



**The Corporation of the  
Village of Slokan  
Memo**

MTG DATE: July 13/20  
ITEM: REC  
FILE: Annual Report  
2019

**DATE:** July 13, 2020  
**TO:** Mayor and Village Council  
**FROM:** M. Gordon, CAO  
**SUBJECT:** Annual Report 2019

**ANALYSIS SUMMARY:**

The 2019 Annual Report has been prepared by the CAO with input from the CFO. Part 4 Division 5 of the *Community Charter* requires that the Annual Report be made available for public inspection. After making the report public, Council must wait a minimum of 14 days before holding an annual meeting on the report. This provides citizens with time to review the report, ask questions, and prepare submissions. Council must give notice of the date, time, and place of the annual meeting. The report must be considered before June 30<sup>th</sup>, but due to COVID-19, this date has changed to August 31<sup>st</sup>, 2020.

The primary purpose of the annual report meeting is to provide a forum to allow citizens to ask questions on the report and provides an opportunity for elected officials and citizens to review the previous year's objectives and discuss future goals. The Annual Report includes the following:

- Audited Financial Statements
- List of Permissive Tax Exemptions
- Report on the municipality's services and operations, objectives and measures

**LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:**

The Annual Report and its consideration at a Council meeting are requirements of the *Community Charter*.

**COSTS AND BUDGET IMPACT - REVENUE GENERATION:**

There is no cost associated to the Annual Report other than staff time to prepare and advertise the report.

**RECOMMENDATIONS:**

That the 2019 Annual Report be advertised and made available for public inspection; and further, that Council give consideration to the 2019 Annual Report at the regular meeting of August 10<sup>th</sup>, 2020.

Carried - MP, BUB ✓  
July 13, 2020  
Regular Mtg.

  
Michelle Gordon  
Chief Administrative Officer





THE CORPORATION OF THE VILLAGE OF SLOCAN

# ANNUAL REPORT FOR 2019

Annual Report for the Village of Slocan  
Presented to Municipal Council on July 13<sup>th</sup>, 2020.

Mayor Jessica Lunn

Councillor Ezra Buller  
Councillor Joel Pelletier  
Councillor Madeleine Perriere  
Councillor Burly Van Bynen

# Village of Slocan – Annual Report 2019

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**During the year 2019 the municipality has not made, nor is the Municipality aware of electors of the Village of Slocan having made, an application to court for a declaration of disqualification of a person elected or appointed to office on the Council of the Village of Slocan.**

## MESSAGE FROM MAYOR JESSICA LUNN

On behalf of Slocan Village Council, I am pleased to share with you the 2019 Annual Report for the Village of Slocan. This report provides a comprehensive overview of Village operations for the fiscal year ending December 31, 2019.

Council provides the vision and the leadership through long range planning. Council is solely accountable for the results and activities during 2019. Even though our Council of five members has different individual views on issues, one common goal of all members is to move the Community forward in a sustainable manner by ensuring that the vision is accomplished. The Annual Report includes the previous year's financial statements, and highlights some of our major capital initiatives and accomplishments. Through sound fiscal planning and a commitment to hard work, the Village has maintained its strong financial position, and continues to meet and exceed the expectations of Slocan residents in the delivery of services.

Municipal election was held October 20<sup>th</sup>, 2018. Slocan Council is proud to serve the Village of Slocan as the Council to be elected for the four-year term of 2018 to 2022. In cooperation with neighbouring Villages, the Village of Slocan is pleased to have signed an agreement with the City of Nelson, to provide contract Chief Financial Officer services. Council is proud of our accomplishments and the fact that taxes have remained stable over the past few years. We will continue to work hard for this community and provide improved communication with the public. The challenge facing Slocan is to provide relevant services to our residents and visitors alike.

The permanent closure of the Springer Creek Forest Products operations in Slocan in 2013, accentuated the need for the Village to investigate alternative revenue sources to replace the lost tax revenues. From 2014 through to 2017, the Village actively sought approvals for the development of a micro hydro power project on Springer Creek. The conceptual engineering report estimates the potential size of the Springer Creek hydropower project at ± 800 kW, with annual gross revenues estimated at \$250,000. The micro hydro project is estimated to cost ± \$3,100,000; which includes intake & penstock, access road, powerhouse, turbine, substation and power line interconnection. All preliminary work and required consultations have been completed and the Village is now seeking out feasible utility models.

In late 2016, the Village submitted a joint application to the BC Rural Dividend Fund, partnering with the Villages of New Denver, Silverton and RDCK Area H, to develop a Slocan Valley Economic Development Strategy for our Region. In 2017 the Strategy was completed and an implementation strategy created. An Economic Development Officer was hired in 2018 to roll out the Project, and is ongoing, to date.

