Village of Lytton

# The Corporation of the Village of Lytton

PO Box 100, 380 Main Street, Lytton, BC VOK 1Z0

# STATEMENT OF FINANCIAL INFORMATION

# (SOFI)

# For the Fiscal Year 2021

**Statement of Financial Information (SOFI)**

**THE CORPORATION OF THE VILLAGE OF LYTTON**

**Fiscal Year Ended December 31, 2021**

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## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

We, the undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in the Statement of Financial Information produced under the *Financial Information Act.*

| | |
|---|---|
| Terry Hawes, LLM, MBA, CPA, CGA, C.Dir.<br>Financial Officer | Denise O'Connor,<br>Mayor |
| Date: | Date: |

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

### MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the Financial Information Act have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, BDO Canada LLP, Chartered Professional Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the Financial Information Act. Their examination includes a review and evaluation of the City's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The Corporation of the Village of Lytton.

Terry Hawes, **LLM, MBA, CPA, CGA, C.Dir.**
Chief Financial Officer

November 9, 2022

***Prepared as required by Financial Information Regulation, Schedule 1, section 9***

# Village of Lytton
## Financial Statements
For the year ended December 31, 2021

# Village of Lytton
## Financial Statements
For the year ended December 31, 2021

Contents

# 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

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BDO Canada LLP
300 – 275 Lansdowne Street
Kamloops, BC V2C 6J3

# 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, 2021, 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.

## Other Matter

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 1 on page 28 of 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.

### 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.

Chartered Professional Accountants

Kamloops, British Columbia
October 27, 2022

| As at December 31 | 2021 | 2020 |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents (Note 3) | $ 2,505,519 | $ 1,281,409 |
| Short-term investments (Note 4) | 959,930 | 948,431 |
| Taxes and utilities receivable | 380,446 | 120,602 |
| Accounts receivable | 2,854,546 | 156,768 |
| Inventories for resale | - | 498 |
| | 6,700,441 | 2,507,708 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 2,933,472 | 183,685 |
| Employee payables | 21,333 | 37,466 |
| Deferred revenue (Note 6) | 1,102,892 | 115,745 |
| Long-term debt (Note 7) | 44,761 | 65,556 |
| | 4,102,458 | 402,452 |
| Net financial assets | 2,597,983 | 2,105,256 |
| Non-financial assets | | |
| Tangible capital assets (Note 8) | 5,583,505 | 6,446,270 |
| Prepaid expenses and deposits | 720 | 21,461 |
| | 5,584,225 | 6,467,731 |
| Accumulated surplus (Note 9) | $ 8,182,208 | $ 8,572,987 |

**Contingent Liabilities** (Note 12)

Chief Financial Officer

Mayor

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

## Village of Lytton
### Statement of Operations

| For the year ended December 31 | Fiscal Plan | 2021 | 2020 |
|---|---|---|---|
| **Revenue** | | | |
| Taxation - net (Note 10) | $ 392,350 | $ 391,965 | $ 376,458 |
| Sale of services | 354,130 | 379,836 | 360,676 |
| Return on investments | 32,000 | 16,053 | 24,174 |
| Other income | 5,800 | 5,570 | 107 |
| Government transfers (Note 11) | 2,162,373 | 746,831 | 888,725 |
| Recovery funding | - | 3,313,758 | - |
| Loss on impairment (Note 8) | - | (810,357) | - |
| | 2,946,653 | 4,043,656 | 1,650,140 |
| **Expenses** | | | |
| General administrative and legislative services | 1,043,252 | 675,102 | 632,625 |
| Protective services | 36,500 | 119,019 | 74,537 |
| Public works and transportation services | 230,969 | 164,406 | 231,303 |
| Recreation and cultural services | 58,985 | 48,918 | 24,988 |
| Planning and development services | 15,100 | 2,930,198 | 65,805 |
| Water services | 194,271 | 296,018 | 235,331 |
| Sewer services | 148,476 | 200,774 | 114,091 |
| | 1,727,553 | 4,434,435 | 1,378,680 |
| Annual surplus (deficit) | 1,219,100 | (390,779) | 271,460 |
| Accumulated surplus, beginning of year | 8,572,987 | 8,572,987 | 8,301,527 |
| Accumulated surplus, end of year | $9,792,087 | $ 8,182,208 | $ 8,572,987 |

