

**The Corporation of the Village of Clinton**  
**Financial Statements**  
For the year ended December 31, 2023

**The Corporation of the Village of Clinton**  
**Financial Statements**  
For the year ended December 31, 2023

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## Management's Responsibility for Financial Reporting

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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.



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Mandy McKague, Chief Financial Officer

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## Independent Auditor's Report

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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, 2023, 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, 2023, 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.

### Other Matter

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 3 and 4 on pages 29-30 of these financial statements.

### 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 13, 2024

**The Corporation of the Village of Clinton**  
**Statement of Financial Position**

As at December 31	2023	2022
		(Restated - Note 6)
<b>Financial assets</b>		
Cash	\$ 4,947,564	\$ 3,719,194
Portfolio investments (Note 2)	833,307	793,009
Taxes and utilities receivable	120,046	99,958
Accounts receivable	40,355	56,365
Investment in Community Forest Company (Note 4)	955,743	934,835
	<b>6,897,015</b>	<b>5,603,361</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	76,039	294,736
Deferred revenue	361,002	132,491
Long-term debt (Note 5)	1,152,692	1,187,940
Asset retirement obligation liability (Note 6)	170,173	162,115
Silviculture liability	89,449	160,000
	<b>1,849,355</b>	<b>1,937,282</b>
<b>Net financial assets</b>	<b>5,047,660</b>	<b>3,666,079</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	9,944,868	9,953,006
Prepaid expenses	52,881	44,250
	<b>9,997,749</b>	<b>9,997,256</b>
<b>Accumulated surplus (Note 8)</b>	<b>\$15,045,409</b>	<b>\$ 13,663,335</b>

**Contingent liabilities (Note 11)**

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Mandy McKague, Chief Financial Officer

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Roland Stanke, Mayor

**The Corporation of the Village of Clinton**  
**Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2023</b>	<b>2023</b>	<b>2022</b>
	<b>(Note 13)</b>		<b>(Restated - Note 6)</b>
<b>Revenue (Schedule 1)</b>			
Municipal taxation and grants-in-lieu of taxes (Note 9)	\$ 940,466	\$ 1,115,730	\$ 922,393
Sales of services	396,124	390,479	378,038
Revenue from own sources	113,712	399,380	190,904
Transfers from other governments	2,827,492	1,555,664	679,045
Actuarial adjustment on debenture debt	-	2,106	1,345
Equity income in Community Forest Company (Note 4)	-	20,908	398,221
	<b>4,277,794</b>	<b>3,484,267</b>	<b>2,569,946</b>
<b>Expenses (Schedule 2)</b>			
General administration and legislative services	1,038,623	687,996	717,355
Protective services	222,899	147,786	181,144
Public Works	632,377	429,531	461,372
Environmental and health services	368,784	472,870	493,832
Recreation and cultural services	184,405	330,755	327,514
Interest on long term debt	-	33,255	39,855
	<b>2,447,088</b>	<b>2,102,193</b>	<b>2,221,072</b>
<b>Annual surplus</b>	<b>1,830,706</b>	<b>1,382,074</b>	<b>348,874</b>
<b>Accumulated surplus, beginning of year</b>	<b>13,663,335</b>	<b>13,663,335</b>	<b>13,314,461</b>
<b>Accumulated surplus, end of year</b>	<b>\$15,494,041</b>	<b>\$15,045,409</b>	<b>\$ 13,663,335</b>

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

<b>For the year ended December 31</b>	<b>Budget 2023</b>	<b>2023</b>	<b>2022</b>
	(Note 13)		(Restated - Note 6)
<b>Annual surplus</b>	<b>\$ 1,830,706</b>	<b>\$ 1,382,074</b>	<b>\$ 348,874</b>
Acquisition of tangible capital assets (Note 7)	(3,217,900)	(468,593)	(1,025,430)
Amortization of tangible capital assets (Note 7)	410,925	476,731	442,414
	(976,269)	1,390,212	(234,142)
Change in prepaid expenses	-	(8,631)	(17,529)
<b>Increase (decrease) in net financial assets</b>	<b>(976,269)</b>	<b>1,381,581</b>	<b>(251,671)</b>
<b>Net financial assets, beginning of year</b>	<b>3,666,079</b>	<b>3,666,079</b>	<b>3,917,750</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,689,810</b>	<b>\$ 5,047,660</b>	<b>\$ 3,666,079</b>



