction.

The Village of Clinton has continued to participate in the Provincial Nominee Program to welcome International Entrepreneurs who may be looking to open businesses in Clinton. Several Exploratory Visits took place, resulting in referrals by the Village being made for some. These are now working through the process with the Provincial Government and Immigration Services.

BC Hydro approached the previous Council with a proposal and request for location(s) in the Village to install a Level 3 Electric Vehicle Charging Station. The charging station installation was completed behind the Municipal Office in 2019 and has already seen a lot of use.

The Community Trails Network Masterplan was completed in January 2018. Construction of Phase 1 (Cross Country Trail) was completed in 2018 and construction of Phase 2 (Urban Trail) was completed 2019. The installation of signage in 2020 will complete these two trails. Phase 3 (multi-use and designated mountain bike trail) awaits appropriate funding. The complete Community Trails Network Masterplan is available on the Village website under 'Reports and Plans'.



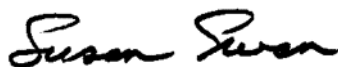
The need for a new Public Works Building was identified in 2017 as a four-year project. The Working Group determined a location at Elliott Park, and costs and design were completed in 2018. Funding for this will come from a combination of Gas Tax Grant, Community Forest Dividends and any other grant funding that can be utilized for capital projects of this nature. This multi-year project will move forward once adequate funding has been received.

The original Park Plan for Reg Conn Centennial Park was completed in 2015. Significant updating is required to include the acquisition of land adjacent to the Park (former school parking lot and tennis court), the addition of the Dog Park and new trails in the Village. This multi-year project has been started and will carry forward into 2020 as a Parks and Recreation Plan.

The Village of Clinton saw several changes in staffing in 2019 as employees left to pursue opportunities in other areas. That included the Village finding itself operating without a Chief Administrative Officer in early fall. We were fortunate to have former CAO, Tom Dall return in the interim while Council actively recruited to fill the position. The new employees have made significant impacts on the operations of the Village.

The Council and employees of the Village of Clinton are committed to working with our residents, community organizations, neighbouring communities, First Nation neighbours and other levels of Government to tackle issues head on and make thoughtful and meaningful improvements to our community.

I look forward to continuing our collaborative work to make our vibrant, welcoming Village all that it can be.



Mayor Susan Swan
2019 - 2022

Mayor and Council // 2019 - 2022

Part 5 — Municipal Government and Procedures Division 1 — Council Roles and Responsibilities

Council as governing body

- 114 (1) The members of a municipal council are the mayor and the councillors.
- (2) Despite a change in its membership, the council of a municipality is a continuing body and may complete any proceedings started but not completed before the change.
- (3) The powers, duties and functions of a municipality are to be exercised and performed by its council, except as otherwise provided under this or another Act, and a council, in exercising or performing its powers, duties and functions, is acting as the governing body of the municipality.
- (4) A council has all necessary power to do anything incidental or conducive to the exercise or performance of any power, duty or function conferred on a council or municipality by this or any other enactment.

Extract from BC Community Charter

Mayor, Susan Swan

Born and raised in a small farming community in the Upper Ottawa Valley, Mayor Swan made the permanent move to Clinton in 1995.

Mayor Swan states “that she is most passionate about communication in local government. To me that means listening to the concerns and opinions of residents, holding open, transparent Council meetings, and communicating decisions to the residents.”

Mayor Swan feels that Provincial downsizing and centralization, as well as a lack of rural health services, are some of the biggest challenges faced by small communities



Mayor, Susan Swan
mayor@village.clinton.bc.ca

Councillor, Sandi Burrage

Originally from Burnaby and the Fraser Valley, Councillor Burrage grew up on the family farm.

Councillor Burrage is an Early Learning Educator, certified in early learning programs including Parent-Child Mother Goose. Her love of kids and their educational success has led her to be the Grad sponsor at David Stoddart School for many years.

Councillor Burrage states “she is passionate about Clinton and wants to honor Clinton’s heritage and history while working to attract tourism, new business and residents to enhance Clinton’s services and ensure sustainability.”



Councillor, Sandi Burrage
burrage@village.clinton.bc.ca

Councillor, Kim McIlravey

Kim McIlravey returned to Clinton approximately 7 years ago. After living in the Lower Mainland, for a couple of years, the call of small-town life lured them back to Clinton.

Councillor McIlravey contemplated running for Council since the 2014 election, at that time she had concerns regarding bylaws and wanted to be involved in positive change.

Councillor McIlravey has a passion to advocate for improved services for seniors and youth in the community.



Councillor, Kim McIlravey
mcilravey@village.clinton.bc.ca

Councillor, David Park

Born and raised in Clinton, Councillor Park attended school from kindergarten through to graduation here. Councillor Park's family roots run deep in Clinton and he is proud to call Clinton home.

Councillor Park chose to run for Council as he feels that his demographic should be represented at the Council table, he wants to continue to be involved in the decision making that will define Clinton's future.

Councillor Park feels that the biggest challenge facing small communities is a lack of funds resulting in budget restraints.



Councillor, David Park
park@village.clinton.bc.ca

Councillor, Christine Rivett

Born and raised in Oakville, Ontario Councillor Rivett spent most of her adolescent spare time at the local stable as her passion was horses.

Councillor Rivett still remembers her first visit to Clinton, where she felt an instant connection with the energy of the place. In 2008, the Rivetts packed up and headed to Clinton.

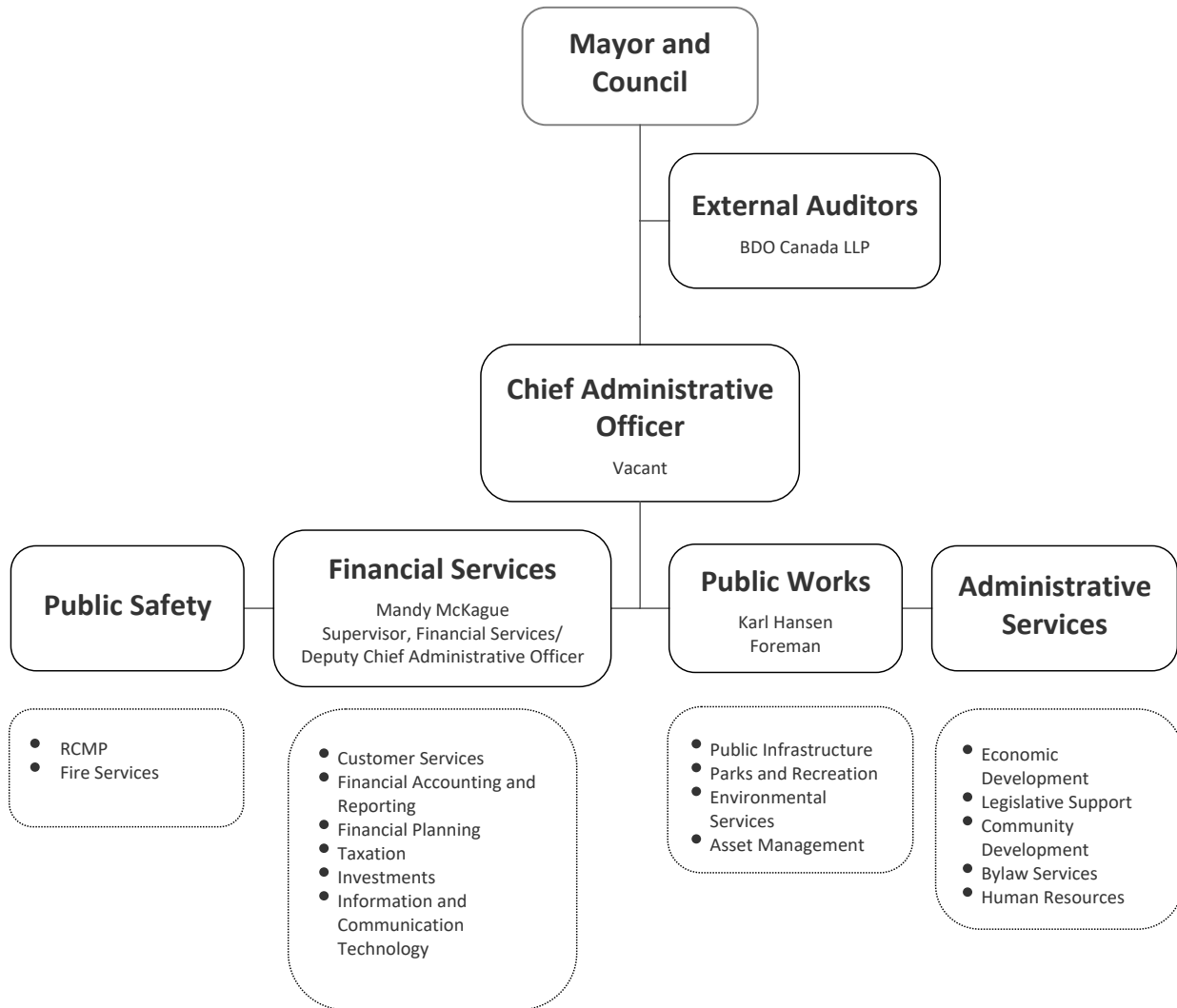
As a Councillor, she wants to see Clinton continue to flourish and maintain its small-town feel. One of the many issues facing all small communities is a lack of affordable housing.