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 | 2021 | 2020 |
|---|---|---|---|
| Annual surplus (deficit) | $ 1,219,100 | $ (390,779) | $ 271,460 |
| Acquisition of tangible capital assets | (1,461,415) | (102,130) | (217,229) |
| Amortization of tangible capital assets | 153,200 | 154,538 | 175,167 |
| Impairment of tangible capital assets | - | 810,357 | - |
| | (89,115) | 471,986 | 229,398 |
| Acquisition of prepaid expenses and deposits | - | 20,741 | (11,358) |
| Net change in net financial assets | (89,115) | 492,727 | 218,040 |
| Net financial assets, beginning of year | 2,105,256 | 2,105,256 | 1,887,216 |
| Net financial assets, end of year | $ 2,016,141 | $ 2,597,983 | $ 2,105,256 |

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

# Village of Lytton
## Statement of Cash Flows

| For the year ended December 31 | 2021 | 2020 |
|---|---|---|
| **Operating transactions** | | |
| Annual surplus (deficit) | $ (390,779) | $ 271,460 |
| Items not involving cash | | |
| Amortization | 154,538 | 175,167 |
| Impairment of tangible capital assets | 810,357 | - |
| Actuarial adjustment on debt | (11,722) | (10,732) |
| Changes in non-cash operating balances | | |
| Accounts receivable | (2,957,620) | 145,721 |
| Inventories for resale | 498 | (141) |
| Accounts payable and accrued liabilities | 2,733,652 | 17,066 |
| Deferred revenue | 987,147 | (41,797) |
| Prepaid expenses and deposits | 20,741 | (11,359) |
| | 1,346,812 | 545,385 |
| **Capital transactions** | | |
| Acquisition of tangible capital assets | (102,130) | (217,229) |
| **Investing transaction** | | |
| Purchase of short-term investments | (11,499) | (7,966) |
| **Financing transactions** | | |
| Principal payment on long-term debt | (9,073) | (9,073) |
| Net increase in cash | 1,224,110 | 311,117 |
| Cash, beginning of year | 1,281,409 | 970,292 |
| Cash, end of year | $ 2,505,519 | $ 1,281,409 |

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

December 31, 2021

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. |

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 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.

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. |

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.

## 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, it may take up to 24 months before the true impact of the damage to infrastructure is known.

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

## 3. Cash and cash equivalents

| | 2021 | 2020 |
|---|---|---|
| General funds | $ 2,269,220 | $ 1,222,041 |
| Museum - operating | 68,331 | 59,368 |
| Donations | 167,968 | - |
| | $ 2,505,519 | $ 1,281,409 |

Included in cash and cash equivalents is interest amounting to $49,868 (2020 - $49,678) 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.

## 4. Short-term Investments

| | 2021 | 2020 |
|---|---|---|
| MFA money market fund | $ 949,930 | $ 948,431 |
| Scotiabank GIC with an interest rate of 0.55% and market value of $10,048, maturing in February 2023 | 10,000 | - |
| | $ 959,930 | $ 948,431 |

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 trusteed 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 220,000 active members and approximately 112,000 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, 2018 indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The Village paid $34,214 (2020 - $33,442) for employer contributions to the Plan in fiscal 2021.

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

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.

December 31, 2021

## 6. Deferred Revenue

| | Balance at December 31, 2020 | Collected | Recognized | Balance at December 31, 2021 |
|---|---|---|---|---|
| BC Interior Community Foundation - Health Fund | $ 66,497 | $ - | $ - | $ 66,497 |
| Lytton Museum and Archives | 4,822 | - | - | 4,822 |
| Province of BC | - | 1,000,000 | (3,453) | 996,547 |
| Other | 44,426 | - | (9,400) | 35,026 |
| | $ 115,745 | $ 1,000,000 | $ (12,853) | $ 1,102,892 |

## 7. Long-term Debt

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

| | 2021 | 2020 |
|---|---|---|
| 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. | 44,761 | 65,556 |
| | $ 44,761 | $ 65,556 |