An Infrastructure Planning Grant was utilized in 2018 for completion of a *Village of Slocan Source Water Study*. Gwillim Creek currently supplies the Village its potable water, via the Slocan Water Treatment Plant. Solutions and alternatives for source water supply are being considered, due to aging infrastructure and climate change factors. Engineer consultation, pre-development work, and source water testing is ongoing, to assist with sustainable future options for the Village.

In 2019, the Village successfully completed its Main Street Waterline Replacement Project. Funded by the Community Works Fund (Gas Tax), 4 blocks of aging water main between Fitz Avenue and Delany Avenue was replaced, as well as 17 residential service connections.

Since the formation of Slocan's Affordable Housing Commission, the group has been working towards investigating affordable housing options and needs for Slocan. In 2019, M'akola Development Services was hired to complete a Feasibility Analysis for the Village, for a housing development proposal on Village-owned lots 1-5 and 18-20 of Block 43, Slocan Street. Work is ongoing, and Council hopes to see this project further advance in 2020.

Thank you to all the citizens for their volunteer efforts over the past year. Without your dedication we would not have been able to continue with some of our activities, projects and programs. I would also like to take this opportunity to thank our very dedicated employees for ensuring that services are delivered effectively. Their dedication makes the job of Council a lot easier.

Jessica Lunn, MAYOR

## **Report from the Chief Administrative Officer**

This Annual Report provides a summary of the activities, projects, services, financial statements and some key statistical information that the reader may find useful when measuring and comparing Slocan with other local governments.

The Annual Report provides updates and accomplishments of the goals and objectives of the Village of Slocan. Council will strive to keep the municipal levels of taxation reasonable.

The Village will continue to ensure a high level of customer service to meet the needs of our citizens; but will need to do so within the constraints of limited financial resources.

Our public work employees are committed to providing a high level of services and support to the residents. Road maintenance, snow removal and water supply services remain a priority of our outside staff.

Village Office staff strives to provide timely and courteous assistance to all citizens.

Village staff will continue to monitor, control and allocate financial resources in order to achieve the community's immediate and long-term goals and objectives.

Michelle Gordon  
Chief Administrative Officer

## **2019 MUNICIPAL SERVICES & OPERATIONS**

### **Part I - Revenues**

The Village collected \$182,094 in taxes; generates \$91,539 from the sale of services; revenues from own sources are \$27,692; unconditional transfers from the provincial government amount to \$361,260. This does not include inter-fund transfers and taxes collected for other agencies, such as school taxes, regional district taxes, hospital, etc. Funds collected for other agencies (Hospital District, BC Assessment Authority, MFA, schools & RDCK) were \$211,526.

The Village used the Small Community Funding Grant to reduce the tax burden on the business and residential properties. Without the unconditional grant of \$361,260, taxes in the Village of Slocan would have been increased by 216%.

Water fund revenues, a combination of residential user fees, Westside user fees and commercial flat rate fees were \$110,550.

### **Part II – Expenditures**

#### *General Government - \$251,055*

General government expenditures include the cost of administration, including Council operations, the office, legal and auditing services, liability insurance and other general overhead expenditures.

#### *Protective Services - \$129,723*

Protective services include building inspections, bylaw enforcement, emergency management, and the Strategic Wildfire Prevention Initiative.

#### *Transportation Services - \$213,656*

Transportation services includes the cost of public works maintenance shop, all the Village's equipment, summer & winter road maintenance and street lights.

#### *Environmental Health - \$21,303*

Environmental health includes the cost of garbage collection, yard waste collection, tree pruning and boulevard maintenance.

#### *Public Health & Welfare - \$5,479*

Public Health & Welfare includes cemetery maintenance.

#### *Recreation & Cultural Services - \$96,951*

Recreation and cultural services include the operation and maintenance of the boat ramp & wharf, curling rink, tennis court / skating rink, parks, Springer Creek RV Park & Campground, Slocan Owl Walk, Silvery Slocan Hall, and Wellness Centre / Library / Fitness Centre.

*Debt Interest & Fiscal Services - \$0*

*Operating Capital Expenditures - \$37,000*

The capital program included:

- Wellness Center - Library Flooring Upgrade
- Snow Blade Purchase
- Technology Upgrades

*Water Utility Operations - \$98,781*

Water utility includes administration, water supply treatment, transmission and distribution; dam, pump station and tank; and hydrants.

*Water Capital Expenditures - \$299,932*

The capital program included:

- Water Plant Membrane Replacement
- Main Street Waterline Replacement



## 2019 BUILDING ACTIVITIES SUMMARY

The Regional District of Central Kootenay provides building inspection services for the Village of Slocan. The assigned Building Official is responsible for the administration and enforcement of the Building Code and scrutinizes all building plans to ensure that the structural integrity, fire safety and plumbing are all in compliance with the Building Code and municipal bylaws.

