

Village of Lytton
Financial Statements
For the year ended December 31, 2023

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Financial Statements
For the year ended December 31, 2023

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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.

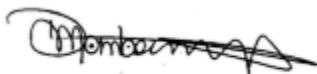
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it 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
Village of Lytton

Qualified Opinion

We have audited the financial statements of Village of Lytton (the "Village"), which comprise the statement of financial position as at December 31, 2023, and the statement of changes 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.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and its changes in net financial assets, its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified 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 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, 2022, as well as the accumulated surplus as at January 1, 2022. Throughout the 2023 and 2022 years, 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. As a result, it is not possible to quantify the impact of any potential impairments on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

Effective January 1, 2023, the Village was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. This standard has not yet been adopted because the management is waiting for the Village to be further recovered from the wildfires in order to determine if there are possible asset retirement obligations. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using the assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy.



Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 29-31 of the Village's Financial Statements.

Chartered Professional Accountants

Kamloops, British Columbia
May 14, 2024

Village of Lytton
Statement of Financial Position

As at December 31	2023	2022
Financial assets		
Cash and cash equivalents (Note 3)	\$11,691,842	\$ 8,671,206
Short-term investments (Note 4)	1,062,727	14,629,196
Taxes and utilities receivable	97,491	245,939
Accounts receivable	6,842,080	899,186
	19,694,140	24,445,527
Liabilities		
Accounts payable and accrued liabilities	1,625,927	6,333,906
Employee payables	5,423	11,799
Deferred revenue (Note 6)	10,334,172	10,789,393
Long-term debt (Note 7)	-	35,688
	11,965,522	17,170,786
Net financial assets	7,728,618	7,274,741
Non-financial assets		
Tangible capital assets (Note 8)	6,374,890	6,107,454
Prepaid expenses and deposits	5,464	5,464
	6,380,354	6,112,918
Accumulated surplus (Note 9)	\$14,108,972	\$ 13,387,659

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	2023	2022
Revenue (Note 18)			
Taxation - net (Note 10)	\$ 337,770	\$ 363,872	\$ 343,183
Sale of services	238,392	100,552	82,933
Return on investments	25,000	878,540	171,133
Other income	155,000	657,404	2,312,603
Government transfers (Note 11)	1,713,000	3,124,839	553,849
Recovery funding (Note 11)	-	14,660,745	22,053,914
	<u>2,469,162</u>	<u>19,785,952</u>	<u>25,517,615</u>
Expenses (Note 18)			
General administrative and legislative services	1,129,396	1,161,635	628,011
Protective services	77,678	53,590	24,842
Public works and transportation services	185,917	156,107	77,917
Recreation and cultural services	2,940	1,981	3,678
Recovery and Planning services	-	17,476,419	19,399,440
Water services	113,679	152,684	125,220
Sewer services	108,606	62,223	53,056
	<u>1,618,216</u>	<u>19,064,639</u>	<u>20,312,164</u>
Annual surplus	850,946	721,313	5,205,451
Accumulated surplus, beginning of year	<u>13,387,659</u>	<u>13,387,659</u>	<u>8,182,208</u>
Accumulated surplus, end of year	<u>\$14,238,605</u>	<u>\$14,108,972</u>	<u>\$ 13,387,659</u>

Village of Lytton
Statement of Change in Net Financial Assets

For the year ended December 31	Fiscal Plan	2023	2022
Annual surplus	\$ 850,946	\$ 721,313	\$ 5,205,451
Acquisition of tangible capital assets	(1,531,588)	(462,976)	(690,533)
Amortization of tangible capital assets	191,200	195,540	166,584
	(489,442)	453,877	4,681,502
Acquisition of prepaid expenses and deposits	-	-	(4,744)
Net change in net financial assets	(489,442)	453,877	4,676,758
Net financial assets, beginning of year	7,274,741	7,274,741	2,597,983
Net financial assets, end of year	\$ 6,785,299	\$ 7,728,618	\$ 7,274,741

Village of Lytton
Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus	\$ 721,313	\$ 5,205,451
Items not involving cash		
Amortization	195,540	166,584
Actuarial adjustment on debt	(26,616)	(18,338)
Changes in non-cash operating balances		
Accounts receivable	(5,794,347)	2,089,766
Accounts payable and accrued liabilities	(4,714,454)	3,390,999
Deferred revenue	(455,221)	9,686,501
Prepaid expenses and deposits	-	(4,743)
	10,073,785	20,516,220
Capital transactions		
Acquisition of tangible capital assets	(462,976)	(690,533)
Investing transaction		
Purchase of short-term investments	13,566,469	(13,669,265)
Financing transactions		
Principal payment on long-term debt	(9,072)	9,265
Net increase in cash	3,020,636	6,165,687
Cash, beginning of year	8,671,206	2,505,519
Cash, end of year	\$11,691,842	\$ 8,671,206