7. Long-term Debt (continued)

Principal payments relating to long-term debt of $44,761 outstanding are due as follows:

| | | |
|---|---|---|
| 2022 | $ | 9,073 |
| 2023 | | 9,073 |
| Sinking funds | | 26,615 |
| | $ | 44,761 |

Total interest on long-term liabilities reported in the statement of operations amounts to $4,275 (2020 - $7,914). 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:

| | 2021 | 2020 |
|---|---|---|
| Demand notes | $ 8,699 | $ 8,699 |
| Cash deposits | 5,354 | 5,264 |
| | $ 14,053 | $ 13,963 |

## 8. Tangible Capital Assets

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 |

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 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, 2021

## 8. Tangible Capital Assets (continued)

2020

| | 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 | $ 1,854,139 | $ 1,317,851 | $ 3,479,666 | $ 8,700,704 |
| Additions | - | - | - | - | - | - | 217,229 | 217,229 |
| Transfers | - | - | - | - | 3,479,666 | - | (3,479,666) | - |
| Cost, end of year | 75,641 | 106,631 | 1,077,828 | 788,948 | 5,333,805 | 1,317,851 | 217,229 | 8,917,933 |
| Accumulated amortization, beginning of year | - | 79,176 | 431,191 | 529,996 | 656,196 | 599,937 | - | 2,296,496 |
| Amortization | - | 1,529 | 18,468 | 25,120 | 95,307 | 34,743 | - | 175,167 |
| Accumulated amortization, end of year | - | 80,705 | 449,659 | 555,116 | 751,503 | 634,680 | - | 2,471,663 |
| Net carrying amount, end of year | $ 75,641 | $ 25,926 | $ 628,169 | $ 233,832 | $ 4,582,302 | $ 683,171 | $ 217,229 | $ 6,446,270 |

## 9. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

| | 2021 | 2020 |
|---|---|---|
| Unrestricted surplus: | | |
| Operating surplus - general | $ 763,574 | $ (12,972) |
| Operating surplus - water | 253,548 | 175,163 |
| Operating surplus - sewer | (119,905) | (23,062) |
| | 897,217 | 139,129 |
| Investment in tangible capital assets: | | |
| Equity in tangible capital assets - general | 296,488 | 963,567 |
| Equity in tangible capital assets - sewer | 679,583 | 617,614 |
| Equity in tangible capital assets - water | 4,652,195 | 5,034,385 |
| | 5,628,266 | 6,615,566 |
| Statutory reserves: | | |
| Caboose maintenance reserve fund | - | 1,079 |
| | - | 1,079 |
| Non-statutory reserves: | | |
| General stabilization | 152,379 | 175,168 |
| Vehicle and equipment | 52,428 | 52,428 |
| Legal and insurance | 69,807 | 69,807 |
| COVID-19 safe restart grant | - | 275,921 |
| 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 | 723,357 | 585,135 |
| | 1,656,725 | 1,817,213 |
| | $ 8,182,208 | $ 8,572,987 |

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

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

| | 2021 | 2020 |
|---|---|---|
| Municipal and school property taxes levied | $ 361,783 | $ 349,965 |
| Payments in-lieu of taxes | 6,895 | 3,023 |
| Property tax penalties | 24,439 | 23,419 |
| Thompson-Nicola Regional District | 39,540 | 41,681 |
| Thompson Regional Hospital District | 18,736 | 19,751 |
| Province of British Columbia - school taxes | 107,593 | 98,347 |
| Province of British Columbia - police taxes | 14,764 | 15,330 |
| British Columbia Assessment Authority | 3,053 | 3,163 |
| Municipal Finance Authority | 9 | 10 |
| | 576,812 | 554,689 |
| Transfers | | |
| Thompson-Nicola Regional District | 39,539 | 41,650 |
| Thompson Regional Hospital District | 18,736 | 19,732 |
| Province of British Columbia - school taxes | 108,642 | 98,347 |
| Province of British Columbia - police taxes | 14,868 | 15,330 |
| British Columbia Assessment Authority | 3,053 | 3,163 |
| Municipal Finance Authority | 9 | 9 |
| | 184,847 | 178,231 |
| Available for municipal purposes | $ 391,965 | $ 376,458 |