Councillor Rivett feels that the more we offer our citizens in the way of places to live, shop, eat work or just to meet and pass the time, people will want to visit Clinton and/or make it their permanent residence.



Councillor, Christine Rivett
rivett@village.clinton.bc.ca

Village of Clinton // Organization Chart



Note:

1. RCMP services are provided by the Federal Government through a policing agreement with the Province of British Columbia.
2. Fire Services are provided by volunteers. The Village of Clinton provides equipment and funding.

2019 Strategic Plan Progress Update

KEY:
Not Started ●
In-Progress/Ongoing ●
Completed ●

Continuing Projects	
Water Main Replacement	●
Dam Flooding and Mapping	●
Village XC and Urban Trails	●
Electric Vehicle Charging Station (Level 3)	●
Emergency Plan Update	●
Zoning Bylaw Update	●
5-Year Economic Development Marketing Plan	●
Public Works Building	●
Park Plan Update	●
New Projects	
Memorial Hall Upgrades	
Storage Expansion for users	●
Equipment Upgrades - New Cooler and Fridges	●
Lockable cabinets equipped with cooking supplies	●
Foundation assessment and possible repairs	●
Electrical upgrades - improved electrical capacity for multiuse in building	●
Green room construction - designated space for theatre and storage needs	●
Removal of walk-in vault	●
Housing Strategy	
Conduct community needs assessment	●
Apply for land assignment	●
Develop a housing strategy	●
Healthy Communities	
Vibrant neighbourhoods in a sustainable environment	●
Youth space and active participation in local government	●
Health services support with continued advocacy	●
Active living	●
Energy Savings Programs	
Solar panels (or other energy efficiencies) on new or existing buildings	●
Window replacements where possible	●
Compost/recycling initiatives	●

SECTION B

VILLAGE OPERATIONS

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MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

August 31, 2020

It is with great pleasure that I present the 2019 Annual Report highlighting some of our operational initiatives for the year ending December 31, 2019. Firstly, I would like to express Staff's appreciation of the governance and oversight provided by Mayor and Council in 2019. One of the things we learned this year as Staff is that our Mayor and Council listen to understand. Secondly, I would like to recognize our former long-term Chief Administrative Officer Mr. Tom Dall who stepped in as Interim Chief Administrative Officer in the Fall of 2019 and helped lead operations till the end of the year.

Several significant events took place in 2019 and I highlight a few hereunder:

1. **Closure of the West Fraser Chasm Mill (Mill).** Closure of the Mill impacts our community in several ways. We have members of our community who lost employment as the Mill curtailed operations. Some have moved out of the community. Its always a challenge for the community to see our neighbors move to other parts of the country. As a municipality, the closure of the Mill also means loss of property tax revenue. We have had to adjust our future funding model to accommodate this loss of revenue.
2. **Electric Vehicle Charging Station.** BC Hydro completed the installation of a charging station behind the Village offices. Already, we have seen several vehicles stop by to charge as they pass through our community. One of the benefits to our community is that we can capture some of the transient economy as those who spend some time in our community charging their vehicles are able to patronize some of our local businesses. We will continue to promote the charging station to passing motorists.
3. **Water Treatment Plant.** In 2019 watermain replacement project was completed. This is a major investment for our community to the tune of \$1.2 million. The Village of Clinton contributed a third of the funding to this project while the rest came from other levels of government.
4. **2019 Financial Results.** In Section C we provide our financial results for 2019. We are proud to continue to receive a clean audit each year from our external auditors. In 2019, we continued to manage our financial resources responsibly as each department was able to keep within budget allocations. While our water fund recorded a deficit, the deficit is largely due to a larger amortization expense because of the new water treatment plant. Council, through policy, has started on partial funding of the amortization expense to fund future infrastructure investments.

Lastly, I would like to thank my co-workers whose daily contributions ensure we continue to provide first class service to our community.

Thank you,

Mandy McKague
Deputy Chief Administrative Officer

MAYOR AND COUNCIL

Mayor and Council are elected officials of the Village of Clinton. Each Council term is 4 years. Council consists of 4 elected officials plus a Mayor who is elected at large. The 5 elected officials provide governance oversight over the affairs of the Village of Clinton. Municipal government in British Columbia is a creature of provincial legislature. It is governed primarily by the Community Charter, an Act of the British Columbia legislature. Purposes for Municipal governments in British Columbia are:

- a. providing for good government of its community,
- b. providing for services, laws and other matters for community benefit,
- c. providing for stewardship of the public assets of its community, and
- d. fostering the economic, social and environmental well-being of its community.

Measure/Activity	2015	2016	2017	2018	2019
Number of Council Meetings:					
Open Meetings	23	22	22	28	28
Closed/In-Camera Meetings	17	13	19	11	21
Number of Council Resolutions:					
Open Meetings	280	272	277	315	294
Closed/In-Camera Meetings	73	51	79	55	42

2019 Major Initiatives:

1. Revamped Chief Administrative Officer performance management framework.
2. Redrew Chief Administrative Officer job Description.
3. Established a succession plan for all officer positions for the municipality.

2019 Expenditure Budget Performance:

Expenditure Budget	\$	70,970
Actual	\$	69,811

Variance	\$	1,159
		=====

ADMINISTRATIVE SERVICES

Administrative Services is a conglomeration of corporate leadership and support departments consisting of the Office of the Chief Administrative Officer, Legislative Services, Financial Services, Information Technology, Economic Development, Community Development and Bylaw Enforcement. Under the leadership of the Chief Administrative Officer, Administrative Services ensures compliance to statutory provisions and general administration of the Village of Clinton Operations. Overarching mandate include the following:

- a. Overall administration of the Village of Clinton operations and services,
- b. Legislative support to elected officials and other departments,
- c. Planning, collection, management and investing financial resources,
- d. Deployment of information and communication technology in delivering services,
- e. Growth and support of local businesses and community groups and
- f. Development and enforcement of bylaws.

