

Village of Lytton
Financial Statements
For the year ended December 31, 2022

Village of Lytton
Financial Statements
For the year ended December 31, 2022

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Village of Lytton (the "Village") 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 Village of Lytton maintains systems of internal accounting and administrative controls of reasonable 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 Village of Lytton 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 take this information into consideration when approving the financial statements for issuance to the taxpayers. 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 generally accepted auditing standards on behalf of the taxpayers. BDO Canada LLP has full access to the Council and management.



Chief Financial Officer

Independent Auditor's Report

To the Members of Council, Inhabitants and Taxpayers of the
Village of Lytton

Disclaimer of Opinion

We were engaged to audit the financial statements of the Village of Lytton (the "Village"), which comprise the statement of financial position as at December 31, 2022, and the statement of change in net financial assets, statement of operations, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Village. Because of the significance of the matter described in the Basis for Disclaimer section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As disclosed in Note 2, approximately 90% of the Village of Lytton, including city hall and administrative buildings, were burned beyond repair by the Lytton Creek Wildfire on June 30, 2021. Due to the speed of the wildfire, all equipment and records were burned beyond repair by the fire, resulting in a loss of all data and records. Furthermore, internal controls were temporarily compromised during the evacuation and initial state of emergency as the Village transitioned to remote management and operations, which could have created further misstatements. As a result of these circumstances, we were unable to recover necessary audit documentation to support an audit opinion, and therefore, were unable to determine whether any adjustments were necessary in respect of the Village's financial assets, liabilities and non-financial assets, revenue and expenses, and the elements making up the statement of changes in net financial assets and the cash flow statement for the year ending December 31, 2021. As the amounts reported at December 31, 2021 in respect of the Village's financial assets, liabilities and non-financial assets impact the results of operations and cash flows for the December 31, 2022 we were unable to determine what changes to revenues and expenses, annual surplus, changes in net financial assets, accumulated surplus and cash flows may be required. Throughout the 2022 year, management worked with Provincial and other agencies to begin the planning for the rebuild of the community and continued to receive emergency funding. However, until the rebuild of the community has entered the final planning stages management will be unable to determine if there are any additional tangible capital assets that were impaired as a result of the wildfires.



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 responsibility is to conduct an audit of the Village's financial statements in accordance with Canadian generally accepted auditing standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were 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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on pages 28-29 of the Village's Financial Statements.

Chartered Professional Accountants

Kamloops, British Columbia
January 15, 2024

Village of Lytton
Statement of Financial Position

As at December 31	2022	2021
Financial assets		
Cash and cash equivalents (Note 3)	\$ 8,671,206	\$ 2,505,519
Short-term investments (Note 4)	14,629,196	959,930
Taxes and utilities receivable	245,939	380,446
Accounts receivable	899,186	2,854,546
	24,445,527	6,700,441
Liabilities		
Accounts payable and accrued liabilities	6,333,906	2,933,472
Employee payables	11,799	21,333
Deferred revenue (Note 6)	10,789,393	1,102,892
Long-term debt (Note 7)	35,688	44,761
	17,170,786	4,102,458
Net financial assets	7,274,741	2,597,983
Non-financial assets		
Tangible capital assets (Note 8)	6,107,454	5,583,505
Prepaid expenses and deposits	5,464	720
	6,112,918	5,584,225
Accumulated surplus (Note 9)	\$13,387,659	\$ 8,182,208

Contingent Liabilities (Note 12)

 <hr style="width: 100%;"/>	<p>Chief Financial Officer</p>	 <hr style="width: 100%;"/>	<p>Mayor</p>
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Village of Lytton
Statement of Operations

