

The Corporation of the Village of Lytton

Financial Statements

For the Year Ended December 31, 2018

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

	Contents
Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 19
Schedule 1 - Statement of Operations by Segment	20
Schedule 2 - Tangible Capital Assets	21

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

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Mayor and Council are composed entirely of Councillors who are neither management nor employees of the Village. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils its responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Council is also responsible for recommending the appointment of the Village's external auditors.

BDO Canada LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.


Financial Officer



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Corporation of the Village of Lytton (the "Village"), which comprise the Statement of Financial Position as at December 31, 2018 and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018 and its results of operations, changes in net financial assets, and cash flows 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

Vancouver British Columbia
May 8, 2019

The Corporation of the Village of Lytton
Statement of Financial Position
For the year ended December 31

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents (Note 3)	1,166,238	564,872
Investments (Note 4)	923,282	1,059,010
Accounts receivable (Note 5)	592,681	617,642
Inventory	159	-
	<u>2,682,360</u>	<u>2,241,524</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	634,305	188,745
Deferred revenue (Note 7)	472,675	534,689
Long-term debt (Note 8)	104,222	122,186
	<u>1,211,202</u>	<u>845,620</u>
Net Financial Assets	<u>1,471,158</u>	<u>1,395,904</u>
Non-Financial Assets		
Tangible capital assets (Schedule 2)	5,129,687	3,619,961
Prepaid expenses	9,108	3,683
	<u>5,138,794</u>	<u>3,623,644</u>
Accumulated Surplus (Note 9)	<u>6,609,952</u>	<u>5,019,548</u>

Approved by:


 Deputy Mayor


 Chief Financial Officer

The Corporation of the Village of Lytton
Statement of Operations
For the year ended December 31

	2018 Budget \$	2018 Actual \$	2017 Actual \$
	<i>(Note 14)</i>		
Revenue			
Municipal taxation and grants-in-lieu of taxes <i>(Note 16)</i>	360,180	361,979	385,159
Sale of services	326,987	286,328	276,758
Revenue from own sources	138,587	90,695	80,071
Government transfers and other contributions <i>(Note 15)</i>	687,961	2,147,068	1,160,989
	<u>1,513,715</u>	<u>2,886,070</u>	<u>1,902,977</u>
Expenses <i>(Note 10)</i>			
General administration and legislative services	590,017	719,096	529,569
Protective services	272,588	49,752	61,022
Public works and transportation services	234,935	175,525	159,089
Environmental and development services	133,784	3,233	65,559
Recreation and cultural services	76,355	77,608	92,527
Water Utility	123,178	134,412	298,197
Sewer Utility	130,674	134,853	120,066
Museum	-	1,187	-
	<u>1,561,531</u>	<u>1,295,666</u>	<u>1,326,028</u>
Annual surplus (Deficit)	<u>(47,816)</u>	<u>1,590,404</u>	<u>576,950</u>
Accumulated surplus, beginning of year	5,019,548	5,019,548	4,442,598
Accumulated surplus, end of year	<u>4,971,732</u>	<u>6,609,952</u>	<u>5,019,548</u>

The accompanying notes are an integral part of these financial statements

The Corporation of the Village of Lytton
Statement of Change in Net Financial Assets
For the year ended December 31

	2018 Budget \$	2018 \$	2017 \$
	<i>(Note 14)</i>		
Annual surplus (deficit)	(47,816)	1,590,404	576,950
Acquisition of tangible capital assets	(106,750)	(1,645,717)	(666,494)
Disposal of tangible capital assets	-	13,154	-
Amortization of tangible capital assets	-	122,755	123,758
Increase prepaid expenses	-	(5,342)	551
Increase in net financial assets	(154,566)	75,254	34,765
Net financial assets, beginning of year	1,395,904	1,395,904	1,361,139
Net financial assets, end of year	1,241,338	1,471,158	1,395,904

The accompanying notes are an integral part of these financial statements

The Corporation of the Village of Lytton
Statement of Cash Flows
For the Year Ended December 31, 2018