**The Corporation of the Village of Clinton**  
Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Operating transactions</b>		
Annual surplus	\$ 1,382,074	\$ 348,874
Items not involving cash		
Accretion	-	7,675
Amortization	476,731	442,414
Actuarial adjustment on long-term debt	(2,106)	(1,345)
Changes in non-cash operating balances		
Taxes and utilities receivable	(20,088)	15,761
Accounts receivable	16,010	27,585
Prepaid expenses	(8,631)	(17,529)
Accounts payable and accrued liabilities	(218,697)	38,211
Deferred revenue	228,511	75,072
Equity change in Community Forest	(20,908)	(398,221)
Solid waste closure and post closure liabilities	(70,551)	81,959
	<u>1,762,345</u>	<u>620,456</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(468,593)</u>	<u>(1,025,430)</u>
<b>Investing transaction</b>		
Acquisition of portfolio investments	<u>(40,298)</u>	<u>(11,247)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(33,142)	(52,300)
Proceeds from long-term debt	8,058	-
	<u>1,228,370</u>	<u>(468,521)</u>
<b>Net change in cash</b>	<b>1,228,370</b>	<b>(468,521)</b>
<b>Cash, beginning of year</b>	<u><b>3,719,194</b></u>	<u><b>4,187,715</b></u>
<b>Cash, end of year</b>	<u><b>\$ 4,947,564</b></u>	<u><b>\$ 3,719,194</b></u>
<b>Supplementary cash flow information</b>		
Interest paid	\$ 33,255	\$ 39,855

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# The Corporation of the Village of Clinton

## Notes to Financial Statements

December 31, 2023

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### 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.

#### 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.

#### 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 80 years
Furniture and equipment	5 to 10 years
Sewer system and equipment	25 to 80 years
Water system and equipment	25 to 80 years

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**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.

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# The Corporation of the Village of Clinton

## Notes to Financial Statements

December 31, 2023

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### 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.

**Asset Retirement Obligation**

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**1. Significant accounting policies (continued)**

**Financial Instruments** Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

**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.

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**2. Portfolio Investments**

	<u>2023</u>	<u>2022</u>
Bonds	\$ 74,830	\$ 71,066
Money market investments	<u>758,477</u>	<u>721,943</u>
	<u>\$ 833,307</u>	<u>\$ 793,009</u>

The income from portfolio investments for the year was \$42,181 (2022 - \$10,427). The market value of the Village's marketable securities was \$833,307 (2022 - \$793,009) and the and carrying value was \$837,238 (2022 - \$798,276).

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**3. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$43,243 (2022 - \$42,996) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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, 2023**

**4. Investments**

	2023	2022
Investment in Clinton & District Community Forest of BC Ltd.	\$ 955,743	\$ 934,835

Summary of the audited financial statements of the Clinton & District Community Forest of BC Ltd. for the year ended December 31, 2023 are as follows:

**Statement of Financial Position**

	2023	2022
Cash	\$ 322,222	\$ 662,725
Term deposit	844,404	830,971
Accounts receivable	338,158	-
Property, plant and equipment	152,989	129,569
	1,657,773	1,623,265
Accounts payable and accrued liabilities	79,074	77,310
Silviculture liability	622,958	611,122
Share capital	1	1
Shareholder's equity	955,740	934,832
	\$ 1,657,773	\$ 1,623,265

**Statement of Operations**

Revenue	\$ 2,928,821	\$ 2,588,505
Expenses	(2,696,049)	(2,083,935)
Income from operations	232,772	504,570
Donations to the Community		
Donations to the Community at large	(74,800)	(46,270)
Economic development contribution	(133,064)	(60,080)
Scholarships	(4,000)	-
Net Income for the year	20,908	398,223
Retained earnings, beginning of the year	934,832	536,612
Retained earnings, end of the year	\$ 955,740	\$ 934,835

**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

**5. Long-term Debt**

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

	2023	2022
Water, Municipal Finance Authority, Bylaw 395, interest at 4.4%, annual principle payments of \$1,679, due 2027	10,210	16,379
Municipal Finance Authority, Public Works Building, interest at 1.39%, with semi-annual payments of \$28,439 plus interest, maturing September 2051	1,142,482	1,171,561
	\$ 1,152,692	\$ 1,187,940

Principal repayments and sinking fund contributions relating to long-term debt of \$1,152,692 outstanding are due as follows:

2024	\$	31,710
2025		31,841
2026		31,977
2027		28,439
2028		28,439
Thereafter		1,000,286
	\$	1,152,692

Included in long-term debt are outstanding debentures of \$19,144 (2022 - \$19,144) secured by sinking fund assets with a carrying value of \$13,536 (market value - \$13,536) (2022 - \$13,127 (market value - \$13,127)).