For the year ended December 31	Fiscal Plan	2022	2021
Revenue (Note 18)			
Taxation - net (Note 10)	\$ 326,419	\$ 343,183	\$ 391,965
Sale of services	120,723	82,933	379,836
Return on investments	12,000	171,133	16,053
Other income	-	107,572	5,570
Government transfers (Note 11)	2,208,921	553,849	746,831
Recovery funding	27,349,214	24,258,945	3,313,758
Loss on impairment (Note 8)	-	-	(810,357)
	30,017,277	25,517,615	4,043,656
Expenses (Note 18)			
General administrative and legislative services	1,055,448	628,011	675,102
Protective services	44,150	24,842	119,019
Public works and transportation services	220,710	77,917	164,406
Recreation and cultural services	13,814	3,678	48,918
Recovery and Planning services	7,800,250	19,399,440	2,930,198
Water services	218,635	125,220	296,018
Sewer services	134,741	53,056	200,774
	9,487,748	20,312,164	4,434,435
Annual surplus (deficit)	20,529,529	5,205,451	(390,779)
Accumulated surplus, beginning of year	8,182,208	8,182,208	8,572,987
Accumulated surplus, end of year	\$28,711,737	\$13,387,659	\$ 8,182,208

The accompanying notes are an integral part of these financial statements.

Village of Lytton
Statement of Change in Net Financial Assets

For the year ended December 31	Fiscal Plan	2022	2021
Annual surplus (deficit)	\$20,529,529	\$ 5,205,451	\$ (390,779)
Acquisition of tangible capital assets	(1,531,588)	(690,533)	(102,130)
Amortization of tangible capital assets	191,200	166,584	154,538
Impairment of tangible capital assets	-	-	810,357
	19,189,141	4,681,502	471,986
Acquisition of prepaid expenses and deposits	-	(4,744)	20,741
Net change in net financial assets	19,189,141	4,676,758	492,727
Net financial assets, beginning of year	2,597,983	2,597,983	2,105,256
Net financial assets, end of year	\$21,787,124	\$ 7,274,741	\$ 2,597,983

Village of Lytton
Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Annual surplus (deficit)	\$ 5,205,451	\$ (390,779)
Items not involving cash		
Amortization	166,584	154,538
Impairment of tangible capital assets	-	810,357
Actuarial adjustment on debt	(18,338)	(11,722)
Changes in non-cash operating balances		
Accounts receivable	2,089,766	(2,957,620)
Inventories for resale	-	498
Accounts payable and accrued liabilities	3,390,999	2,733,652
Deferred revenue	9,686,501	987,147
Prepaid expenses and deposits	(4,743)	20,741
	<u>20,516,220</u>	<u>1,346,812</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(690,533)</u>	<u>(102,130)</u>
Investing transaction		
Purchase of short-term investments	<u>13,669,265</u>	<u>(11,499)</u>
Financing transactions		
Principal payment on long-term debt	<u>9,265</u>	<u>(9,073)</u>
Net increase in cash	6,165,687	1,224,110
Cash, beginning of year	<u>2,505,519</u>	<u>1,281,409</u>
Cash, end of year	<u>\$ 8,671,206</u>	<u>\$ 2,505,519</u>

Village of Lytton
Notes to the Financial Statements

December 31, 2022

1. Significant Accounting Policies

Government Reporting
Entity

The Village of Lytton (the "Village") was incorporated on May 3, 1945 under the statute of the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities include the provision of local government services to the residents of the Lytton area. These include administration, protective, transportation, environmental, recreational, water and sewer services.

Basis of Presentation

The financial statements of the Village have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

Cash and Cash
Equivalents

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

Short-term Investments

Short-term 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.

Inventories for Resale

Inventories held for resale are recorded at cost which does not exceed net realizable value. Cost is determined on a first in, first out basis.

Prepaid expenses

Various items are included in prepaid expenses including insurance and deposits. These items are intended to be included in expenses in the next financial reporting period and as such are not considered financial instruments.

December 31, 2022

1. Significant Accounting Policies (continued)

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.

Natural resources that have been purchased are not recorded as assets in the financial statements.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

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:

Buildings and building improvements	20 to 60 years
Engineering structures	50 to 100 years
Machinery and equipment	3 to 30 years
Water systems and equipment	5 to 75 years
Sewer systems and equipment	30 to 75 years

Amortization is charged to the date the asset is sold in the year of disposal.