Measure/Activity	2015	2016	2017	2018	2019
Number of Building Permits Issued	9	5	6	6	6
Number of Elections Held	0	0	0	1	0
Number of Business Licences Issued	93	79	76	73	75
Number of Payroll Payments:					
By Electronic Funds Transfer (EFT)	193	224	228	230	223
By Check	4	4	12	14	24
Number of Property Folios:					
Residential	N/A	N/A	N/A	N/A	755
Non-Residential	N/A	N/A	N/A	N/A	149
Clean External Financial Audit (Y/N)	Y	Y	Y	Y	Y
Number of Village Staff	8	8	8	9	10

2019 Initiatives:

1. Implemented Tangible Capital Assets Module in MUNIWARE.
2. Closed several grant applications resulting in \$400,000 in grant funds receipts.

2019 Expenditure Budget Performance:

Expenditure Budget	\$	594,300
Actual	\$	592,881
Variance	\$	1,419
		=====

PUBLIC WORKS

The Village of Clinton Public Works Department is led by the Public Works Foreman. The division consists of several sections: Infrastructure, Recreation and Public Safety. Public Works department is charged with specific mandates including the following:

- a. Planning, delivery, and maintenance of Village of Clinton infrastructure such as roads, buildings, parks water and sewer systems,
- b. Planning, delivery and maintenance of Village of Clinton parks and trail system, and
- c. Working with a volunteer fire department in the provision of fire safety.

Measure/Activity	2015	2016	2017	2018	2019
KMs in Road Network:					
Paved	11	11	11	11	11
Non-paved	4	4	4	4	4
KMs Roads Mantained:					
Paved	11	11	11	11	11
Non-paved	4	4	4	4	4
Number of Buildings Mantained	15	15	15	16	16

2019 Initiatives:

1. Completed Watermain Replacement Project.
2. Completed Phase II of Trail System project.
3. Completed the biennial road paving project.

2019 Expenditure Budget Performance:

Expenditure Budget	\$ 519,406
Actual	\$ 355,840

Variance	\$ 163,566
	=====

PROTECTIVE SERVICES

The Village of Clinton is served by a dedicated volunteer fire department. Policing services are provided by the Royal Canadian Mounted Police (RCMP) through a policing agreement managed by the Province of British Columbia.

The Village of Clinton provides equipment and other infrastructure to the volunteer fire fighting department through annual budget allocations. RCMP is funded through an annual requisition of just over \$30,000.

Fire fighting priorities are set through a consultative process between the Village of Clinton and the volunteer fire fighting department. Policing priorities follow a similar arrangement although such consultation happens at the Union of British Columbia Municipalities (UBCM) level.

Measure/Activity	2015	2016	2017	2018	2019
Number of Service Stations	1	1	1	1	1
Response Time (In minutes)	6	5.5	5.7	5.4	6
Number of Fire Call-Outs	47	37	44	30	29
Number of Community Fire Prevention Sessions	2	2	2	2	3
Number of Fire Fighting Engines	3	3	3	4	4
Number of Fire Fighters	20	22	19	16	16

2019 Initiatives:

1. Held 3 community fire prevention sessions.

2019 Expenditure Budget Performance:

Expenditure Budget	\$	136,900
Actual	\$	115,918
		=====
Variance	\$	20,982
		=====

RECREATION AND CULTURE

The Village of Clinton is one of the hidden gems when it comes to recreation and culture facilities and programs. Through the facilities, the Village of Clinton avails community meeting places such as community hall, recreation facilities such as parks, fields, rinks, fitness centre, and trails.

Most of the programming is led by community groups.

The mandate for the department includes the following:

- a. Develop recreation infrastructure,
- b. Maintain recreation infrastructure, and
- c. Work with community groups in recreation programming.

Measure/Activity	2015	2016	2017	2018	2019
Number of Parks	2	2	2	2	2
Length of Trails (KM):					
Maintained	0	0	0	0	3
Non-maintained	0	0	0	0	3
Fitness Centre Memberships:					
Drop-Ins	36	88	70	64	71
Long-term	34	30	28	31	39
Community Events Bookings	42	57	40	57	73

2019 Initiatives:

1. Expanded equipment in the fitness centre.

2019 Expenditure Budget Performance:

Expenditure Budget	\$	215,300
Actual	\$	199,522
<hr/>		
Variance	\$	15,778
<hr/>		

ENVIRONMENT AND PUBLIC HEALTH

The Village of Clinton provides water and sewer services to sections of its residents. These services are self funding through user fees.

The mandate for the department includes the following:

- a. Plan and develop water and sewer systems,
- b. Ensure water and sewer systems meet regulatory standards, and
- c. Maintain water and sewer systems.

Measure/Activity	2015	2016	2017	2018	2019
Number of Water Connections:					
Residential	0	0	1	0	1
Non-Residential	0	0	0	0	0
Number of Reservoirs	2	2	2	2	2
Piping Length (in KMs)	9	9	9	9	9
Water Consumption (in Litres)	232,531,000	225,761,000	271,471,000	244,144,000	188,746,000
Number of Service Repairs	Not Available	Not Available	Not Available	Not Available	12
Number of Water Main Breaks	Not Available	Not Available	Not Available	Not Available	1

2019 Initiatives:

1. Completed the Watermain Replacement Project.

2019 Expenditure Budget Performance:

	Water	Sewer
Expenditure Budget	\$ 230,190	125,742
Actual	\$ 271,440	86,263
	-----	-----
Variance	\$ (41,250)	9,479
	=====	=====

SECTION C

FINANCIAL RESULTS - 2019

Financial Statement Discussion and Analysis,

Supervisor, Financial Services

Mandy McKagueC-1

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Management Discussion and Analysis (MD & A)

August 31, 2020

Mayor and Council Village of Clinton

Village of Clinton Council has retained the services of BDO Canada LLP to provide external annual financial audit services. In this section, we present the Village of Clinton's audited financial statements and other commentary including a listing of permissible property tax extended to qualifying organizations within the community and funding extended to community groups.

For better understanding and context, we provide an MD & A to assist readers of our annual report, financial section. This MD & A must be read in tandem with notes to the financial statements herein contained in the audited financial statements.

FINANCIAL HIGHLIGHTS

- A \$806,920 surplus was achieved for the year ended December 31, 2019.
- The Village's assets exceeded its liabilities by \$3,880,755 representing an increase of \$1,089,209 over the previous year's net asset position.
- Tangible Capital Assets decreased by \$260,977 largely due to recorded amortization representing wear and tear for the year.
- The Village's cash position increased by \$1,306,246 while portfolio investments grew by \$14,935.

FINANCIAL RESULTS

The Village of Clinton experienced another successful fiscal year resulting in a surplus of \$806,920. Note 8 of the Financial Statements outlines details behind the annual net surplus. This growth in the Accumulated Surplus saw an increase of \$400,212 in fund balances and an increase of \$406,708 designated reserve funds.

2019 is the first-year allocations \$87,317 in asset management reserves. These allocations follow a policy decision by Council to formally budget for asset management costs in future years as part of long-term financial sustainability strategy.