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating activities:		
Annual surplus	1,590,404	576,950
Items not involving cash:		
Amortization of tangible capital assets	122,755	123,758
Add loss on disposal of tangible capital assets	659	-
Sinking fund earnings	(8,890)	(8,035)
Reserve transfer	(11,463)	-
Net change in non-cash working capital balances related to operations:		
Accounts receivable	24,961	(318,447)
Inventory	(159)	-
Prepaid expenses	(5,342)	551
Accounts payable and accrued charges	445,560	73,168
Deferred revenue	(65,962)	390,566
	<u>2,092,523</u>	<u>838,511</u>
Capital activities:		
Purchase of tangible capital assets	<u>(1,645,717)</u>	<u>(666,494)</u>
	<u>(1,645,717)</u>	<u>(666,494)</u>
Financing activities:		
Repayment of long-term debt	(9,073)	(9,073)
Proceeds (investing) from investments	135,728	(508,059)
Endowment fund addition	50,000	-
	<u>176,655</u>	<u>(517,132)</u>
Increase/(Decrease) in cash and cash equivalents during the year	623,461	(345,115)
Cash and cash equivalents, beginning of year	<u>488,845</u>	<u>833,960</u>
Cash and equivalents, end of year	<u>1,112,306</u>	<u>488,845</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	1,112,306	440,749
Restricted cash (Note 3)	53,932	48,096
	<u>1,166,238</u>	<u>488,845</u>
Supplementary cash flow information		
Interest paid	<u>32,643</u>	<u>10,105</u>

The Corporation of the Village of Lytton
Notes to the Financial Statements
For The Year Ended December 31 2018

1. Operations

The Corporation of the Village of Lytton (the "Village") was incorporated on May 3, 1945 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 and sewer services.

2. Significant accounting policies

The financial statements of the Village are based on the representations of management and are prepared in accordance with Canadian public sector accounting standards (PSAS). Significant aspects of the accounting policies adopted are as follows:

a) Cash and cash equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

b) Financial Instruments

The Village's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and long-term debt. Unless otherwise indicated, it is management's opinion that the Village is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

c) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities, and are generally held for use in the provision of services. They typically have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

d) Tangible capital assets

Tangible capital assets are initially recorded at cost. Amortization is calculated using the straight line method over their estimated useful lives.

Asset	Useful Life (Years)
Engineering structures	50 - 100
Buildings	20 - 60
Machinery and equipment	3 - 30
Sewer system and equipment	30 - 75
Water system and equipment	5 - 75

Whenever events or changes in circumstances indicate that an asset, or group of assets, no longer has any long-term service potential to the Village, the excess of its net carrying amount over any residual future benefit is recognized as an impairment expense in the statement of operations.

e) Revenue recognition

Sale of Services and Revenue from Own Sources

Revenues for goods and services are recognized when earned, which is when the transactions or events occurred that give rise to the revenues.

The Corporation of the Village of Lytton

Notes to the Financial Statements

For The Year Ended December 31 2018

2. Significant accounting policies (continued)

Government Transfers

The Village recognizes restricted grants, contributions and government transfers received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Village recognizes revenue as the liability is settled.

Tax Revenue

The Village recognizes municipal taxation and grants in lieu of taxation at estimated amounts as assets and revenue when they meet the definition of an asset, are authorized by a legislature, council, or legislative convention, and the taxable event has occurred. At each financial statement date, the Village evaluates the taxes receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

f) Employee benefits

The Village records liabilities for accrued employee benefits in the period in which they are earned. Employees are entitled to compensation for unused vacation and sick days, the amount of which can be carried forward as specified in the collective agreement and employment contracts.

g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Actual results could differ from management's best estimates as additional information becomes available in the future.

h) Segment Reporting

The Village conducts its operations through eight reportable segments: General Administration and Legislative Services, Protective Services, Public Works and Transportation Services, Environmental and Development Services, Recreation and Cultural Services, Water Utility and Sewer Utility, and Lytton Museum. These segments are established by senior management to record specific activities to attain certain objectives in accordance with Council policies and the Village's bylaws. In addition to these segments, Lytton Museum and Archives Commission was established in 2017 by the council that operates its own bank account and a separate ledger. The cumulative surplus is restricted and is included in the financial statements as deferred revenue.

i) Liability for Contaminated Sites

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for the remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard, including sites that are no longer in productive use and sites for which the Village accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability was recognized.