The Village does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Village's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses 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.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Collection of Taxes on
Behalf of Other Taxation
Authorities

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Thompson-Nicola Regional District, Hospital District and any other government entities with which the Village interacts are not reflected in these financial statements.

Trust Funds

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.

Reserve Funds

Reserves represent amounts set aside for specific or future expenditures. Statutory reserves require the passing of a by-law to establish the reserve. Reserve accounts require an approved council budget and resolution.

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.

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 Grants
and Transfers

Government grants and 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.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

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 remediation, future economic benefits will be given up and a reasonable estimate can be made.

Revenue Recognition Taxation for municipal purposes is recorded at estimated amounts when it meets the definition of an asset, has been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decision, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Water and sewer user rates, connection fees, sale of services and interest and penalties assessed on taxes are recognized as revenue in the year the related service is provided and if and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Other revenue is recognized on an accrual basis.

Long-term Debt Term debt acquired through the Municipal Finance Authority ("MFA") is recorded net of related sinking fund balances. Earnings on sinking funds investments are allocated to the Village as an actuarial adjustment, which is recorded as a revenue and a reduction in the related debt.

Property Subject to Redemption Property subject to redemption is recorded at the lower of cost and net realizable value. Cost is defined as the cost deemed paid to acquire the property at tax sale, plus amounts for improvements to prepare the property for sale or servicing. Net realizable value is defined as the outstanding taxes receivable by the Village on that property, plus land title registry and other fees payable at the time of the tax sale.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

2. Significant Events

On June 30, 2021, approximately 90% of the Village of Lytton, including city hall and administrative buildings, were burned beyond repair by the Lytton Creek Wildfire. The full extent of the damages, or costs to rebuild, has not yet been fully assessed. The council has pledged to rebuild Lytton and multiple organizations have pledged support to help rebuild the Village, including donations from charities and lumber companies, and support from the Provincial and Federal Government. Due to the speed of the wildfire, all equipment and records were burned by the fire, resulting in a loss of all data and records. Mayor and council, and other government officials, continue to work remotely. Although work to restore the Village is ongoing, the true impact of the damage to infrastructure is still unknown.

3. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
General funds	\$ 7,857,398	\$ 2,269,220
Museum - operating	71,231	68,331
Donations	742,577	167,968
	<u>\$ 8,671,206</u>	<u>\$ 2,505,519</u>

Included in cash and cash equivalents is interest amounting to \$29,868 (2021 - \$49,868) received from endowment funds with the BC Interior Community Foundation, which are restricted for betterment of health and other related services in the the Village of Lytton.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

4. Short-term Investments

	2022	2021
MFA money market fund	\$ 968,269	\$ 949,930
Scotiabank GIC with an interest rate of 0.55% to 2.49% maturing in February and June 2023	50,000	10,000
Scotiabank GIC with an interest rate of 3.15% to 4.45% and, maturing January and July 2023	1,404,788	-
Scotiabank GIC with an interest rate of 3.90% to 4.50% and, maturing October and December 2023	12,206,139	-
	\$14,629,196	\$ 959,930

MFA money market funds include bank-issued notes, bonds and provincial bonds and debentures.

5. Employee Future Benefits

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2021, the Plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local government.

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

The most recent valuation as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$18,558 (2021 - \$34,214) for employer contributions to the Plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the Plan record their pension expenses 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.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

6. Deferred Revenue

	Balance at December 31, 2021	Funds Collected	Recognized	Balance at December 31, 2022
BC Interior Community Foundation and Other	\$ 101,523	\$ -	\$ -	\$ 101,523
Lytton Museum and Archives	4,822	-	(4,822)	-
BC Department of Forestry	996,547	-	(496,547)	500,000
Municipal Affairs - Core Operations for 2022	-	700,000	(262,481)	437,519
Municipal Affairs - Core Operations for 2023 & 2024	-	1,400,000	-	1,400,000
EMBC Recovery Grant	-	23,553,975	(17,669,901)	5,884,074
Municipal Affairs - Wildfire Response	-	6,260,000	(3,793,723)	2,466,277
	<u>\$ 1,102,892</u>	<u>\$ 31,913,975</u>	<u>\$(22,227,474)</u>	<u>\$ 10,789,393</u>