- ❖ \$50,000 for General Fund Asset Management Reserve
- ❖ \$23,782 for the Water Asset Management Reserve
- ❖ \$13,832 for the Sewer Asset Management Reserve

Unallocated fund balances increased by \$425,385 representing additional capacity to provide future services and infrastructure. These increases are broken as follows per fund:

- ❖ \$345,574 for the General Fund
- ❖ \$39,479 for the Water Fund
- ❖ \$40,332 for Sewer Fund

ECONOMIC FACTORS AND OUTLOOK

Section D of this annual report outlines some fiscal trends that provide context for the Village of Clinton's financial position and inform long-term fiscal considerations. Several factors have impacted the Village's fiscal considerations:

1. The next few years will see a shift in property tax revenue contributions increasing reliance to residential property taxes. This is due to shrinking of the commercial property tax base.
2. Residential property tax base continues to grow driven by market growth. The challenge should this continue will be individual residential properties will see increases in annual property tax bill.
3. The Village has been conservative in its fiscal management in the past. Growing reserve funds will assist in managing fiscal emergencies and keeping property taxes low.

Several initiatives planned soon will require significant investments. These initiatives include infrastructure investments such as:

- ❖ Construction of a new Public Works Facility.
- ❖ Extension of water and sewer infrastructure.

The Village will continue to pursue grant funds from both the Province of British Columbia and the Federal Government.

Amarnda McKague,
Supervisor, Financial Services

August 31, 2020

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.

Mandy McKague, Supervisor, Financial Services Officer

Susan Swan, Mayor

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, 2019, 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, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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
April 22, 2020

Statement of Financial Position

As at December 31	2019	2018
Financial assets		
Cash	\$ 1,919,684	\$ 613,438
Portfolio investments (Note 3)	770,864	755,929
Taxes and utilities receivable	131,236	128,140
Accounts receivable	103,387	634,633
Inventory	1,521	1,660
Investment in Community Forest Company (Note 5)	1,274,280	1,118,302
	<u>4,200,972</u>	<u>3,252,102</u>
Liabilities		
Accounts payable and accrued liabilities	85,103	248,710
Deferred revenue	100,780	-
Long-term debt (Note 6)	120,384	201,039
Silviculture liability	14,488	11,345
	<u>320,755</u>	<u>461,094</u>
Net financial assets	<u>3,880,217</u>	<u>2,791,008</u>
Non-financial assets		
Tangible capital assets (Note 7)	9,390,895	9,651,872
Prepaid expenses	3,887	25,199
	<u>9,394,782</u>	<u>9,677,071</u>
Accumulated surplus (Note 8)	<u>\$13,274,999</u>	<u>\$ 12,468,079</u>
Contingent liabilities (Note 11)		
Commitments (Note 12)		

Mandy McKague, Supervisor, Financial Services Officer

Susan Swan, Mayor

Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
	(Note 14)		
Revenue (Schedule 1)			
Municipal taxation and grants-in-lieu of taxes (Note 9)	\$ 740,804	\$ 744,045	\$ 689,383
Sales of services	349,812	357,742	313,706
Revenue from own sources	144,195	228,673	377,645
Transfers from other governments	618,034	815,895	1,332,405
Gain on disposal of tangible capital assets	-	-	12,000
Actuarial adjustment on debenture debt	-	1,009	906
Equity income in Community Forest Company (Note 5)	-	392,685	988,710
	<u>1,852,845</u>	<u>2,540,049</u>	<u>3,714,755</u>
Expenses (Schedule 2)			
General administration and legislative services	665,269	659,295	590,065
Protective services	171,570	115,918	118,099
Public Works	519,406	355,840	429,454
Environmental and health services	415,985	398,107	355,071
Recreation and cultural services	216,500	199,522	200,570
Interest on long term debt	-	4,447	5,715
	<u>1,988,730</u>	<u>1,733,129</u>	<u>1,698,974</u>
Annual surplus (deficit)	(135,885)	806,920	2,015,781
Accumulated surplus, beginning of year	-	12,468,079	10,452,298
Accumulated surplus (deficit), end of year	<u>\$ (135,885)</u>	<u>\$13,274,999</u>	<u>\$ 12,468,079</u>

Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2019	2019	2018
	(Note 14)		
Annual surplus (deficit)	\$ (135,885)	\$ 806,920	\$ 2,015,781
Acquisition of tangible capital assets (Note 7)	(219,500)	(142,699)	(1,039,011)
Amortization of tangible capital assets (Note 7)	360,185	403,676	393,478
	4,800	1,067,897	1,370,248
Change in prepaid expenses	-	21,312	(12,547)
Increase in net financial assets	4,800	1,089,209	1,357,701
Net financial assets, beginning of year	2,791,008	2,791,008	1,433,307
Net financial assets, end of year	\$ 2,795,808	\$ 3,880,217	\$ 2,791,008

Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Annual surplus	\$ 806,920	\$ 2,015,781
Items not involving cash		
Amortization	403,676	393,478
Actuarial adjustment on long-term debt	(1,009)	(906)
Changes in non-cash operating balances		
Taxes and utilities receivable	(3,096)	(19,719)
Accounts receivable	531,246	(425,233)
Inventories for resale	139	(1,660)
Prepaid expenses	21,312	(12,547)
Accounts payable and accrued liabilities	(163,607)	4,646
Deferred revenue	100,780	(202,858)
Equity change in Community Forest	(155,978)	(988,710)
Solid waste closure and post closure liabilities	3,143	-
	<u>1,543,526</u>	<u>762,272</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(142,699)</u>	<u>(1,039,011)</u>
Investing transaction		
(Acquisition) Disposal of portfolio investments	<u>(14,935)</u>	<u>413,892</u>
Financing transactions		
Repayment of long-term debt	<u>(79,646)</u>	<u>(79,099)</u>
Net change in cash	1,306,246	58,054
Cash, beginning of year	<u>613,438</u>	<u>555,384</u>
Cash, end of year	<u>\$ 1,919,684</u>	<u>\$ 613,438</u>
Supplementary cash flow information		
Interest paid	\$ 4,447	\$ 5,715

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

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.

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.

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>2019</u>	<u>2018</u>
Bonds	\$ 69,554	\$ 67,565
Money market investments	<u>701,310</u>	<u>688,364</u>
	<u>\$ 770,864</u>	<u>\$ 755,929</u>

The income from portfolio investments for the year was \$14,936 (2018 - \$16,084). The carrying value and market value of the Village's marketable securities was \$770,864 (2018 - \$755,929).

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, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 (2018 - \$42,704) 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.

5. Investments

	2019	2018
Investment in Clinton & District Community Forest of BC Ltd.	<u>\$ 1,274,280</u>	<u>\$ 1,118,302</u>

Summary of the audited financial statements of the Clinton & District Community Forest of BC Ltd. for the year ended December 31, 2019 are as follows:

Statement of Financial Position

	2019	2018
Cash	210,688	1,572,437
Term deposit	1,654,611	128,292
Accounts receivable	10,000	45,264
Property, plant and equipment	11,310	14,167
Prepaid expenses	236	1,746
	<u>1,886,845</u>	<u>1,761,906</u>
Accounts payable and accrued liabilities	69,040	99,528
Silviculture liability	543,524	544,075
Share capital	1	1
Shareholder's equity	<u>1,274,280</u>	<u>1,118,302</u>
	<u>\$ 1,886,845</u>	<u>\$ 1,761,906</u>

Statement of Operations

Revenue	1,893,094	3,621,339
Expenses	<u>(1,377,363)</u>	<u>(2,545,073)</u>
Income from operations	515,731	1,076,266
Donations to the Community		
Donations to the Community at large	(115,046)	(28,000)
Donations to the Village	(241,707)	(58,056)
Scholarships	<u>(3,000)</u>	<u>(1,500)</u>
Net Income for the year	155,978	988,710
Retained earnings, beginning of the year	<u>1,118,302</u>	<u>129,592</u>
Retained earnings, end of the year	<u>\$ 1,274,280</u>	<u>\$ 1,118,302</u>