**The Corporation of the Village of Lytton
Notes to the Financial Statements
For The Year Ended December 31 2018**

3. Cash and cash equivalents

	2018	2017
	\$	\$
Petty Cash	580	580
Scotia Bank -Operating	823,111	230,072
Scotia Bank -Savings	262,581	258,192
Musueum -Operating	79,967	76,028
	<u>1,166,238</u>	<u>564,872</u>

Included in the Scotia Bank savings account is interest amounting to \$53,932 (2017- \$48,096) received from endowment funds with the BC Interior Community Foundation (previously Kamloops Foundation), which are restricted for betterment of health and other related services in the Community of Lytton.

4. Investments

	2018	2017
	\$	\$
MFA money market fund	923,282	908,297
Scotiabank term deposit	-	150,713
Total Investments	<u>923,282</u>	<u>1,059,010</u>

MFA money market funds include bank-issued notes, bonds and provincial bonds and debentures. The current yield for the money market fund is 1.65% (2017 - 0.97%) and funds are redeemable at any time. The interest rate on the term deposit is 1.76% and it matured on March 5, 2018.

5. Accounts Receivable

	2018	2017
	\$	\$
Taxes receivable	47,794	35,080
GST Receivable	84,554	40,673
Government transfers receivable	310,721	307,462
General accounts receivable	135,283	234,427
BC Interior Community Foundation	14,230	-
Receivables-Museum	100	-
	<u>592,681</u>	<u>617,642</u>

6. Accounts Payable and Accrued Liabilities

	2018	2017
	\$	\$
Trade accounts payable	22,179	70,794
Accounts payable -capital projects	425,949	43,539
Hold back -Capital projects	166,188	28,723
Payroll and benefits	19,989	45,689
	<u>634,305</u>	<u>188,745</u>

The Corporation of the Village of Lytton
Notes to the Financial Statements
For The Year Ended December 31 2018

7. Deferred Revenue

	2018	2017
	\$	\$
Ground Water Project	313,717	390,866
BC Interior Community Foundation -Health Fund	68,161	48,096
Lytton Museum and Archives	79,975	76,027
Others	10,822	19,700
	<u>472,675</u>	<u>534,689</u>

During 2018, the Village received \$801,627 (2017 - \$ 700,580) in government transfers for the purposes of funding the Groundwater Development Project. As of December 31, 2018, \$313,717 has not been used and was deferred. Over the years, the Village has received \$68,161 interest from BC Interior Community Foundation which has not been used and are restricted for betterment of health purposes in the Community of Lytton. Lytton Museum and Archives has accumulated surplus \$79,975 (2017- \$76,027) that is restricted until used. Also included in other deferred revenue is \$6,000 that was received for cemetery restoration in previous years. Deferred amounts will be recognized as revenue in the period in which the funds are used for the purpose specified within the funding agreements.

8. Long-term debt

Purpose	Year of Maturity	Interest Rate	2018	2017
Sewer	2023	2.40%	\$ 104,222	\$ 122,186

Long Term debt - future principal payments are as follows:

2019	\$9,073
2020	\$9,073
2021	\$9,073
2022	\$9,073
2023	\$9,073
	<u>\$45,365</u>
Estimated sinking fund earnings	<u>\$58,857</u>
	<u>\$104,222</u>

The Municipal Finance Authority (MFA) requires a cash contribution of 1% of the face value of debt when issued. Upon the MFA's administration of the debt, 1% was charged on the gross balance transferred from the Province of B.C. The MFA debt reserve earns interest income and is used to pay the expense of the debt issue. Any remaining balance will be returned to the Village at the maturity of the underlying debt issue.