7. Long-term Debt

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

	2022	2021
Municipal Finance Authority, debt instruments, repayable in blended annual repayments of \$17,623, bearing interest at a rate of 2.40% per annum, maturing in 2023.	<u>35,688</u>	<u>44,761</u>

Village of Lytton
Notes to the Financial Statements

December 31, 2022

7. Long-term Debt (continued)

Principal payments relating to long-term debt of \$35,688 outstanding are due as follows:

2023	\$ 9,073
2024	9,073
Sinking funds	<u>17,542</u>
	<u>\$ 35,688</u>

Total interest on long-term liabilities reported in the statement of operations amounts to \$7,914 (2021 - \$4,275). The long-term liabilities above have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit described by the Ministry of Municipal Affairs.

As a condition of the MFA borrowings made by the Village, and as required by legislation, a debt reserve fund is maintained in the amount of one-half the average annual instalment of principal and interest as set out in the agreements entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the Village may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in these financial statements. Details of the cash deposits and demand notes on hand at year end are as follows:

	<u>2022</u>	<u>2021</u>
Demand notes	\$ 8,699	\$ 8,699
Cash deposits	5,354	5,354
	<u>\$ 14,053</u>	<u>\$ 14,053</u>

Village of Lytton
Notes to the Financial Statements

December 31, 2022

8. Tangible Capital Assets

								2022
	Land	Buildings and building improvements	Roads and linear assets	Vehicles, machinery and equipment	Water and sewer infrastructure	Sewer infrastructure	Assets under construction	Total
Cost, beginning of year	\$ 75,641	\$ -	\$ 186,046	\$ 461,154	\$ 5,408,048	\$ 1,300,883	\$ -	\$ 7,431,772
Additions	-	23,000	-	611,868	-	55,665	-	690,533
Cost, end of year	75,641	23,000	186,046	1,073,022	5,408,048	1,356,548	-	8,122,305
Accumulated amortization, beginning of year	-	-	56,848	369,505	755,853	666,061	-	1,848,267
Amortization	-	-	3,721	34,048	94,949	33,866	-	166,584
Accumulated amortization, end of year	-	-	60,569	403,553	850,802	699,927	-	2,014,851
Net carrying amount, end of year	\$ 75,641	\$ 23,000	\$ 125,477	\$ 669,469	\$ 4,557,246	\$ 656,621	\$ -	\$ 6,107,454

The Village manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located in Village sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

As described in Note 2, the Village was heavily damaged due to a wildfire. The wildfire created significant damage to infrastructure of the Village as well as significant damage to the properties of the inhabitants of the Village. The Village has recognized an impairment loss of \$810,357 during the 2021 year relating to infrastructure, buildings and equipment that were either destroyed or significantly damaged to the point of not being functional for service to the Village.

December 31, 2022

8. Tangible Capital Assets (continued)

2021

	Land	Buildings and building improvements	Roads and linear assets	Vehicles, machinery and equipment	Water and sewer infrastructure	Sewer infrastructure	Assets under construction	Total
Cost, beginning of year	\$ 75,641	\$ 106,631	\$ 1,077,828	\$ 788,948	\$ 5,333,805	\$ 1,317,851	\$ 217,229	\$ 8,917,933
Additions	-	-	-	10,660	87,797	3,673	-	102,130
Transfers	-	-	-	-	217,229	-	(217,229)	-
Write-downs	-	(106,631)	(891,782)	(338,454)	(230,783)	(20,641)	-	(1,588,291)
Cost, end of year	75,641	-	186,046	461,154	5,408,048	1,300,883	-	7,431,772
Accumulated amortization, beginning of year	-	80,705	449,659	555,116	751,503	634,680	-	2,471,663
Amortization	-	526	10,760	15,525	93,579	34,148	-	154,538
Write-downs	-	(81,231)	(403,571)	(201,136)	(89,229)	(2,767)	-	(777,934)
Accumulated amortization, end of year	-	-	56,848	369,505	755,853	666,061	-	1,848,267
Net carrying amount, end of year	\$ 75,641	\$ -	\$ 129,198	\$ 91,649	\$ 4,652,195	\$ 634,822	\$ -	\$ 5,583,505