## The Corporation of the Village of Clinton Notes to Financial Statements

**December 31, 2023**

### 6. Asset Retirement Obligation

Effective January 1, 2023, the Village adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

December 31, 2022	As Previously Stated	Increase (Decrease)	Restated
Tangible capital assets - cost	17,221,163	35,958	17,257,121
Accumulated amortization - tangible capital assets	7,282,648	21,467	7,304,115
Amortization of tangible capital assets	441,526	888	442,414
Asset retirement obligation	-	162,115	162,115
Accumulated surplus	13,810,959	(147,624)	13,663,335
Annual surplus	357,437	(8,563)	348,874
Accretion expense	-	7,675	7,675

The Village's asset retirement obligation consists of the following obligations:

a) The Village owns and operates several buildings that are known to contain asbestos, which represents a health hazard and which various regulations require specific considerations upon asset retirement. Following the adoption of PS 3280 - Asset Retirement Obligations, the Village recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at December 31, 2023. The buildings all have an estimated useful life of 60-70 years from the date of completion of construction, of which various numbers of years remain. The related asset retirement costs are being amortized on a straight-line basis. The estimated total undiscounted future expenditures are \$220,068, which are to be incurred at the end of the individual asset's useful life.

b) The Village has two wells requiring decommissioning at the end of the wells' useful lives. Following the adoption of PS 3280 - Asset Retirement Obligations, the Village recognized an obligation relating to the decommissioning of wells as estimated at December 31, 2023. The wells have an estimated useful life of 70 years. The related asset retirement costs are being amortized on a straight-line basis. The estimated total undiscounted future expenditures are \$10,000, which are to be incurred at the end of the assets' useful lives.

c) The Village is responsible for a septic system at the Municipal Works Yard and a freon compressor at the curling rink and arena. Following the adoption of PS 3280 - Asset Retirement Obligations, the Village recognized an obligation relating to the decommissioning of the septic system and the freon compressor. The septic system has a useful life of 60 years and the freon compressor has a useful life of 50 years. The estimated total undiscounted future expenditures are \$10,000, which are to be incurred at the end of the assets' useful lives.

**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

**6. Asset Retirement Obligation (continued)**

The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets. The related asset retirement costs for the above assets are being amortized on a straight-line basis. The liabilities have been estimated using a net present value technique with a discount rate of 4.97%.

Changes in the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	Other AROs	2023
Opening balance	\$ 150,753	\$ 6,393	\$ 4,969	\$ 162,115
Accretion expense	7,492	318	247	8,057
Closing balance	\$ 158,245	\$ 6,711	\$ 5,216	\$ 170,172

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	Other AROs	2022
Opening balance	\$ 143,616	\$ 6,090	\$ 4,734	\$ 154,440
Accretion expense	7,137	303	235	7,675
Closing balance	\$ 150,753	\$ 6,393	\$ 4,969	\$ 162,115

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

**The Corporation of the Village of Clinton**  
Notes to Financial Statements

**December 31, 2023**

**7. Tangible Capital Assets**

								<b>2023</b>
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Assets under construction	Total
Cost, beginning of year	\$ 729,595	\$ 3,069,897	\$ 4,490,263	\$ 1,768,536	\$ 889,329	\$ 5,356,389	\$ 953,112	\$ 17,257,121
Additions	-	84,049	196,529	188,015	-	-	-	468,593
Transfers	-	953,112	-	-	-	-	(953,112)	-
Cost, end of year	\$ 729,595	\$ 4,107,058	\$ 4,686,792	\$ 1,956,551	\$ 889,329	\$ 5,356,389	-	\$ 17,725,714
Accumulated amortization, beginning of year	\$ -	\$ 1,804,105	\$ 2,335,516	\$ 1,159,231	\$ 398,953	\$ 1,606,310	-	\$ 7,304,115
Amortization	-	346,997	-	-	13,832	115,902	-	476,731
Accumulated amortization, end of year	\$ -	\$ 2,151,102	\$ 2,335,516	\$ 1,159,231	\$ 412,785	\$ 1,722,212	-	\$ 7,780,846
Net carrying amount, end of year	\$ 729,595	\$ 1,955,956	\$ 2,351,276	\$ 797,320	\$ 476,544	\$ 3,634,177	-	\$ 9,944,868