Village of Lytton
Notes to the Financial Statements

December 31, 2023

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.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one - quoted market prices). All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position

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

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

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

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

Village of Lytton
Notes to the Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

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

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

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, 2023

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, 2023

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, 2023

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, 2023

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>2023</u>	<u>2022</u>
General funds	\$10,752,643	\$ 7,857,398
Museum - operating	71,231	71,231
Donations	867,968	742,577
	<u>\$11,691,842</u>	<u>\$ 8,671,206</u>

Included in cash and cash equivalents is interest amounting to \$212,361 (2022 - \$29,868) 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, 2023

4. Short-term Investments

	2023	2022
MFA money market fund	\$ 1,012,727	\$ 968,269
Scotiabank GIC with an interest rate of 4.55% maturing in February 2025	50,000	50,000
Scotiabank GIC matured during the year	-	1,404,788
Scotiabank GIC matured during the year	-	12,206,139
	\$ 1,062,727	\$ 14,629,196

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, 2023, the Plan has about 240,000 active members and approximately 124,000 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 \$37,956 (2022 - \$18,558) for employer contributions to the Plan in fiscal 2023.

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, 2023

6. Deferred Revenue

	Balance at December 31, 2022	Funds Collected	Recognized	Balance at December 31, 2023
BC Interior Community Foundation and Other	\$ 101,523	\$ -	\$ -	\$ 101,523
BC Department of Forestry	500,000	-	-	500,000
Municipal Affairs - Core Operations for 2022	437,519	-	(437,519)	-
Municipal Affairs - Core Operations for 2023 & 2024	1,400,000	-	(1,400,000)	-
Municipal Affairs - Core Operations for 2025 & 2026	-	2,100,000	-	2,100,000
EMBC Recovery Grant	5,884,074	7,805,400	(7,610,613)	6,078,861
Municipal Affairs - Wildfire Response	2,466,277	-	(810,966)	1,655,311
	<u>\$ 10,789,393</u>	<u>\$ 9,905,400</u>	<u>\$(10,259,098)</u>	<u>\$ 10,334,172</u>

7. Long-term Debt

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

	2023	2022
Municipal Finance Authority, repaid during the year.	-	35,688

Total interest on long-term liabilities reported in the statement of operations amounts to \$8,550 (2022 - \$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.

Village of Lytton
Notes to the Financial Statements

December 31, 2023

8. Tangible Capital Assets

2023

	Land	Buildings and building improvements	Roads and linear assets	Vehicles, machinery and equipment	Water and sewer infrastructure	Sewer infrastructure	Total
Cost, beginning of year	\$ 75,641	\$ 23,000	\$ 186,046	\$ 1,073,022	\$ 5,408,048	\$ 1,356,548	\$ 8,122,305
Additions	278,895	4,225	-	93,898	85,958	-	462,976
Cost, end of year	354,536	27,225	186,046	1,166,920	5,494,006	1,356,548	8,585,281
Accumulated amortization, beginning of year	-	-	60,569	403,553	850,802	699,927	2,014,851
Amortization	-	2,723	3,721	59,137	92,382	37,577	195,540
Accumulated amortization, end of year	-	2,723	64,290	462,690	943,184	737,504	2,210,391
Net carrying amount, end of year	\$ 354,536	\$ 24,502	\$ 121,756	\$ 704,230	\$ 4,550,822	\$ 619,044	\$ 6,374,890

December 31, 2023

8. Tangible Capital Assets (continued)

2022

	Land	Buildings and building improvements	Roads and linear assets	Vehicles, machinery and equipment	Water and sewer infrastructure	Sewer infrastructure	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

Village of Lytton
Notes to the Financial Statements

December 31, 2023

9. Accumulated Surplus

The Village segregates its accumulated surplus in the following categories:

	2023	2022
Unrestricted surplus (deficit):		
Operating surplus - general	\$ 4,036,199	\$ 5,403,276
Operating surplus - water	135,083	246,673
Operating deficit - sewer	(82,319)	(107,816)
	4,088,963	5,542,133
Investment in tangible capital assets:		
Equity in tangible capital assets - general	1,205,214	893,775
Equity in tangible capital assets - sewer	619,044	620,933
Equity in tangible capital assets - water	4,550,632	4,557,147
	6,374,890	6,071,855
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 fund	868,632	799,221
Core operation fund	1,141,955	-
Climate action reserve	82,164	41,082
Growing communities fund	619,000	-
	3,645,119	1,773,671
	\$14,108,972	\$ 13,387,659