Village of Lytton
Notes to the Financial Statements

December 31, 2022

9. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2022	2021
Unrestricted surplus:		
Operating surplus - general	\$ 5,403,276	\$ 763,574
Operating surplus - water	246,673	253,548
Operating surplus - sewer	(107,816)	(119,905)
	5,542,133	897,217
Investment in tangible capital assets:		
Equity in tangible capital assets - general	893,775	296,488
Equity in tangible capital assets - sewer	620,933	679,583
Equity in tangible capital assets - water	4,557,147	4,652,195
	6,071,855	5,628,266
Non-statutory reserves:		
General stabilization	152,379	152,379
Vehicle and equipment	52,428	52,428
Legal and insurance	69,807	69,807
Water utility reserve fund	55,892	55,892
Sewer utility reserve fund	10,210	10,210
Capital works	592,652	592,652
Community works gas tax	799,221	723,357
Climate action reserve	41,082	-
	1,773,671	1,656,725
	\$13,387,659	\$ 8,182,208

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

10. Municipal Taxation and Grants-in-Lieu of Taxes

	2022	2021
Municipal and school property taxes levied	\$ 305,592	\$ 361,783
Property tax penalties	22,969	6,895
Payments in-lieu of taxes	14,622	24,439
Thompson-Nicola Regional District	21,160	39,540
Thompson Regional Hospital District	10,253	18,736
Province of British Columbia - school taxes	48,830	107,593
Province of British Columbia - police taxes	10,408	14,764
British Columbia Assessment Authority	2,703	3,053
Municipal Finance Authority	6	9
	436,543	576,812
Transfers		
Thompson-Nicola Regional District	21,160	39,539
Thompson Regional Hospital District	10,253	18,736
Province of British Columbia - school taxes	48,830	108,642
Province of British Columbia - police taxes	10,408	14,868
British Columbia Assessment Authority	2,703	3,053
Municipal Finance Authority	6	9
	93,360	184,847
Available for municipal purposes	\$ 343,183	\$ 391,965

Village of Lytton
Notes to the Financial Statements

December 31, 2022

11. Government Grants and Transfers

	2022	2021
Provincial transfers		
Wildfire response	-	9,400
Recovery funding	22,053,913	2,526,195
Other contributions	-	29,213
BC Climate Action Preparedness	41,082	-
	22,528,623	2,908,808
Federal transfers		
Community Works Funding	68,839	138,222
UBCM Federal Gas Tax Fund - Water System Upgrade	-	14,548
UBCM Federal Gas Tax Fund - Sewer System Operations	-	185,014
UBCM Federal Gas Tax Fund - Wildfire Prevention	-	22,981
Healthy Community Initiative	10,300	-
	79,139	360,765
	\$22,607,762	\$ 3,269,573

December 31, 2022

12. Contingent Liabilities

Debts of the Thompson-Nicola Regional District (the "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 Village of Lytton.

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 would materially affect the financial statements of the Village. 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.

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.

13. Contaminated Sites

Management has assessed its potential liabilities under the standard including sites that are no longer in productive use and sites 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 is recognized at December 31, 2022 or 2021.

14. Funds Held in Trust

The Village maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act of British Columbia. Trust fund assets, the related reserve balance and the operations of the fund have been excluded from the financial statements as the assets are beneficially held only, in trust for unrelated third parties. At December 31, 2022 the Village held \$13,625 (2021 - \$13,625) in trust.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

15. Budget

The Financial Plan (Budget) Bylaw adopted by Council on May 11, 2022 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 require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$251,415. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of financial operations and change in net financial assets represent the Financial Plan adopted by Council on May 11, 2022 with adjustments as follows:

	2022
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	1,520,000
Long-term debt principal payments	9,100
Recovery capital	18,876,964
Less:	
Transfers from surpluses and reserves	314,665
Transfer from equity in tangible capital assets for amortization	(191,200)
Financial Plan (Budget) Bylaw surplus per statement of financial operations	\$20,529,529

16. Endowments

The Village has endowment funds totalling to \$254,062 (2021 - \$253,862) 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 \$81,857 (2021 - \$68,453) 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 as follows:

	2022	2021
Lytton Community Fund	\$ 6,975	\$ 6,775
Lytton Community Health Fund	146,887	146,887
Lytton Community Fund - Matching Grant	100,200	100,200
	\$ 254,062	\$ 253,862

17. Segmented Information

Segmented information has been identified based upon lines of service provided by the Village. Services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the activities they encompass, are as follows:

General administration and legislative services

General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, and any other functions not categorized to a specific department.

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.

Recovery and planning services

Recovery and planning services include all activity related to debris removal and remediation of the Village as well as re-establishing planning functions for the Village.

Parks, recreation and cultural services

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

Water and sewer utilities

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

December 31, 2022

18. Segmented Information (continued)

Lytton museum and archives commission

Lytton museum and archives commission were 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 a separate bank accounts and maintains a separate ledger. The Village helps in fundraising, issues and signs all fundraising receipts and helps in applications and processing of funds and grants, and keeps all directors' minutes. The cumulative surpluses have been included in deferred revenue (see note 5).

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Village of Lytton
Notes to the Financial Statements

December 31, 2022

18. Segmented Information (continued)

2022

	General Administrative and Legislative Services	Protective Services	Public Works and Transportation Services	Recreation and Cultural Services	Recovery and Planning Services	Water Services	Sewer Services	Total
Revenue								
Taxation - net	\$ 343,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,183
Sale of services	22,711	11,257	910	2,546	-	23,495	22,014	82,933
Return on investments	152,795	-	-	-	-	-	18,338	171,133
Other income	107,532	-	40	-	-	-	-	107,572
Government transfers	553,849	-	-	-	-	-	-	553,849
Recovery funding	-	-	-	-	24,258,945	-	-	24,258,945
	<u>1,180,070</u>	<u>11,257</u>	<u>950</u>	<u>2,546</u>	<u>24,258,945</u>	<u>23,495</u>	<u>40,352</u>	<u>25,517,615</u>
Expenditures								
Special projects	-	2,050	-	-	-	-	-	2,050
Salaries, wages and benefits	245,966	4,492	50,164	570	-	51,416	33,425	386,033
Materials, goods and supplies	39,435	3,769	9,819	1,193	-	1,494	-	55,710
Contracted property service costs	52,709	11,322	7,762	1,750	-	71,504	8,387	153,434
Contract professional service costs	121,230	3,209	10,172	165	-	806	3,330	138,912
Recovery costs	-	-	-	-	19,399,440	-	-	19,399,440
Fiscal expenses	168,671	-	-	-	-	-	7,914	176,585
	<u>628,011</u>	<u>24,842</u>	<u>77,917</u>	<u>3,678</u>	<u>19,399,440</u>	<u>125,220</u>	<u>53,056</u>	<u>20,312,164</u>
Surplus (deficit)	\$ 552,059	\$ (13,585)	\$ (76,967)	\$ (1,132)	\$ 4,859,505	\$ (101,725)	\$ (12,704)	\$ 5,205,451