**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

**7. Tangible Capital Assets (continued)**

								2022
	Land	Buildings	Engineering structures	Furniture and equipment	Sewer systems	Water systems	Assets under construction	Total
Cost, beginning of year	\$ 729,595	\$ 3,076,014	\$ 4,213,893	\$ 1,644,253	\$ 889,329	\$ 5,356,389	\$ 328,335	\$ 16,237,808
Additions	-	-	276,370	124,283	-	-	624,777	1,025,430
Disposals	-	(6,117)	-	-	-	-	-	(6,117)
Cost, end of year	<u>\$ 729,595</u>	<u>\$ 3,069,897</u>	<u>\$ 4,490,263</u>	<u>\$ 1,768,536</u>	<u>\$ 889,329</u>	<u>\$ 5,356,389</u>	<u>\$ 953,112</u>	<u>\$ 17,257,121</u>
Accumulated amortization, beginning of year	\$ -	\$ 1,711,680	\$ 2,235,036	\$ 1,045,573	\$ 385,121	\$ 1,490,408	\$ -	\$ 6,867,818
Amortization	-	98,542	100,480	113,658	13,832	115,902	-	442,414
Disposals	-	(6,117)	-	-	-	-	-	(6,117)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 1,804,105</u>	<u>\$ 2,335,516</u>	<u>\$ 1,159,231</u>	<u>\$ 398,953</u>	<u>\$ 1,606,310</u>	<u>\$ -</u>	<u>\$ 7,304,115</u>
Net carrying amount, end of year	<u>\$ 729,595</u>	<u>\$ 1,265,792</u>	<u>\$ 2,154,747</u>	<u>\$ 609,305</u>	<u>\$ 490,376</u>	<u>\$ 3,750,079</u>	<u>\$ 953,112</u>	<u>\$ 9,953,006</u>

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

**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

**8. Accumulated Surplus**

The Village segregates its accumulated surplus in the following categories:

	2023	2022
Investment in tangible capital assets	\$ 8,622,009	\$ 8,602,955
General Fund	2,501,811	1,967,422
Sewer Fund	328,836	324,897
Water Fund	499,638	336,396
Equity in Community Forest Company	955,743	934,835
	<b>12,908,037</b>	<b>12,166,505</b>
 Reserve Funds		
Community support grant reserve	\$ 74,437	\$ 74,437
Covid-19 Safe Restart Reserve	40,040	68,007
Community Works Fund reserve	368,593	360,015
Equipment reserve	-	1,895
Fire department statutory reserve	29,972	10,013
General asset management reserve	205,869	200,000
General capital reserve	169,483	169,483
General sewer reserve	113,270	99,438
Land replacement	55,000	55,000
Paving reserve	4,729	94,729
Recreation	3,266	3,266
Growing communities fund reserve	718,000	-
Sidewalk reserve	104,500	104,500
Small community grants reserve	75,277	75,277
Spirit of Clinton reserve	2,328	2,328
Transit reserve	21,846	21,846
Water asset management reserve	101,722	75,322
Woodlot general reserve	49,040	81,274
	<b>2,137,372</b>	<b>1,496,830</b>
	<b>\$15,045,409</b>	<b>\$ 13,663,335</b>

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, 2023**

**9. Taxation - Net**

	Budget 2023 (Note 13)	2023	2022
Property taxes and payments-in-lieu	\$ 940,466	\$ 1,115,730	\$ 922,393
Collections for other governments			
Province of British Columbia - school tax	199,566	242,811	212,835
Regional Hospital District	43,421	36,839	34,688
Thompson Nicola Regional District	92,007	82,039	77,687
Municipal Finance Authority	19	25	21
British Columbia Assessment Authority	6,775	4,660	4,051
Police Tax	33,529	33,507	28,331
	<u>1,315,783</u>	<u>1,515,611</u>	<u>1,280,006</u>
Transfers			
Province of British Columbia - school tax	(199,566)	(242,811)	(216,417)
Regional Hospital District	(43,421)	(36,839)	(34,689)
Thompson Nicola Regional District	(92,007)	(82,039)	(77,686)
Municipal Finance Authority	(19)	(25)	(20)
British Columbia Assessment Authority	(6,775)	(4,660)	(4,164)
Police Tax	(33,529)	(33,507)	(24,791)
	<u>(375,317)</u>	<u>(399,881)</u>	<u>(357,767)</u>
Available for general municipal purposes	<u>\$ 940,466</u>	<u>\$ 1,115,730</u>	<u>\$ 922,239</u>