6. Long-term Debt

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

	<u>2019</u>	<u>2018</u>
General, Municipal Finance Authority, Chevrolet Silverado, interest at 1.44%, with blended monthly payments of \$676 maturing January 2022	\$ 17,011	\$ 24,687
Water, Municipal Finance Authority, Bylaw 395, interest at 4.4%, annual principle payments of \$1,679, due 2027	22,082	24,770
Municipal Finance Authority, Fire Truck, interest at 1.35%, with blended monthly payments of \$2,889, maturing February 2020	5,158	39,508
Municipal Finance Authority, Chevrolet Silverado, interest at 1.35%, with blended monthly payments of \$952, maturing March 2020	2,633	13,941
Municipal Finance Authority, 2017 Backhoe, interest at 1.81%, with blended monthly payments of \$2,202, maturing October 2022	<u>73,500</u>	<u>98,133</u>
	<u>\$ 120,384</u>	<u>\$ 201,039</u>

Principal repayments and sinking fund contributions relating to long-term debt of \$120,384 outstanding are due as follows:

2020	\$ 43,566
2021	36,579
2022	26,885
2023	3,145
Thereafter	<u>10,209</u>
	<u>\$ 120,384</u>

Included in long-term debt are outstanding debentures of \$1,444 (2018 - \$1,444) secured by sinking fund assets with a carrying value of \$602 (market value - \$602) (2018 - \$686 (market value - \$686)).

7. Tangible Capital Assets

	2019						
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Total
Cost, beginning of year	\$ 729,595	\$ 3,009,900	\$ 3,763,110	\$ 1,550,620	\$ 889,329	\$ 5,344,943	\$ 15,287,497
Additions	-	-	120,621	11,261	-	10,817	142,699
Disposals	-	-	-	-	-	-	-
Cost, end of year	\$ 729,595	\$ 3,009,900	\$ 3,883,731	\$ 1,561,881	\$ 889,329	\$ 5,355,760	\$ 15,430,196
Accumulated amortization, beginning of year	\$ -	\$ 1,495,215	\$ 1,946,869	\$ 720,212	\$ 343,624	\$ 1,129,705	\$ 5,635,625
Amortization	-	64,916	94,817	111,201	13,832	118,910	403,676
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 1,560,131	\$ 2,041,686	\$ 831,413	\$ 357,456	\$ 1,248,615	\$ 6,039,301
Net carrying amount, end of year	\$ 729,595	\$ 1,449,769	\$ 1,842,045	\$ 730,468	\$ 531,873	\$ 4,107,145	\$ 9,390,895

7. Tangible Capital Assets (continued)

	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	<u>\$ 729,595</u>	<u>\$ 3,009,900</u>	<u>\$ 3,763,110</u>	<u>\$ 1,550,620</u>	<u>\$ 889,329</u>	<u>\$ 5,344,943</u>	<u>\$ 15,287,497</u>
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	<u>\$ -</u>	<u>\$ 1,495,215</u>	<u>\$ 1,946,869</u>	<u>\$ 720,212</u>	<u>\$ 343,624</u>	<u>\$ 1,129,705</u>	<u>\$ 5,635,625</u>
Net carrying amount, end of year	<u>\$ 729,595</u>	<u>\$ 1,514,685</u>	<u>\$ 1,816,241</u>	<u>\$ 830,408</u>	<u>\$ 545,705</u>	<u>\$ 4,215,238</u>	<u>\$ 9,651,872</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.

8. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2019	2018
Investment in tangible capital assets	\$ 9,445,135	\$ 9,626,466
General Fund	915,874	570,120
Sewer Fund	242,976	203,497
Water Fund	63,117	22,785
Equity in Community Forest Company	1,274,280	1,118,302
	11,941,382	11,541,170
Reserve Funds		
Transit reserve	47,515	39,563
General capital reserve	169,483	169,483
Community support grant reserve	100,000	-
General asset management reserve	100,000	-
Water asset management reserve	23,782	-
Sewer asset management reserve	13,832	-
General sewer reserve	52,736	52,736
Land replacement	55,000	55,000
Gas tax reserve	642,701	477,367
Recreation	3,266	3,826
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	2,343
Communities in Bloom reserve	-	3,632
Equipment reserve	1,895	1,895
Fire department statutory reserve	10,013	10,013
	1,333,617	926,909
	\$13,274,999	\$ 12,468,079

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.

9. Taxation - Net

	Budget 2019	2019	2018
	(Note 14)		
Property taxes and payments-in-lieu	\$ 740,804	\$ 743,246	\$ 697,391
Collections for other governments			
Province of British Columbia - school tax	216,518	199,567	193,650
Regional Hospital District	43,421	43,420	43,056
Thompson Nicola Regional District	92,007	92,006	102,165
Municipal Finance Authority	19	19	18
British Columbia Assessment Authority	6,775	6,775	7,044
Police Tax	33,529	33,529	33,141
	<u>1,133,073</u>	<u>1,118,562</u>	<u>1,076,465</u>
Transfers			
Province of British Columbia - school tax	(216,518)	(198,710)	(198,566)
Regional Hospital District	(43,421)	(43,421)	(43,058)
Thompson Nicola Regional District	(92,007)	(92,007)	(105,249)
Municipal Finance Authority	(19)	(19)	(18)
British Columbia Assessment Authority	(6,775)	(6,831)	(7,048)
Police Tax	(33,529)	(33,529)	(33,143)
	<u>(392,269)</u>	<u>(374,517)</u>	<u>(387,082)</u>
Available for general municipal purposes	<u>\$ 740,804</u>	<u>\$ 744,045</u>	<u>\$ 689,383</u>

10. Expenses by Object

	Budget 2019 (Note 14)	2019	2018
Amortization	\$ 360,185	\$ 403,675	\$ 393,478
Insurance	49,850	46,408	43,828
Interest on long-term debt	-	4,127	4,930
Interest on capital lease obligation	-	320	781
Office and administration	453,584	341,409	371,755
Repairs and maintenance and supplies	347,243	260,656	240,463
Salaries and benefits	777,868	676,534	643,739
	<u>\$ 1,988,730</u>	<u>\$ 1,733,129</u>	<u>\$ 1,698,974</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:

2020	\$ 325
2021	325
2022	55
	<u>\$ 705</u>

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.

	2019	2018
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, 2019 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, 2019 with adjustments as follows:

	2019
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Capital expenditures	219,500
Transfers to capital reserve	-
Transfers to operating reserve	34,800
Less:	
Amortization	(360,185)
Transfers from capital reserve	<u>(30,000)</u>
Budget surplus per statement of operations	<u>\$ (135,885)</u>

15. Comparative Figures

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

16. Subsequent Event - Global Pandemic

Subsequent to year end, 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.