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, 2023

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

	2023	2022
Municipal and school property taxes levied	\$ 329,540	\$ 305,592
Property tax penalties	22,325	22,969
Payments in-lieu of taxes	12,007	14,622
Thompson-Nicola Regional District	22,943	21,160
Thompson Regional Hospital District	10,788	10,253
Province of British Columbia - school taxes	73,656	48,830
Province of British Columbia - police taxes	12,180	10,408
British Columbia Assessment Authority	2,961	2,703
Municipal Finance Authority	7	6
	486,407	436,543
Transfers		
Thompson-Nicola Regional District	22,943	21,160
Thompson Regional Hospital District	10,788	10,253
Province of British Columbia - school taxes	73,656	48,830
Province of British Columbia - police taxes	12,180	10,408
British Columbia Assessment Authority	2,961	2,703
Municipal Finance Authority	7	6
	122,535	93,360
Available for municipal purposes	\$ 363,872	\$ 343,183

Village of Lytton
Notes to the Financial Statements

December 31, 2023

11. Government Grants and Transfers

	2023	2022
Provincial transfers		
Small Community Protection Grant	\$ 375,000	\$ -
Municipal Affairs - Core Operations for 2022	1,837,519	262,481
Council Governance Grant	21,421	-
Recovery funding	14,660,745	22,225,061
Local Government Climate Action Program	41,082	41,082
Union of BC Municipalities Grant	230,817	-
Growing Communities Fund	619,000	-
	17,785,584	22,528,624
Federal transfers		
Community Works Funding	50,000	68,839
Healthy Community Initiative	-	10,300
	50,000	79,139
	\$17,835,584	\$ 22,607,763

December 31, 2023

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, 2023 or 2022.

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, 2023 the Village held \$13,625 (2022 - \$13,625) in trust.

Village of Lytton
Notes to the Financial Statements

December 31, 2023

15. Budget

The Financial Plan (Budget) Bylaw adopted by Council on May 3, 2023 was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis, while public sector accounting standards 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 \$950,946. 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 3, 2023 with adjustments as follows:

	2023
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Long-term debt principal payments	9,100
Transfers to reserves	841,846
Financial Plan (Budget) Bylaw surplus per statement of financial operations	\$ 850,946

16. Endowments

The Village has endowment funds totaling to \$254,062 (2022 - \$254,062) 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 \$95,717 (2022 - \$81,857) 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:

	2023	2022
Lytton Community Fund	\$ 6,975	\$ 6,975
Lytton Community Health Fund	146,887	146,887
Lytton Community Fund - Matching Grant	100,200	100,200
	\$ 254,062	\$ 254,062

December 31, 2023

17. Financial Instruments

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

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

Credit risk

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

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

Liquidity risk

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

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

Interest rate risk

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

Investments that are subject to interest rate risk are MFA pooled investment funds and GICs's (see note 4). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds notes decrease and, as interest rates fall, the fair value of these investments increase.

To manage and measure interest rate risk and market risk on its portfolio investments, the Village monitors its holdings on a regular basis.

December 31, 2023

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.

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, 2023

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, 2023

18. Segmented Information (continued)

2023

	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	\$ 363,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,872
Sale of services	35,892	11,510	1,810	-	-	24,493	26,847	100,552
Return on investments	834,082	-	-	-	-	-	44,458	878,540
Other income	18,000	-	140	-	612,648	-	26,616	657,404
Government transfers	3,124,839	-	-	-	-	-	-	3,124,839
Recovery funding	-	-	-	-	14,660,745	-	-	14,660,745
	<u>4,376,685</u>	<u>11,510</u>	<u>1,950</u>	<u>-</u>	<u>15,273,393</u>	<u>24,493</u>	<u>97,921</u>	<u>19,785,952</u>
Salaries, wages and benefits	280,584	13,445	86,780	-	270,946	120,108	29,536	801,399
Materials, goods and supplies	50,463	12,009	16,368	231	266	1,712	329	81,378
Contracted property service costs	69,242	18,714	44,775	1,750	-	19,454	16,641	170,576
Contract professional service costs	562,457	9,422	8,184	-	1,238,910	11,410	7,167	1,837,550
Recovery costs	-	-	-	-	15,966,297	-	-	15,966,297
Fiscal expenses	198,889	-	-	-	-	-	8,550	207,439
	<u>1,161,635</u>	<u>53,590</u>	<u>156,107</u>	<u>1,981</u>	<u>17,476,419</u>	<u>152,684</u>	<u>62,223</u>	<u>19,064,639</u>
Surplus (deficit)	\$ 3,215,050	\$ (42,080)	\$ (154,157)	\$ (1,981)	\$ (2,203,026)	\$ (128,191)	\$ 35,698	\$ 721,313