December 31, 2021

## 11. Government Grants and Transfers

| | 2021 | 2020 |
|---|---|---|
| Provincial transfers | | |
| Small Community Protection Grant | $ 344,000 | $ 347,238 |
| Firesmart Grant | - | 3,424 |
| COVID-19 Safe Restart Grant | - | 248,000 |
| Community to Community Forum Grant | - | 6,941 |
| Tourism Grant | 9,400 | 39,450 |
| Recovery funding | 2,526,195 | - |
| Other contributions | 29,213 | - |
| | 2,908,808 | 645,053 |
| Federal transfers | | |
| Community Works Funding | 138,222 | 65,611 |
| UBCM Federal Gas Tax Fund - Water System Upgrade | 14,548 | 178,061 |
| UBCM Federal Gas Tax Fund - Sewer System Operations | 185,014 | - |
| UBCM Federal Gas Tax Fund - Wildfire Prevention | 22,981 | - |
| | 360,765 | 243,672 |
| | $ 3,269,573 | $ 888,725 |

## 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 it 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, 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, 2021 the Village held $13,625 (2020 - $13,625) in trust.

## 15. Budget

The Financial Plan (Budget) Bylaw adopted by Council on April 16, 2021 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 April 16, 2021 with adjustments as follows:

| | 2021 |
|---|---|
| Financial Plan (Budget) Bylaw surplus for the year | $ - |
| Add: | |
| Capital expenditures | 1,461,415 |
| Long-term debt principal payments | 9,100 |
| Less: | |
| Transfers from surpluses and reserves | (98,215) |
| Long-term debt proceeds | - |
| Transfer from equity in tangible capital assets for amortization | (153,200) |
| Financial Plan (Budget) Bylaw surplus per statement of financial operations | $ 1,219,100 |

## 16. Endowments

The Village has endowment funds totaling to $253,862 (2020 - $253,672) 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 $68,453 (2020 - $68,263) 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:

| | 2021 | 2020 |
|---|---|---|
| Lytton Community Fund | $ 6,775 | $ 5,080 |
| Lytton Community Health Fund | 146,887 | 147,891 |
| Lytton Community Fund - Matching Grant | 100,200 | 100,701 |
| | $ 253,862 | $ 253,672 |

## 17. Comparative Figures

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

## 18. 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.

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

Parks, recreation and cultural services
Recreation and cultural services include all activities associated with operations of parks, recreation and cultural services. Activities also include cemetary 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.

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.

December 31, 2021

18. Segmented Information (continued)

| | General Administrative and Legislative Services | Protective Services | Public Works and Transportation Services | Recreation and Cultural Services | Planning and Development Services | Water Services | Sewer Services | 2021 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 |
| | 521,497 | 74,976 | 300 | 9,776 | 3,313,758 | (7,787) | 131,136 | 4,043,656 |
| 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 |
| Recovery costs | - | - | - | - | 2,916,292 | 38,375 | 39,196 | 2,993,863 |
| Fiscal expenses | 27,981 | - | - | - | - | 93,579 | 38,423 | 159,983 |
| | 675,102 | 119,019 | 164,406 | 48,918 | 2,930,198 | 296,018 | 200,774 | 4,434,435 |
| Surplus (deficit) | $ (153,605) | $ (44,043) | $ (164,106) | $ (39,142) | $ 383,560 | $ (303,805) | $ (69,638) | $ (390,779) |