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

Schedule 1: Fund Revenue

December 31, 2019

	General Operating	Sewer	Water	2019 Total	2018 Total
Tax levies					
Real property taxes	\$ 679,651	\$ -	\$ -	\$ 679,651	\$ 628,809
Grants in lieu of taxes	64,394	-	-	64,394	60,574
	744,045	-	-	744,045	689,383
Sale of services					
Cemetery care	1,810	-	-	1,810	1,825
User fees	-	125,742	230,190	355,932	311,881
	1,810	125,742	230,190	357,742	313,706
Revenues from own sources					
Licences and permits	9,330	-	-	9,330	7,969
Leases, contracts and other rentals	57,141	-	-	57,141	43,045
Committees of Council	-	-	-	-	-
Investment income	28,649	-	-	28,649	25,544
Woodlot revenue	55,174	-	-	55,174	-
Penalties and interest on taxes	27,311	-	-	27,311	15,940
Fees, donations and other	51,068	-	-	51,068	285,147
	228,673	-	-	228,673	377,645
Transfers from other governments					
Provincial	772,577	-	-	772,577	623,497
Federal	5,618	-	-	5,618	671,908
Thompson-Nicola Regional District	37,700	-	-	37,700	37,000
	815,895	-	-	815,895	1,332,405
Gain on disposal of tangible capital assets	-	-	-	-	12,000
Equity income in Community Forest Company	392,685	-	-	392,685	988,710
Actuarial adjustment on debenture debt	-	-	1,009	1,009	906
Total revenue	\$ 2,183,108	\$ 125,742	\$ 231,199	\$ 2,540,049	\$ 3,714,755

	General Operating	Sewer	Water	2019 Total	2018 Total
General administrative and legislative services					
Administration, building operations and maintenance	\$ 81,081	\$ -	\$ -	\$ 81,081	\$ 29,292
Amortization	20,423	-	-	20,423	20,621
Insurance	27,145	-	-	27,145	28,414
Legislative	70,611	-	-	70,611	55,034
Office	39,021	-	-	39,021	92,663
Woodlot silviculture expense	3,143	-	-	3,143	-
Professional fees	27,565	-	-	27,565	18,469
Salaries and employee benefits	390,306	-	-	390,306	345,572
	659,295	-	-	659,295	590,065
Protective services					
Amortization	44,843	-	-	44,843	45,278
Animal Pest Control	6,917	-	-	6,917	8,229
Building operations and maintenance	9,535	-	-	9,535	8,869
Equipment	15,740	-	-	15,740	31,388
Insurance	14,570	-	-	14,570	9,271
Salaries and employee benefits	24,313	-	-	24,313	15,064
	115,918	-	-	115,918	118,099
Public Works					
Amortization	95,073	-	-	95,073	95,994
Building operations and maintenance	4,489	-	-	4,489	8,797
Equipment operations and maintenance	14,586	-	-	14,586	23,601
Road and street maintenance	40,916	-	-	40,916	86,086
Para transit services	4,548	-	-	4,548	9,116
Salaries and employee benefits	196,228	-	-	196,228	205,860
	355,840	-	-	355,840	429,454
Environmental and public health					
Administration	-	50,171	104,412	154,583	110,974
Amortization	40,404	13,832	118,910	173,146	160,713
Insurance	-	1,427	3,266	4,693	6,143
Salaries and employee benefits	-	20,833	44,852	65,685	77,241
	40,404	86,263	271,440	398,107	355,071
Recreation and cultural services					
Amortization	70,191	-	-	70,191	70,872
Committees of council	5,749	-	-	5,749	44,048
Community development	48,092	-	-	48,092	6,076
Memorial hall	12,916	-	-	12,916	17,771
Recreation centre	50,404	-	-	50,404	51,000
Parks and playground	6,557	-	-	6,557	7,531
Museum	5,613	-	-	5,613	3,272
	199,522	-	-	199,522	200,570
Interest on long-term debt					
	3,397	-	1,050	4,447	5,715
Total expenses	\$ 1,374,376	\$ 86,263	\$ 272,490	\$ 1,733,129	\$ 1,698,974

SECTION D

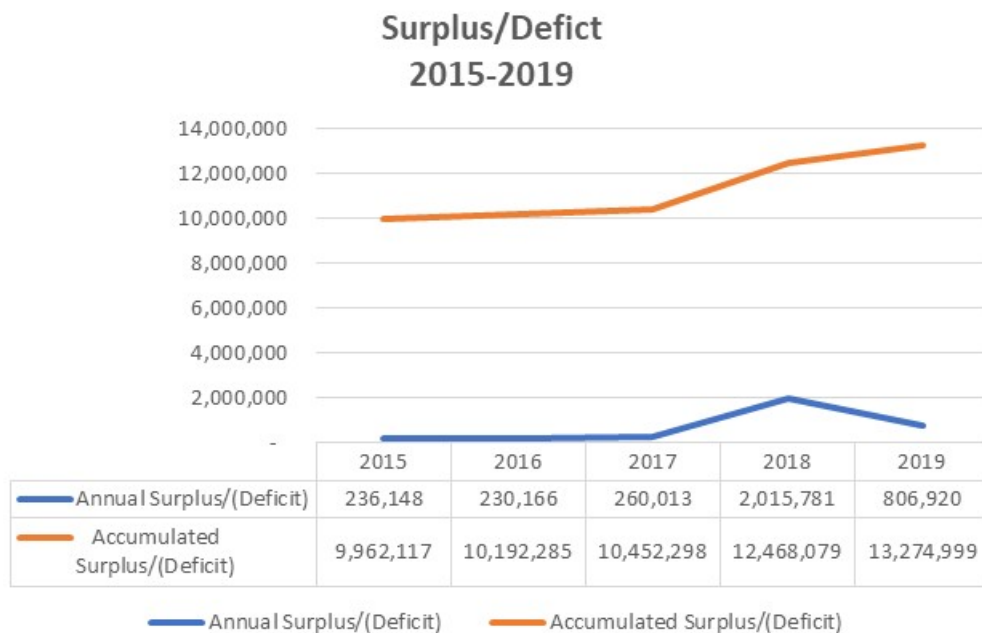
STATISTICAL PROFILE

Annual Surplus/(Deficit): (2015-2019)	D-1
Revenue: (2015 – 2019)	D-2
Expenditure: (2015-2019)	D-3
Transfers from other Governments	
and Agencies: (2015-2019)	D-4
Acquisition of Tangible Capital	
Assets: (2015-2019)	D-5
Debt: (2015-2019)	D-6

ACCUMULATED SURPLUS

Municipal governments exist to provide sustainable services over time. One way of measuring a municipality's capacity to provide services in the long term is tracking the balance of its Accumulated Surplus. The Accumulated Surplus balance is the total residual value from each fiscal year representing capacity to provide services in the future. Simply, this is the sum of Annual Surplus/(Deficits) over the years.

Accumulated Surplus balance consists of four parts; Investment in Tangible Capital Assets, Unallocated Fund Balances, Allocated Fund Balances also referred to as Restricted Fund Balances and Equity in municipal controlled corporations. Investment in Tangible Capital Assets is the residual value of infrastructure representing capacity to provide services in the future. Examples of infrastructure are roads, buildings, and parks. Unallocated Fund Balances are funds that are available to provide services in the future. Allocated Fund Balances or Restricted Fund Balances are funds that have been earmarked for specific purpose such as reserve funds. These include reserve funds or conditional contributions yet to be expended. The Village of Clinton has an equity stake in Community Forest, a municipal controlled corporation.