The debt reserves are contingent in nature and are not reflected in the Statement of Financial Position for the Village. Details of the cash deposits and demand notes for the year are as follows:

	2018	2017
	\$	\$
Cash Deposits -	4,275	4,933
Demand Notes -	8,699	8,699
	<u>12,974</u>	<u>13,632</u>

The Corporation of the Village of Lytton
 Financial Statements
 For the Year Ended December 31, 2018

9. Funds and Accumulated surplus

	2018	2017
	\$	\$
Restricted Statutory Reserves		
Caboose Maint. Reserve Fund (Stat)	1,080	-
Total Restricted Funds and Reserves	<u>1,080</u>	<u>-</u>
Unrestricted Surplus		
General operating surplus	37,715	42,668
Sewer operating surplus	153,747	160,896
Water operating surplus	18,555	48,152
Unrestricted Surplus	<u>210,017</u>	<u>251,716</u>
Appropriated Surplus (Reserve Accounts)		
General Stabilization	171,558	216,992
Vehicle and Equipment	51,347	45,340
Legal and Insurance	68,369	64,280
Water Utility Reserve Fund	55,193	-
Sewer Utility Reserve Fund	10,000	-
Appropriated Surplus	<u>356,467</u>	<u>326,612</u>
Reserve Funds		
Capital works	578,027	510,817
Community works gas tax	438,897	432,627
Reserve Funds	<u>1,016,923</u>	<u>943,444</u>
Total Unrestricted Surplus	<u>1,583,408</u>	<u>1,521,772</u>
Investment in tangible capital assets		
Equity in Capital Assets-General	985,904	1,017,704
Equity in Capital Assets-Water	3,414,589	1,838,938
Equity in Capital Assets-Sewer	624,972	641,133
Investment in tangible capital assets	<u>5,025,465</u>	<u>3,497,775</u>
Total Accumulated Surplus	<u>6,609,952</u>	<u>5,019,548</u>

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

10. Expense by object

	2,018	2017
	\$	\$
Administration	530,925	357,458
Insurance	23,224	15,312
Interest	32,643	10,105
Repairs and maintenance	108,258	267,997
Wages and benefits	477,859	551,398
Amortization	122,758	123,758
	<u>1,295,666</u>	<u>1,326,028</u>
Debt repayment	17,963	17,108
Capital expenditures	1,645,717	649,386
	<u>2,959,346</u>	<u>1,992,522</u>

11. Commitments

a) Lease commitment

The Village is committed to the lease of its office space and makes monthly payments of \$1,085 to the Thompson Nicola Regional District (TNRD). The current term will be in effect until April 30, 2021.

b) Municipal Pension Plan

The municipality 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 the 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 had more than 330,000 active, inactive and retired members and their employers. Members and employers come from a variety of sectors across the province, including health, municipalities and school districts.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remain unchanged. The next valuation will be as at December 31, 2018, with results available in 2019.

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

The Village of Lytton paid \$30,808 (2017 - \$37,419) for employer contributions to the plan in fiscal 2018.

c) Other

The Village is currently party to certain existing conditions involving uncertainty which may result in material loss. Where required, a reasonable estimate of these liabilities has been made and is contained in the financial statements as liabilities.

On January 10, 2017, the Village entered into an agreement for Engineering Services for Groundwater Development design for a total amount of \$394,013. As of December 31, 2018, \$372,248 of this cost has been incurred and the remaining amount of \$61,091 is expected to be paid in 2019 as work on the project continues.

On 6th June 2018, the Village entered into an agreement for with Timbro Contracting Ltd for Groundwater Development Construction amounting to \$2,327,060. As of December 31, 2018, \$1,374,653 of this cost has been incurred with a 10% holdback that will be paid together with the remaining amount in 2019 as work on the project continues. The funding was through Clean Water and Wastewater Fund (CWWF) and partnership with Lytton First Nation (LFN) that contributed 38% of that cost.

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

12. Perpetual Cemetery Care Trust

The Cemetery Perpetual Care Trust Fund is administered in accordance with the Cremation, Interment and Funeral Services Act. In accordance with PSAB guidelines, the Cemetery Perpetual Care Trust Fund activities are excluded from the Village's financial statements. This fund of \$13,625 (2017- \$13,431) is removed from cash and cash equivalents and reclassified and disclosed as a trust account.

	2018	2017
	\$	\$
Cemetery Trust Fund Investments	13,625	13,429
Equity		
Balance, beginning of year	13,429	13,244
Care fund contributions	-	25
Interest earned	196	160
Balance, end of year	13,625	13,429

13. Financial Instruments

The fair values of cash and short-term investments approximate their carrying values, unless otherwise noted.

Accounts receivable, accounts payable, and long-term debt information is provided elsewhere in the financial statements to allow the assessment of the fair values of these financial instruments.