18. Segmented Information (continued)

2020

| | General Administrative and Legislative Services | Protective Services | Public Works and Transportation Services | Recreation and Cultural Services | Planning and Development Services | Water Services | Sewer Services | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | |
| Taxation - net | $ 376,458 | $ - | $ - | $ - | $ - | $ - | $ - | $ 376,458 |
| Sale of services | 53,874 | 78,425 | 1,635 | 50,463 | - | 85,022 | 91,257 | 360,676 |
| Return on investments | 13,442 | - | - | - | - | - | 10,732 | 24,174 |
| Other income | 57 | - | 50 | - | - | - | - | 107 |
| Government transfers | 707,240 | 3,424 | - | - | - | 178,061 | - | 888,725 |
| | 1,151,071 | 81,849 | 1,685 | 50,463 | - | 263,083 | 101,989 | 1,650,140 |
| Expenditures | | | | | | | | |
| Special projects | 19,331 | 47,943 | 12,017 | 654 | - | 6,934 | 104 | 86,983 |
| Salaries, wages and benefits | 369,519 | 7,365 | 104,823 | 10,085 | - | 62,158 | 47,218 | 601,168 |
| Materials, goods and supplies | 37,815 | 821 | 15,103 | 3,301 | 55,305 | 763 | 799 | 113,907 |
| Contracted property service costs | 48,791 | 12,788 | 10,335 | 10,070 | - | 58,530 | 23,123 | 163,637 |
| Contract professional service costs | 110,425 | 5,620 | 89,025 | 878 | 10,500 | 11,639 | 190 | 228,277 |
| Fiscal expenses | 46,744 | - | - | - | - | 95,307 | 42,657 | 184,708 |
| | 632,625 | 74,537 | 231,303 | 24,988 | 65,805 | 235,331 | 114,091 | 1,378,680 |
| Surplus (deficit) | $ 518,446 | $ 7,312 | $ (229,618) | $ 25,475 | $ (65,805) | $ 27,752 | $ (12,102) | $ 271,460 |

## Village of Lytton
Schedule 1: COVID-19 Safe Restart Grant
(Unaudited)

| For the year ended December 31 | 2021 |
|---|---|
| Balance, beginning of year | $ 275,921 |
| Operating & recovery expenses | (275,921) |
| Balance, end of year | $ - |

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

### SCHEDULE OF DEBT

| Schedule of Debt | 2021 |
|---|---|
| Municipal Finance Authority, repayable in blended annual repayments of $17,623, bearing interest at a rate if 2.4% per annum, maturing in 2023. | $ 44,761 |

***Prepared under the Financial Information Regulation, Schedule 1, section 4***

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

### STATEMENT OF GUARANTEES AND INDEMNITIES

The Village of Lytton has not given any guarantees or indemnities under the Guarantees & Indemnities Regulation

***Prepared under the Financial Information Regulation, Schedule 1, section 5(1)***

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

**STATEMENT OF SEVERENCE AGREEMENTS**

There was no severance agreements made between the the Village of Lytton and its non- unionized employees during fiscal year 2021.

***Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)***

**Statement of Financial Information (SOFI)**

**THE CORPORATION OF THE VILLAGE OF LYTTON**

**Fiscal Year Ended December 31, 2021**

**STATEMENT OF REMUNERATION AND EXPENSES**

| **Elected Officials** | | **Remuneration** | | **Expenses** | | **Total** |
|---|---|---|---|---|---|---|
| Jan Polderman, Mayor | **$** | 7,500.00 | **$** | 0.00 | **$** | 7,500.00 |
| Lilliane Graie, Councillor | | 5,000.00 | | 85.97 | | 5,085.97 |
| Robert Leitch, , Councillor | | 5,000.00 | | 2,321.00 | | 7,321.00 |
| Ian Hay , Councillor | | 5,000.00 | | 4,538.05 | | 9,538.05 |
| **Total Elected Officials** | **$** | **22,500.00** | **$** | **6,945.02** | **$** | **29,445.02** |
| | | | | | | |
| **Employees over $75,000** | | | | | | |
| Symone Curry | | 91,261.35 | | 175.00 | | 91,436.35 |
| Rodney Bate | | 79,818.03 | $ | 2,916.69 | **$** | 82,734.72 |
| **Total Employees over $75,000** | **$** | **171,079.38** | **$** | **3,091.69** | **$** | **174,171.07** |
| | | | | | | |
| **Employees under $75,000** | | | | | | |
| Consolidated totals | **$** | **255,110.54** | **$** | **19,332.37** | **$** | **$274,442.91** |
| | | | | | | |
| | **$** | **448,689.92** | **$** | **29,369.08** | **$** | **478,059.00** |

| **Reconciliation** | | | | | | |
|---|---|---|---|---|---|---|
| Total remuneration - Elected officials | **$** | 22,500.00 | **$** | 6,945.02 | **$** | 29,445.02 |
| Employees over $75,000 | | 171,079.38 | | 3,091.69 | | 174,171.07 |
| Other Employees Under $75,000 | | 255,110.54 | | 19,332.37 | | 274,442.91 |
| **Total wages and benefits per Notes to Financial Statements** | **$** | **448,689.92** | **$** | **29,369.08** | **$** | **478,059.00** |