Village of Lytton
Notes to the Financial Statements

December 31, 2022

18. Segmented Information (continued)

2021

	General Administrative and Legislative Services	Protective Services	Public Works and Transportation Services	Recreation and Cultural Services	Recovery and Planning Services	Water Services	Sewer Services	Total
Revenue								
Taxation - net	\$ 391,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,965
Sale of services	38,202	74,976	275	9,776	-	119,319	137,288	379,836
Return on investments	4,331	-	-	-	-	-	11,722	16,053
Other income	5,545	-	25	-	-	-	-	5,570
Government transfers	732,283	-	-	-	-	14,548	-	746,831
Impairment loss	(650,829)	-	-	-	-	(141,654)	(17,874)	(810,357)
Recovery funding	-	-	-	-	3,313,758	-	-	3,313,758
	<u>521,497</u>	<u>74,976</u>	<u>300</u>	<u>9,776</u>	<u>3,313,758</u>	<u>(7,787)</u>	<u>131,136</u>	<u>4,043,656</u>
Expenditures								
Special projects	3,368	73,103	-	22	-	71,803	-	148,296
Salaries, wages and benefits	247,899	6,190	106,456	9,699	-	56,501	51,314	478,059
Materials, goods and supplies	96,058	6,078	34,395	33,837	13,906	-	1,451	185,725
Contracted property service costs	115,460	11,170	7,805	3,522	-	12,090	46,814	196,861
Contract professional service costs	184,336	22,478	15,750	1,838	-	23,670	23,576	271,648
Other costs	-	-	-	-	2,916,292	38,375	39,196	2,993,863
Fiscal expenses	27,981	-	-	-	-	93,579	38,423	159,983
	<u>675,102</u>	<u>119,019</u>	<u>164,406</u>	<u>48,918</u>	<u>2,930,198</u>	<u>296,018</u>	<u>200,774</u>	<u>4,434,435</u>
Surplus (deficit)	\$ (153,605)	\$ (44,043)	\$ (164,106)	\$ (39,142)	\$ 383,560	\$ (303,805)	\$ (69,638)	\$ (390,779)

Village of Lytton
Schedule 1 - Expenses for Municipal Affairs Grant
Unaudited

Category in Agreement	Budget			Actuals	
	Original	Reallocation - June 30, 2022	Revised	December 31, 2021	December 31, 2022
(1) Disaster Financial Assistance Projects	335,000	- 78,751	256,249		
(2) Consultants / Contractors					
Emergency Response	750,000	- 50,000	700,000	228,970	543,872
Recovery Support	375,000	- 348,648	26,352		169,378
(3) Staff					
Executive	325,000		325,000	71,327	385,852
Administration	185,000		185,000	2,189	39,462
Emergency Recovery	535,000		535,000	68,850	192,187
(4) Operations					
Record Retrieval + Financial Rebuild	250,000		250,000	179,902	55,888
Communications, permitting, travel	475,000		475,000	7,137	235,768
(5) Recovery Planning					
Recovery Planning Costs	700,000		700,000	130,557	132,297
Interim Housing Plan	80,000		80,000		
(6) Environmental Remediation	800,000		800,000		870,975
(7) Capital					
Fire Truck, generators	700,000	- 71,800	628,200		403,220
Software	50,000		50,000		
(8) Legal	200,000		200,000	33,073	11,254
(9) Archaeology Monitoring	200,000		200,000		8,614
(10) Leverage Grant for Rebuild of Museum	300,000		300,000		
Subtotal	6,260,000	- 549,199	5,710,801	722,005	3,048,767
Fire Department Assessment		50,000	50,000		32,000
Public Works Vehicle and snow plow apparatus		56,800	56,800		49,812
Fire Yard Upgrades		32,870	32,870		31,799
Source Water Assessment by Golder		28,000	28,000		
Locating/GPS of curb stops to Matcon		16,335	16,335		56,344
Sani Sewer Inspection		1,546	1,546		
Executive staff cost		248,648	248,648	134,109	209,586
Admin staff cost		100,000	100,000		
Snow plow		15,000	15,000		
Less : Contribution from Forestry Grant				-	490,699
	6,260,000	-	6,260,000	-	856,114
					2,937,609

Village of Lytton
Schedule 2 - Expenses for 2022 Operational Grant
Unaudited

For the year ended December 31	2022
Balance, beginning of year	\$ 700,000
Expenses	
Accounting & IT Services	38,740
Council Expenses	18,207
Election Services	65,355
Legal Services	10,239
Office Rental Space	30,000
Public Works & IT Services	23,761
Water Operations & Repair	76,179
	<u>262,481</u>
Balance, end of year	<u>\$ 437,519</u>