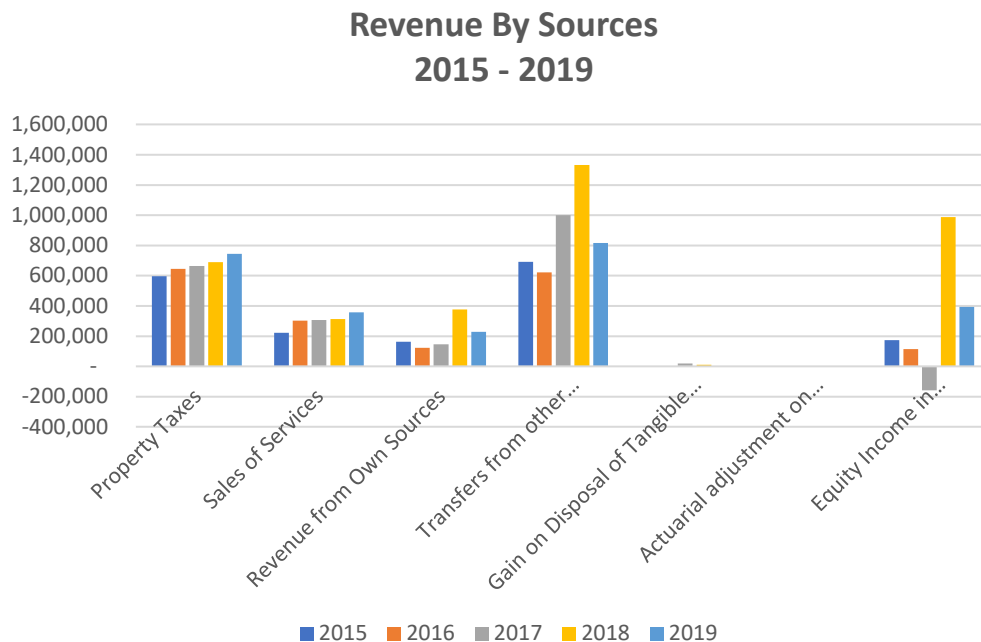


In the past five years, the Village of Clinton has experienced Annual Surpluses each year. Such financial outcomes provide resources to fund services in future years. 2018 and 2019 year-end results are higher than the average for the recent years as they include investments in the water treatment plant project, a fire truck and other infrastructure. The Accumulated Surplus has in turn been increasing each year. At the end 2019 Investment in Tangible Capital Assets represented 71% of Accumulated Surplus balance while Unallocated Fund balances, Equity in Community Forest, and Allocated Fund balances each represented 10% of the total.

REVENUE BY SOURCES

The British Columbia Community Charter accords powers to municipalities in the province to raise revenue to fund operations and investments in infrastructure. Such powers are limited to specific types of revenue sources such as property taxes, user fees, penalties, interest or dividends from investments and development contributions. Other levels of government; Provincial and Federal governments provide conditional and unconditional transfers in the form of grants.

Periodically, the Village of Clinton revises its user fees bylaw to reflect changes driven by general inflation or changes to costs of providing services. Annually, the Village adopts a property tax bylaw to levy property tax revenue.



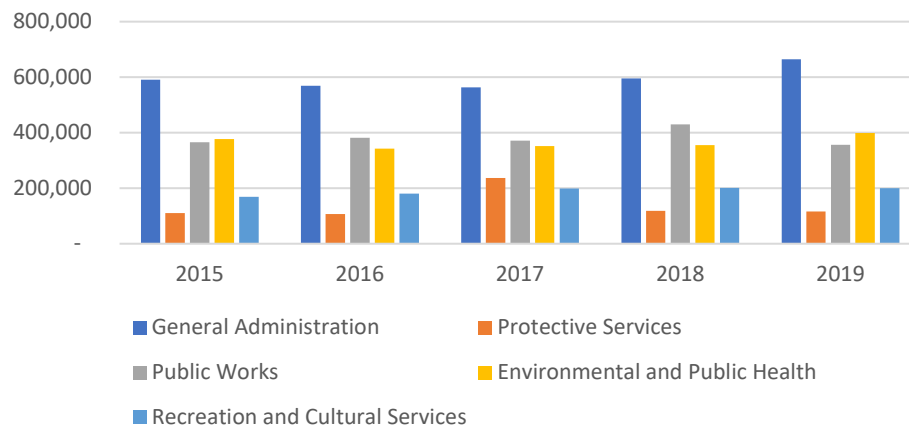
The Village of Clinton's total revenue has averaged \$2.4 million annually for the five years since 2015 through 2019. Property taxes are levies on real property. Sales of Services are user fees for services. Revenue from Own Sources are regulatory charges such as fines. Transfers from Other Governments are grant funds from the Provincial or Federal governments and other agencies. Equity Income in Community Forest represents Net Income from the operations of the Community Forest Company, a municipal controlled corporation.

In 2019 revenue sources controlled by the municipality accounted for 52% of total revenue while transfers in grants accounted for 32% and 15% from Community Forest. The 52% contribution from sources controlled by the municipality are represented by property taxes at 29%, User Fees at 14% and Regulatory Fees at 9%.

EXPENDITURES

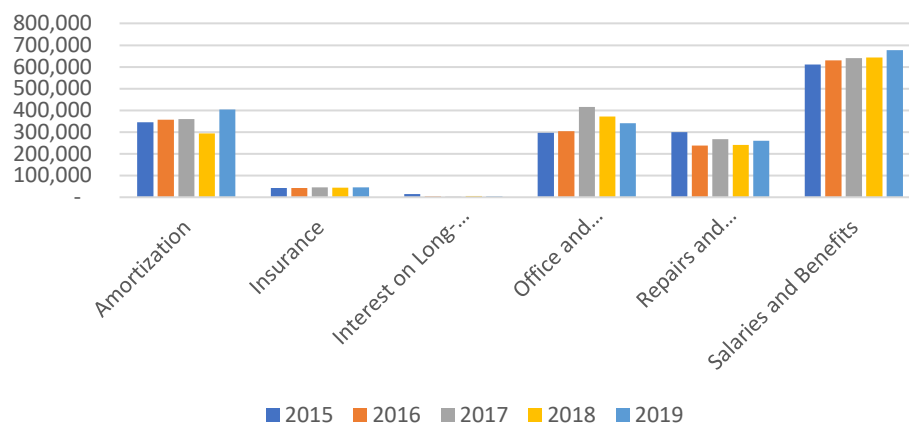
Expenditures can be classified by function or department representing a defined group of services. Expenditures can also be classified by object or type of expenditure. In the past five fiscal years 2015 through 2019, annual total expenditure has averaged \$1.7 million.

Expenditure by Function 2015 - 2019



The Village of Clinton follows a prescribed groupings or departments. These groupings are prescribed to allow for comparison across municipalities. In 2019 General Administration and Legislative Services accounted for 38% of total expenditure, Protective Services 7%, Public Works 21%, Environmental and Health Services 23% and Recreation and Cultural Services 11%.

Expenditures by Object 2015 - 2019

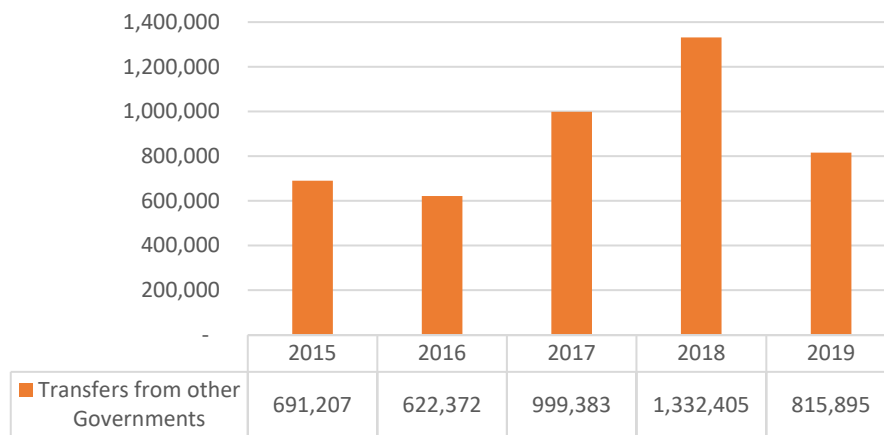


Salaries and benefits account for most expenditures in line with the fact that municipal operations are largely service oriented.