14. Budget

Budget amounts represent the Financial Plan Bylaw adopted by Council on March 27, 2018.

The Financial Plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

The following shows how these amounts were combined:

	Budget 2018
	\$
Financial Plan Bylaw (Surplus)/deficit for the year	-
Remove transfers from reserves from revenues	(29,352)
Remove capital expenditures from expenses	(18,464)
(Deficit) Surplus per statement of operations	(47,816)

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

15. Government transfers and other contributions

During the year, the Village recognized the following government transfers and other contributions:

	2018 Budget	2018	2017
	\$	\$	\$
Provincial			
Age Friendly Community Grant	26,523	18,535	8,367
BC Community Water Improvement Program	-	-	160,000
Community Water and Wastewater Funding	-	801,627	421,610
Community Wildfire Protection Program	200,000	-	8,000
Province of BC - Canada 150 Grant	4,800	4,800	10,200
Province of BC	800	-	12,212
Provincial Emergency Funding	-	-	4,710
Small Community Protection Grant	294,549	306,014	294,549
Firesmart Grant	10,000	2,070	-
Pool - Employment Grants	4,000	1,616	-
Source Water Protection Planning	-	12,600	54,245
GMF Grant	-	47,061	-
FCM-Asset Management Plant Grant	50,000	-	-
C2C Community Forum	5,000	-	-
Pep Reimbursement	5,050	-	-
Carbon Ta Grant	989	-	-
Federal			
Community Works Funding	62,250	65,199	62,252
Other			
Thompson Nicola Regional District - Pool upgrades	24,000	22,393	19,958
NDIT Matching Grant-Community Fund	-	50,000	-
Northern Development Trust Grants	-	8,000	35,943
Total Government Transfers	687,961	1,339,916	1,092,045
Lytton First Nation-Water and Waste Water Funding	-	807,153	67,744
BC Hydro Tree Grant	-	-	1,200
Other Contributions	-	807,153	68,944
Total Government Transfers and other contributions	687,961	2,147,068	1,160,989
16. Taxation			
	2018 Budget	2018	2017
	\$	\$	\$
Municipal Taxation			
Property tax	339,585	339,592	364,104
Grants in lieu of taxes	20,595	22,387	21,055
Total Municipal Taxation	360,180	361,979	385,159
Collections for Other Taxing Authorities			
BC Assessment Authority	3,370	3,370	3,427
Municipal Finance Authority	9	9	8
Province of BC - school taxes	108,676	108,676	107,984
Province of BC - police taxes	14,500	14,500	13,951
Thompson-Nicola Regional Hospital District	20,729	20,729	21,397
Thompson-Nicola Regional District	50,303	50,303	51,579
Total collections for other taxing authorities	197,587	197,587	198,346
Payments to other taxing authorities	197,578	197,578	198,346
Net Taxation for municipal purposes	360,180	361,979	385,159

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

17. Subsequent Event

Subsequent to December 31, 2017, the Village was served with a Notice of Claim in which it was named as a defendant. The claim relates to work performed by a subcontractor hired by a company contracted by the Village. The subcontractor is the plaintiff and is seeking payment of \$261,452 plus damages for breach of contract. As of March 25, 2019, the outcome of the claim and the resulting outflow of economic benefits, if any, for the Village cannot be reasonably estimated. Therefore no such amount has been included as a liability in these financial statements.

18. Segmented information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the local government's operations and activities are organized and reported by service areas. Services areas were created for the purpose of recording specific activities to attain certain objectives in accordance with Council policies and the Village's bylaws. The service areas are as follows:

General Administration and Legislative Services

General Administration and Legislative services include activities associated with Mayor and Council administration, bylaw review and adoption, financial management, and information systems, insurance and corporate services, including human resources.

Protective Services

Protective services include activities associated with community safety. These services include fire protection, bylaw enforcement and emergency services.

Public Works and Transportation Services

Public Works and Transportation services include activities associated with roads and drainage networks. Services include traffic services, street lighting, public works administration, fleet operations, raft take out costs, winter maintenance, and maintenance and improvements to roads, waste and garbage service, and sidewalks.