Village of Lytton
Notes to the Financial Statements

December 31, 2023

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	-	2,205,031	-	-	2,312,603
Government transfers	553,849	-	-	-	-	-	-	553,849
Recovery funding	-	-	-	-	22,053,914	-	-	22,053,914
	<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
Other 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
 Schedule 1: Growing Communities Fund
 (Unaudited)

For the year ended	2023	2022
Revenue		
Growing Communities Fund	\$ 619,000	\$ -
Surplus, for the year	619,000	-
Surplus, beginning of year	-	-
Surplus, end of year	\$ 619,000	\$ -

The Growing Communities Fund (GCF) provided a one time grant to the Village to support local government to deliver infrastructure projects necessary to enable community growth and address infrastructure and amenities demands. Local governments are required to annually report about how GCF grants were spent to ensure transparency regarding the use of those funds. The grant is being carried forward to 2024 to be used for eligible infrastructure projects.

Village of Lytton
Schedule 2 - Expenses for 2023 Operational Grant
Unaudited

For the year ended December 31	2023	2022
Balance, beginning of year	\$ 437,519	\$ 700,000
Revenue		
Core operating grant	700,000	
Expenses		
Accounting & IT Services	35,798	38,740
Corporate Officer	18,627	-
Council Expenses	6,579	18,207
Election Services	13,101	65,355
Finance, Consulting and Audit	356,774	-
Legal Services	48,741	10,239
Office Rental Space	40,068	30,000
Public Works & IT Services	57,521	23,761
Water Operations & Repair	118,354	76,179
	695,563	262,481
Balance, end of year	\$ 441,955	\$ 437,519

Village of Lytton
Schedule 3 - Expenses for Municipal Affairs Grant
Unaudited

Category in Agreement	Budget			Actuals	
	Opening - January 1, 2023	Reallocation - June 30, 2023	Revised	December 31, 2022	December 31, 2023
(1) Disaster Financial Assistance Projects	256,249	- 18,512	237,737		
(2) Consultants / Contractors					
Emergency Response	700,000	72,842	772,842	543,872	
Recovery Support	26,352	273,648	300,000	169,378	26,226
(3) Staff					
Executive	325,000	238,107	563,107	385,852	5,928
Administration	185,000	- 138,686	46,314	39,462	40,184
Emergency Recovery	535,000	- 140,663	394,337	192,187	33,300
(17) Executive staff cost	248,648	95,047	343,695		
(18) Admin staff cost	100,000		100,000		103,993
(4) Operations					
Record Retrieval + Financial Rebuild	250,000	100,000	350,000	55,888	24,660
Communications, permitting, travel	475,000	- 50,000	425,000	235,768	116,507
(5) Recovery Planning					
Recovery Planning Costs	700,000	- 190,094	509,906	132,297	111,947
Interim Housing Plan	80,000	- 80,000	-		
(6) Environmental Remediation	800,000	365,984	1,165,984	870,975	261,979
(7) Capital					
Fire Truck, generators	628,200	- 84,980	543,220	403,220	32,153
Software	50,000		50,000		
(8) Legal	200,000	- 50,000	150,000	11,254	14,084
(9) Archaeology Monitoring	200,000	- 191,386	8,614	8,614	40,005
(10) Leverage Grant for Rebuild of Museum	300,000	- 300,000	-		
Subtotal	6,059,449	- 98,693	5,960,756	3,048,767	810,966
(11) Fire Department Assessment	50,000.00	- 18,000.00	32,000	32,000	
(12) Public Works Vehicle and snow plow apparatus	56,800.00	- 6,988.00	49,812	49,812	
(13) Fire Yard Upgrades	32,870.00	- 1,071.00	31,799	31,799	
(14) Source Water Assessment by Golder	28,000.00		28,000		
(15) Locating/GPS of curb stops to Matcon	16,335.00	40,009.00	56,344	56,344	
(16) Sani Sewer Inspection	1,546.00	- 1,546.00	-		
(19) Snow plow	15,000.00		15,000	209,586	
(20) Public Works / Fire Response Truck		86,289.00	86,289		
Less : Contribution from Forestry Grant				- 490,699	
	6,260,000	-	6,260,000	2,937,609	810,966