	Total Construction Value	# Permits	Permit Fees/ Renewals	Village Fees Collected
Residential – New Starts Only	335,000	2	3,236.85	360
Residential Additions/Renovations /Accessory Buildings	\$75,695	8	1,031	115
Mobile Homes	0	0	0	0
Commercial – New Starts Only	550,000	1	4,971	552
Commercial Additions / Renovations	9,500	1	130	15
Industrial	0	0	0	0
Industrial Additions / Renovations	0	0	0	0
Institutional	0	0	0	0
Institutional Additions / Renovations	0	0	0	0
Demolition	0	3	270	30
Change of Use	0	0	0	0
Permit Renewal	0	1	90	10
<b>TOTAL</b>	<b><u>\$970,195</u></b>	<b>16</b>	<b><u>\$9,729</u></b>	<b><u>\$1,082</u></b>

## PROGRESS REPORT FOR 2018

In 2018, Council set the following objectives for 2019. The objectives were set as part of the 2018 Annual Report process and the following is the progress that has been made on those objectives.

Objective	Measures and Strategies	Achievements and Outcomes
Micro-Hydro Plant	Proceed with micro-hydro generation project owned by the Village, for the Village.	Conceptual assessment complete. Water licence and Crown Tenure application approved. Development Permit submitted to Provincial Government and approved. All preliminary work and required consultations have been completed and the Village is now seeking out feasible utility models.
Waterline Replacement	Development of Village of Slocan 10 Year Capital Works Plan.	Plan completed. Implementation ongoing.
Economic Development	Create and support opportunities for economic development in Slocan and region.	Ongoing – Regional Economic Development Partnership
Legion	Support heritage restoration and energy efficiency upgrades.	A successful application to the CBT Built Heritage Fund will fund the Slocan Legion Hall Heritage Exterior Restoration Project Phase 1 in the coming year or two.
Source Water	Analyze current water source, conduct testing analysis, feasibility.	An Infrastructure Planning Grant was received for completion of a <i>Village of Slocan Source Water Study</i> - Gwillim Creek currently supplies the Village its potable water via the Slocan Water Treatment Plant. Solutions and alternatives for source water supply will be considered, due to aging infrastructure and climate change factors.
Harold Street	Beautification and improvements to Harold Street – pre-development and planning.	A BC Rural Dividend Grant was received for completion of a <i>Harold Street North Conceptual Design Plan</i> . The concept was completed in July 2018 and included recommendations, cost estimates and a concept plan. The Village was successful in sourcing funding to complete Phase 2: Detailed Design Plan.
Waterfront	Completion and Beautification of the Waterfront	A BC Rural Dividend Grant was received for completion of a <i>Waterfront Development Strategy</i> . The Study was completed in October 2018 and a long-term plan for the waterfront areas west of the mill site produced. The report included recommendations, cost estimates and a concept plan. The Village was successful with a funding application to

		complete the detailed design for Phase 1 on the west portion of the waterfront, breakwater/old parking lot area.
Affordable Housing	Continue to support affordable housing opportunities in Slocan.	An Affordable Housing Commission was formed in 2017, to gather information and provide recommendations to Council on future housing needs in Slocan.

**STATEMENT OF MUNICIPAL OBJECTIVE AND PROGRESS MEASURES FOR CURRENT YEAR (2019) AND NEXT YEAR (2020).**

- Continue to move forward with the development of the Micro Hydro project on Springer Creek.
- Continue to support volunteer community groups and organizations.
- Pursue grant monies for infrastructure upgrades.
- Continue to implement a ‘10 year capital water plan’ infrastructure program
- Explore community and sub-regional level strategic advantages.
- Further our Village of Slocan tourism and Regional Economic Development Strategy.
- Finding fiscal efficiencies in municipal cost savings.
- Identify joint municipal revenue opportunities.
- Continue to support development of Affordable Housing

In early 2019, Council set the following objectives, which it hoped to accomplish in the Council term. Council and staff prepared these objectives from feedback received by Councillors from constituents throughout the year.

Objective	Measures and Strategies	Achievements and Outcomes
Bylaws	Review and update bylaws	The following bylaws were adopted in 2019: <ul style="list-style-type: none"> <li>• Council Remuneration &amp; Expense Amendment Bylaw</li> <li>• Fees &amp; Charges Amendment Bylaw – Garbage/Water Rates, Campground Fees, Clinic Rental Fees</li> <li>• Financial Plan Bylaw (2019-2023)</li> <li>• Tax Rate Bylaw 2019</li> <li>• Council Procedures Amendment Bylaw</li> </ul>
Micro-Hydro Plant	Proceed with micro-hydro generation project owned by the Village, for the Village.	Conceptual assessment complete. Water licence and Crown Tenure application approved. Development Permit submitted to Provincial Government and approved. All preliminary work and required consultations have been completed and the Village is now seeking out feasible utility models.