**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

**10. Expenses by Object**

	Budget 2023 (Note 13)	2023	2022
Amortization	\$ 410,925	\$ 476,731	\$ 442,412
Insurance	72,530	67,278	49,411
Interest on long-term debt	-	33,255	39,855
Office and administration	564,779	448,639	562,296
Repairs and maintenance and supplies	500,980	380,752	405,149
Salaries and benefits	897,874	695,538	721,950
	<b>\$ 2,447,088</b>	<b>\$ 2,102,193</b>	<b>\$ 2,221,073</b>

**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.

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**12. 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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 13,506	\$ 13,506

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**13. Budget**

The Financial Plan (Budget) By-Law adopted by Council on April 12, 2023 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 April 12, 2023 with adjustments as follows:

	<u>2023</u>
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Capital expenditures	3,217,900
Transfers to capital reserve	148,832
Less:	
Amortization	(410,925)
Debt	(974,000)
Transfers from capital reserve	<u>(151,101)</u>
Budget surplus per statement of operations	<u>\$ 1,830,706</u>

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**14. Comparative Figures**

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



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## The Corporation of the Village of Clinton Notes to Financial Statements

**December 31, 2023**

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### 15. Financial instruments

The Village is potentially exposed to credit risk, liquidity risk, and interest rate risk from the its financial instruments. This note describes the Village's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the Villages's exposure to above risks or the policies, procedures and methods it uses to manage and measure the risk

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Village is exposed to credit risk through its cash and accounts receivable.

The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined on the statement of financial position. Accounts receivable arise primarily as a result of GST receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

#### Liquidity risk

Liquidity risk is the risk that the Village will encounter difficulty in meeting obligations associated with financial liabilities. The Village is exposed to liquidity risk through its accounts payable, long-term debt, and investments.

The Village manages liquidity risk around investments by maintaining a balance of short-term or highly liquid investments, and by maintaining investments that may be converted to cash in the near-term if needed. The Village manages liquidity risk around accounts payable and long-term debt as they have the ability to raise property taxes and revenues if needed, and ensuring that expenditures around capital projects are within budget. Also to help manage and measure the risk, the Village has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Village's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments.

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**15. Financial instruments (continued)**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Village is exposed to interest rate risk through its long-term debt.

The Village manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 5 for interest rates and maturity dates for long term debt.

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**The Corporation of the Village of Clinton**  
**Notes to Financial Statements**

**December 31, 2023**

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**16. Segmented Information**

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

**General Administrative and Legislative Services**

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

**Protective Services**

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

**Transportation Services**

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

**Environmental and Public Health**

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

**Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the Village's citizens. The Village has two recreational facilities; a skating arena and a curling rink. There are also two recreational parks that host a variety of playground equipment and allow for sports activities. The Village maintains the parks and facilities in order to create opportunities for non-profit organizations to facilitate events for minor sports, markets, senior activities, etc.

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

**December 31, 2023**

	General Operating	Sewer	Water	2023 Total	2022 Total
<b>Tax levies</b>					
Real property taxes	\$ 1,056,747	\$ -	\$ -	\$ 1,056,747	\$ 868,950
Grants in lieu of taxes	58,983	-	-	58,983	53,443
	1,115,730	-	-	1,115,730	922,393
<b>Sale of services</b>					
Cemetery care	6,475	-	-	6,475	4,438
User fees	-	131,391	252,613	384,004	373,600
	6,475	131,391	252,613	390,479	378,038
<b>Revenues from own sources</b>					
Licences and permits	7,380	-	-	7,380	8,455
Leases, contracts and other rentals	68,098	-	-	68,098	51,742
Community Forest revenue	133,064	-	-	133,064	60,080
Investment income	105,891	-	-	105,891	44,267
Penalties and interest on taxes	28,753	-	-	28,753	23,988
Fees, donations and other	56,194	-	-	56,194	2,372
	399,380	-	-	399,380	190,904
<b>Transfers from other governments</b>					
Provincial	1,500,704	-	-	1,500,704	639,045
Federal	14,960	-	-	14,960	-
Thompson-Nicola Regional District	40,000	-	-	40,000	40,000
	1,555,664	-	-	1,555,664	679,045
<b>Equity income(loss) in Community Forest Company</b>	20,908	-	-	20,908	398,221
<b>Actuarial adjustment on debenture debt</b>	-	-	2,106	2,106	1,345
<b>Total revenue</b>	\$ 3,098,157	\$ 131,391	\$ 254,719	\$ 3,484,267	\$ 2,569,946