Environmental Development Services

Environmental Development services include all activities associated with website design, economic development, grant applications, building inspections, and road closures.

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

18. Segmented Information (continued)

Recreation and Culture Services

Recreation and Cultural services include all activities associated with operations of parks, recreation and cultural services. Activities also include cemetery operations, caboose operations, museum operations, and tourism services.

Water Utility

Water services include all activities associated with water operations. Items include maintenance and enhancements of the water supply system, water treatment, and water distribution system.

Sewer Utility

Sewer services include all activities associated with sanitary sewer operations. Items include maintenance and enhancements of the sewer collection system and existing infrastructure.

Lytton Museum and Archives Commission

Lytton Museum and Archives Commission was established as per the Municipal Charter Regulations in 2009 . The Village appoints its directors as per the Charter Regulations, and the directors are responsible for daily and routine activities. This commission operates separate bank account and maintains a separate ledger. The Village help in fundraising, issues and signs all fundraising receipts and help in applications and processing of funds and grants, and keeps all directors minutes . The cumulative surpluses has been included in deferred revenue (see Note 15) .

Segmented information has been identified based upon lines of service provided by the Village. Village services are provided by departments and their activities are reported by functional area in the body of the financial statements.

The Corporation of the Village of Lytton
Notes to the Financial Statements
For the Year Ended December 31, 2018

19 Endowments

The Village has endowment funds totalling to \$251,907 (2017- \$151,907) held by the BC Interior Foundation . The funds are permanent funds with the Foundation and provide income for health and other Lytton village community needs and this income can only be distributed if the recipient meets the criteria and there is approval by the Village's Council. The funds are owned by Lytton Village but are not under the control of the village and therefore, are not included as long term investments. In 2018, the Village received a \$50,000 gift from Northern Development Initiative Trust (NDIT) under a matching grant program. The Village transferred the NDIT gift plus an additional \$50,000 into this matching grant making another Lytton Community Fund-Matching endowment fund of \$100,000. The cumulative interest amounting to \$68,161 (2017- \$48,096) received from these endowment funds is owned by the Lytton Village but are restricted for specific purposes and therefore not recognized as revenue until spent as required.

Changes to the endowment balances are as follows:

	2018	2017
	\$	\$
Lytton Community Fund	5,045	5,045
Lytton Community Health Fund	146,862	146,862
Lytton Community Fund-Matching grant	100,000	-
	<u>251,907</u>	<u>151,907</u>

20 Comparative Figures

Certain comparative figure have been reclassified to conform to the financial statement presentation in the current year.

The Corporation of the Village of Lytton
 SCHEDULE 1: Segmented Information
 For the Year Ended December 31, 2018

	General Administration and Legislative Services	Protective Services	Public Works and Transportation Services	Environmental and Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	Museum and Archives	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Real property taxes	339,592	-	-	-	-	-	-	-	339,592
Grants in lieu of taxes	8,842	13,546	-	-	-	-	-	-	22,387
Sale of services	-	78,808	615	-	-	87,695	119,210	-	286,328
Licenses and permits	2,577	-	-	-	-	-	-	-	2,577
Rentals and general services	22,261	-	-	-	19,064	-	-	-	41,325
Return on investments	31,835	-	-	-	-	-	-	-	31,835
Penalties and interest on taxes	5,896	-	-	-	-	-	-	-	5,896
Other income	5,938	-	-	-	-	-	-	5,135	10,073
Government transfers (Note 15)	387,349	2,070	65,199	-	24,009	1,654,441	-	-	2,147,068
Total revenue	802,278	84,423	65,814	-	43,072	1,756,136	119,210	5,135	2,806,078
Expenditures									
Administration	368,620	36,191	44,079	3,233	28,459	29,029	19,125	1,187	530,924
Insurance	14,346	3,929	4,393	-	558	-	-	-	23,224
Interest	25,443	-	-	-	-	-	7,200	-	32,643
Repairs and maintenance	8,678	7,522	16,775	-	7,444	47,530	22,310	-	108,258
Wages and benefits	248,507	2,109	119,278	-	49,149	24,722	52,093	-	477,858
Amortization	663,392	49,752	175,525	3,233	77,808	101,282	100,729	1,187	1,172,907
Total Expenditures	953,503	-	-	-	-	33,131	34,124	-	122,758
Deposital of tangible capital assets	719,098	49,752	175,825	3,233	77,808	134,412	134,853	1,187	1,298,665
Total expenditure	719,098	49,752	175,825	3,233	77,808	134,412	134,853	1,187	1,298,665
Annual surplus (deficit)	83,184	44,672	(109,710)	(3,233)	(34,736)	1,621,724	(15,643)	3,948	1,507,413