TRANSFERS FROM OTHER GOVERNMENTS AND AGENCIES

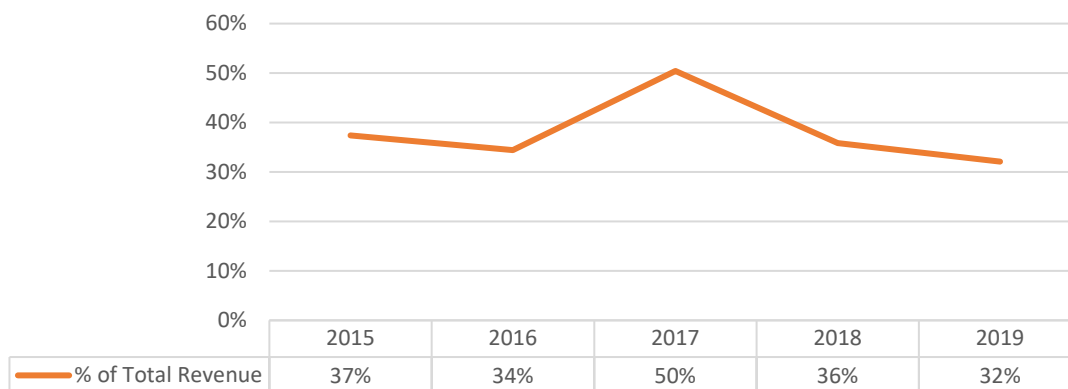
Transfers or grants from other governments and agencies come in two forms: conditional or unconditional. Conditional grants come with prescriptions or limitations for what they can be used for. Examples are grants to fund infrastructure project or service/program. Unconditional grants allow the local municipality to determine how they allocate the funds.

Transfers from other Governments 2015 - 2019



2017 through 2018 saw increases in grant funds due to allocations for the water treatment plant project. 2019 also saw a one-time doubling of the gas tax transfer. Normally, the Village of Clinton receives two major grant transfers: Small Communities and Gas Tax with the former is unconditional and the later conditional.

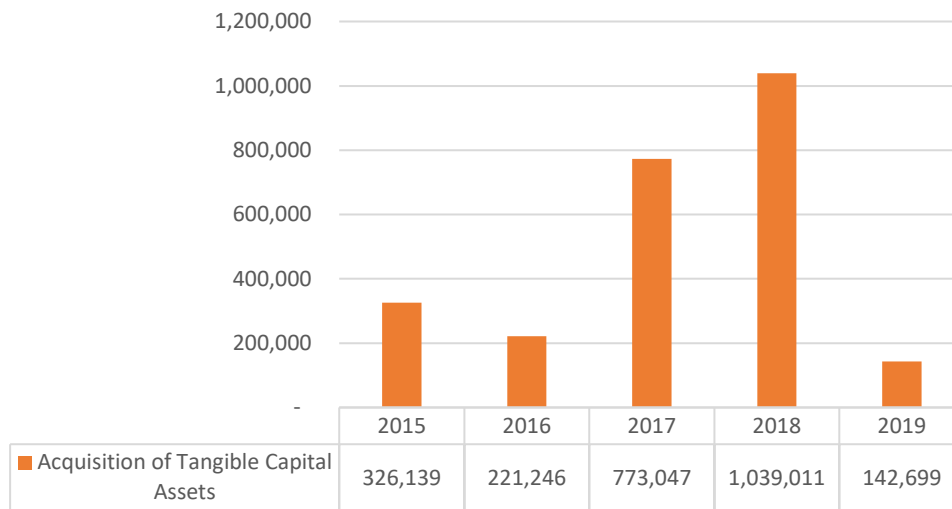
Transfers from other Governemtns as % of Total Revenue 2015 - 2019



ACQUISITION OF TANGIBLE CAPITAL ASSETS

One of the major expenditures of a municipality is in investing in infrastructure and equipment. These assets represent value that is expended over time in the delivery of municipal services and products. These expenditures are significant in value. The Village of Clinton manages its investments in tangible capital assets through two strategic approaches: long-term capital asset planning and budgets and asset management program. Through these two programs, the Village can plan for future spending levels and sources of financing in a proactive manner.

Acquisition of Tangible Capital Assets
2015 - 2019

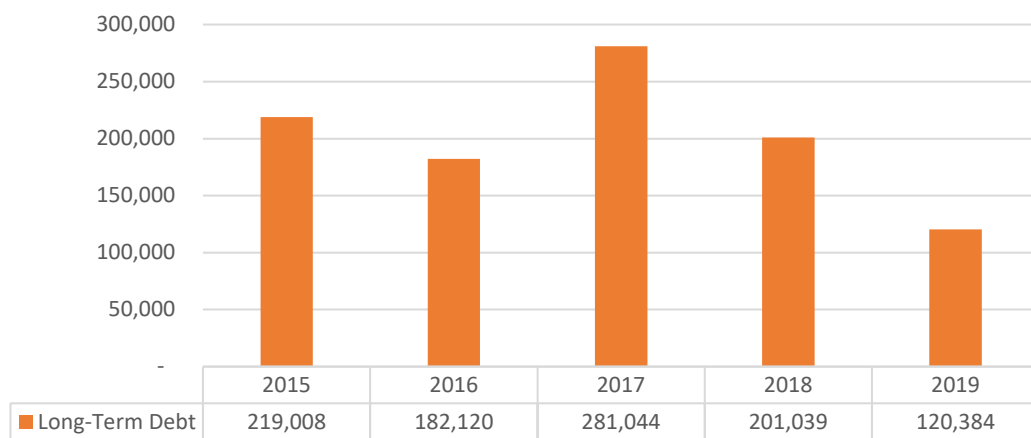


2017 and 2018 spending are high as the Village of Clinton undertook the construction of the water treatment plant project.

DEBT

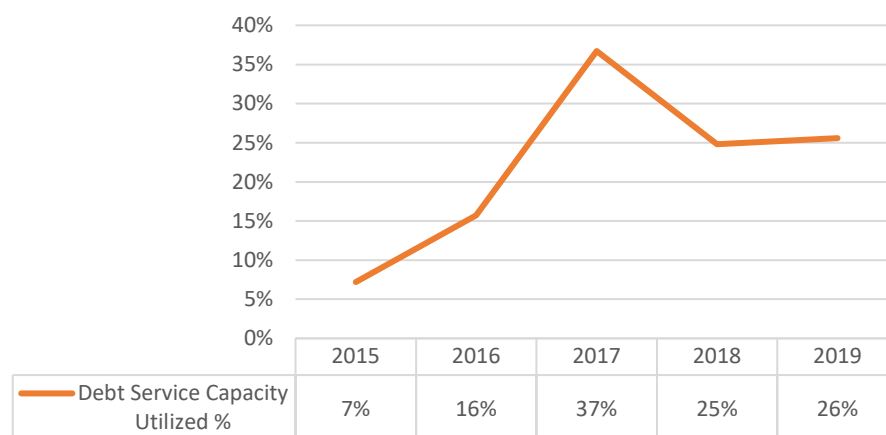
Municipal governments in British Columbia can assume long-term debt. B.C. Regulation 254/2004, Municipal Liabilities Regulation, provides parameters under which municipalities in BC can assume long-term debt. The regulation provides guidance on two aspects: setting limits and process for public engagement.

Long-Term Debt 2015 - 2019



In 2017, the Village of Clinton took on additional debt to purchase a backhoe. Over the last two years several debt files were paid off resulting in reductions in total debt load.

Debt Service Capacity Utilization 2015 - 2019



The Village of Clinton has been conservative in its use of allowable debt capacity.