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

**December 31, 2023**

	General Operating	Sewer	Water	2023 Total	2022 Total
<b>General administrative and legislative services</b>					
Administration, building operations and maintenance	\$ 55,582	\$ -	\$ -	\$ 55,582	\$ 38,401
Amortization	15,998	-	-	15,998	15,819
Insurance	59,555	-	-	59,555	43,480
Legislative	71,630	-	-	71,630	69,352
Office	83,753	-	-	83,753	110,797
Professional fees	37,232	-	-	37,232	23,126
Salaries and employee benefits	355,889	-	-	355,889	381,956
Contracted services	8,357	-	-	8,357	34,424
	<b>687,996</b>	<b>-</b>	<b>-</b>	<b>687,996</b>	<b>717,355</b>
<b>Protective services</b>					
Amortization	35,127	-	-	35,127	34,734
Bylaw and Animal Control	19,436	-	-	19,436	21,304
Building operations and maintenance	16,344	-	-	16,344	10,420
Wildfire expenses	13,452	-	-	13,452	60,675
Equipment	17,657	-	-	17,657	21,963
Insurance	5,844	-	-	5,844	4,264
Salaries and employee benefits	39,926	-	-	39,926	27,784
	<b>147,786</b>	<b>-</b>	<b>-</b>	<b>147,786</b>	<b>181,144</b>
<b>Public Works</b>					
Amortization	74,473	-	-	74,473	73,642
Building operations and maintenance	16,772	-	-	16,772	13,385
Equipment operations and maintenance	29,446	-	-	29,446	31,260
Road and street maintenance	72,078	-	-	72,078	114,885
Para transit services	11,146	-	-	11,146	14,333
Salaries and employee benefits	225,616	-	-	225,616	213,867
	<b>429,531</b>	<b>-</b>	<b>-</b>	<b>429,531</b>	<b>461,372</b>
<b>Environmental and public health</b>					
Administration	-	19,972	89,120	109,092	164,398
Amortization	166,417	13,832	115,901	296,150	263,849
Insurance	-	629	1,250	1,879	1,667
Salaries and employee benefits	-	23,209	42,540	65,749	63,918
	<b>166,417</b>	<b>57,642</b>	<b>248,811</b>	<b>472,870</b>	<b>493,832</b>
<b>Recreation and cultural services</b>					
Amortization	54,983	-	-	54,983	54,369
Committees of council	1,950	-	-	1,950	93,814
Community development	158,598	-	-	158,598	20,366
Memorial hall	26,639	-	-	26,639	42,238
Recreation centre	108,334	-	-	108,334	78,633
Parks and playground	6,459	-	-	6,459	33,544
Museum	10,073	-	-	10,073	4,550
Woodlot silviculture expense (recovery)	(36,281)	-	-	(36,281)	-
	<b>330,755</b>	<b>-</b>	<b>-</b>	<b>330,755</b>	<b>327,514</b>
<b>Interest on long-term debt</b>	<b>30,960</b>	<b>-</b>	<b>2,295</b>	<b>33,255</b>	<b>39,855</b>
<b>Total expenses</b>	<b>\$ 1,793,445</b>	<b>\$ 57,642</b>	<b>\$ 251,106</b>	<b>\$ 2,102,193</b>	<b>\$ 2,221,072</b>

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
Eligible costs incurred		
Cleaning supplies	\$ -	\$ 1,431
Arena	24,623	-
Office	-	671
Utility costs		
Memorial hall	-	24,833
Fitness room	3,345	-
Fire and Safety	-	124,283
	<u>27,968</u>	<u>151,218</u>
<b>Annual (deficit) surplus</b>	<u><b>(27,968)</b></u>	<u><b>(151,218)</b></u>
<b>Surplus, beginning of the year</b>	<b>68,007</b>	<b>219,225</b>
<b>Surplus, end of year</b>	<u><b>40,039</b></u>	<u><b>68,007</b></u>

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**The Corporation of the Village of Clinton**  
**Schedule 4: Growing Communities Fund**  
**(Unaudited)**

<b>For the year ended December 31</b>	<b>2023</b>
Grant funding	\$ 718,000
Surplus for the year, end of year	<u>\$ 718,000</u>

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