	General Administration and Legislative Services	Protective Services	Public Works and Transportation Services	Environmental and Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	Museum and Archives	Total 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Real property taxes	364,104	-	-	-	-	-	-	-	364,104
Grants in lieu of taxes	8,191	12,964	-	-	-	-	-	-	21,055
Sale of services	-	78,358	230	-	-	79,837	120,535	-	278,758
Licenses and permits	56	-	-	2,295	1,125	-	-	-	3,476
Rentals and general services	20,561	-	3,050	-	13,562	-	-	-	37,173
Return on investments	17,550	-	-	-	-	-	-	-	17,550
Penalties and interest on taxes	4,827	-	-	-	-	-	-	-	4,827
Other income	5,505	-	3,695	-	-	-	6,043	-	17,246
Government transfers	371,457	18,825	68,116	-	-	703,599	-	-	1,159,997
Total revenue	792,051	108,047	73,093	2,295	14,667	783,236	126,568	-	1,901,868
Expenditures									
Administration	158,456	43,724	17,052	85,559	21,971	23,792	26,904	-	357,458
Insurance	9,818	64	4,848	-	582	-	-	-	15,312
Interest	2,905	-	-	-	-	-	7,200	-	10,105
Repairs and maintenance	5,463	13,581	35,560	-	12,848	188,225	12,320	-	267,997
Wages and benefits	296,424	3,853	101,829	-	57,126	53,049	39,518	-	551,399
Amortization	473,066	81,022	159,069	85,559	82,527	285,067	85,941	-	1,202,269
Total expenditure	579,569	81,022	159,069	85,559	92,527	298,197	120,066	-	1,326,028
Annual surplus (deficit)	262,482	47,025	(85,996)	(83,264)	(77,860)	485,039	6,502	-	575,840

The Corporation of the Village of Lytton
Schedule 2 - Schedule of Tangible Capital Assets
For the Year Ended December 31, 2018

	Engineering Structures	Machinery and Equipment	Land	Sewer	Water	Work In Progress	2018
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, January 1, 2018	1,029,435	757,933	75,841	1,294,389	1,854,139	574,733	5,692,901
Acquisition of tangible capital assets	22,393	12,919	-	-	-	1,608,780	1,645,717
Disposal of tangible capital assets		(25,426)					(25,426)
Balance, end of year	1,051,828	745,426	75,841	1,294,389	1,854,139	2,183,513	7,313,192
Accumulated amortization							
Balance, beginning of year	(396,375)	(479,545)	-	(531,069)	(589,936)	-	(2,073,022)
Disposal		12,272					12,272
Annual amortization	(18,348)	(37,603)		(34,125)	(33,129)	-	(122,755)
Balance, December 31, 2018	(412,723)	(504,876)	-	(565,194)	(623,065)	-	(2,183,505)
Net book value	639,105	240,550	75,841	729,195	1,231,074	2,183,513	5,129,687
	Engineering Structures	Machinery and Equipment	Land	Sewer	Water	Work In Progress	2017
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, January 1, 2017	984,977	720,055	75,841	1,284,966	1,854,139	-	5,026,409
Acquisition of tangible capital assets	44,458	37,878	-	9,423	-	574,733	666,492
Balance, end of year	1,029,435	757,933	75,841	1,294,389	1,854,139	574,733	5,692,901
Accumulated amortization							
Balance, beginning of year	(378,033)	(442,939)	-	(496,945)	(556,805)	-	(1,949,284)
Annual amortization	(18,342)	(36,606)	-	(34,124)	(33,131)	-	(123,758)
Balance, December 31, 2017	(396,375)	(479,545)	-	(531,069)	(589,936)	-	(2,073,022)
Net book value	633,060	278,388	75,841	763,320	1,264,203	574,733	3,619,879