***Prepared under the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5) and (6)***

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

### STATEMENT OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES

| Aggregate Payments Exceeding $25,000 | $ | Total |
|---|---|---|
| On Side Restoration | | 1,303,622 |
| Team Rubicon | | 440,888 |
| Urban Systems | | 284,267 |
| MNP, LLP | | 232,349 |
| Anne Yanciw | | 84,596 |
| Minister of Finance - BC | | 79,923 |
| TW Hawes Professional Corporation | | 74,893 |
| Timbro Contracting | | 71,765 |
| Kanaka Bar Employment Services Ltd. | | 69,951 |
| Receiver General for Canada | | 69,709 |
| Shannon Story Consulting | | 69,358 |
| Thompson Nicola Regional District | | 63,859 |
| Colliers Project Leaders Inc. | | 60,892 |
| Precision Services and Pumps Inc. | | 57,419 |
| Municipal Insurance Association | | 56,743 |
| Poste Consulting | | 51,686 |
| GHD Limited | | 50,876 |
| Clearflo Solutions | | 50,000 |
| Com Com | | 49,102 |
| Lidstone & Company | | 49,102 |
| Centrepoint - Kamloops | | 47,538 |
| WSP Canada Inc. | | 39,298 |
| Ron Dickinson | | 38,439 |
| BC Hydro | | 37,596 |
| BDO Canada LLP | | 36,220 |
| Leslie Groulx | | 32,832 |
| Morale Consulting | | 31,093 |
| Municipal Pension Plan | | 26,086 |
| Petanie Consulting | | 25,185 |
| IPI Delta Hotels | | 25,101 |
| **Grand Total - Aggregate amount paid to suppliers exceeding $25,000** | $ | 3,610,388 |
| **Consolidated Total - Suppliers who received Aggregate payments of $25,000 or less** | $ | 484,157 |
| **Total Payments to Suppliers of Goods and Services** | $ | 4,094,545 |

**Grants and Contributions > $25,000**

| | | |
|---|---|---|
| None | $ | 0 |
| **Total Grants and Contributions > $25,000** | $ | 0 |
| **Total Payments, Grants and Contributions** | $ | 4,094,545 |

***Prepared under the Financial Information Regulation, Schedule 1, section 7 and Financial Information Act, section 2***

## Statement of Financial Information (SOFI)

## THE CORPORATION OF THE VILLAGE OF LYTTON

## Fiscal Year Ended December 31, 2021

### STATEMENT OF FINANCIAL STATEMENT RECONCILIATION

**SOFI Report Scheduled Payments**

| | | | | |
|---|---|---|---|---|
| Remuneration including employer CPP/EI | $ | 448,690 | | |
| Employee/Council expenses | $ | 29,369 | $ | 478,059 |
| **Payment of Goods and Services** | | | $ | 4,094,545 |
| **Total of Financial Statement Expenditures** | | | $ | 4,434,435 |

The difference between the Total of Scheduled Payments and the Total Financial Statements Expenditures are
due to:

i. Adjustments to account for the difference between payments made on a cash basis, and the audited financial statements reporting expenditures on an accrual basis of accounting. This would include adjustments for opening and closing balances of inventories, prepaid expenses, and accrued liabilities.

ii. List of payments to suppliers include 100% GST while the expenditures in the financial statements are net of the applicable GST rebate.

iii. Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.

iv. The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.

v. Payments to some suppliers are reported directly to the Balance Sheet and therefore are not reported as Expenditures.

***Prepared under the Financial Information Regulation, Schedule 1, subsection 6(2d) and subsection 7(1b)***