Waterline Replacement	Main Street	The Village saw completion of the Main Street Waterline Replacement Project in late 2019. Staff will investigate grant funding options to resurface Main Street.
Economic Development	Create and support opportunities for economic development in Slocan and region.	Ongoing – Regional Economic Development Partnership
Legion	Support heritage restoration and energy efficiency upgrades.	A successful application to the CBT Built Heritage Fund will fund the Slocan Legion Hall Heritage Exterior Restoration Project Phase 1 in the coming year.
Source Water	Analyze current water source, conduct testing analysis, feasibility.	An Infrastructure Planning Grant was received for completion of a <i>Village of Slocan Source Water Study</i> - Gwillim Creek currently supplies the Village its potable water via the Slocan Water Treatment Plant. Solutions and alternatives for source water supply will be considered, due to aging infrastructure and climate change factors. Water testing on the lake was conducted throughout 2019 and expected to continue into 2020.
Harold Street	Beautification and improvements to Harold Street – pre-development and planning.	A BC Rural Dividend Grant was received for completion of a <i>Harold Street North Conceptual Design Plan</i> . The concept was completed in July 2018 and included recommendations, cost estimates and a concept plan. The Village was successful in sourcing funding to complete Phase 2: Detailed Design Plan, expected to be completed in 2020.
Waterfront	Completion and Beautification of the Waterfront	A BC Rural Dividend Grant was received for completion of a <i>Waterfront Development Strategy</i> . The Study was completed in October 2018 and a long-term plan for the waterfront areas west of the mill site produced. The report included recommendations, cost estimates and a concept plan. The Village was successful with a funding application to complete the detailed design for Phase 1 on the west portion of the waterfront, breakwater/old parking lot area. Work is scheduled to be completed in 2020.
Affordable Housing	Continue to support affordable housing opportunities in Slocan.	An Affordable Housing Commission was formed in 2017, to gather information and provide recommendations to Council on future housing needs in Slocan. In 2019, the Village successfully procured M'akola

		Development Services to complete an Affordable Housing Feasibility Analysis for a housing complex on Village-owned lots 1-5 and 18-20, Slocan Street. Analysis to be completed early 2020, with intention to prepare a funding application to BC Housing.
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## PERMISSIVE TAX EXEMPTIONS 2019

For each permissive tax exemption granted by bylaw under Division 7 of Part 7 of the *Community Charter*, Council must include the amount of taxes that would have been imposed on the property if it were not exempt for that year. Calculating foregone tax revenue is done by applying the municipal tax rate to the value of the property that was permissively exempted.

Roll Number	Legal Description	Civic Address	Organization	Value of Permissive Exemption
105.000	Lot 11, Block 13, Plan 496, DL 292, Kootenay District	619 Arthur Street Slocan, BC	St. Andrew's Presbyterian Church and Hall	\$389.63
163.000	Lot 14 and Lot 15, Block 23, Plan 496, DL 292, Kootenay District	711 Harold Street Slocan, BC	St. Mary's Catholic Church and Hall	\$335.71
205.600	Plan NEP86609, Lot 1, Plan 496, DL 292, Kootenay District, Except Plan NEP90447	1001 Harold Street Slocan, BC	WE Graham Community Service Society	\$1,304.10
72.001	Lots 1 and 2, Block 10, District Lot 292, Plan 496, Kootenay Land District,	502 Harold Street, Slocan, BC	The Silvery Slocan Hall, Canadian Legion, Slocan Valley Branch #276	\$783.30
155.001	Lots 2 to 6, Block 22, District Lot 292, Plan 496, Kootenay Land District	710 Harold Street, Slocan, BC	Slocan Community Library Society	\$291.12
214.080 214.000 214.120 214.140	Lots 4 and 5, Block 39, District Lot 292, Kootenay Land District, Plan 496,	Adjoining Arthur Street Slocan, BC	"Community Garden", WE Graham Community Service Society	\$190.39
65.101	Lots 17 to 20, Block 8, District Lot 292, Plan 496, Kootenay Land District	503 Slocan Street, Slocan, BC	"Archives", portion leased to the Slocan Valley Historical Society.	\$202.88



**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**FINANCIAL STATEMENTS**  
DECEMBER 31, 2019

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
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For the Year Ended December 31, 2019

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**Independent Auditors' Report**

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Statement of Cash Flows

Notes to the Financial Statements

Schedule A - Statement of Tangible Capital Assets

Schedule B - Schedule of Segmented Information



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# THE CORPORATION OF THE VILLAGE OF SLOCAN MANAGEMENT REPORT

For the Year Ended December 31, 2019

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## RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the Village of Slocan's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the Village of Slocan's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Grant Thornton LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, The Corporation of the Village of Slocan's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the financial statements. The report of Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.



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Colin McClure, CPA, CA  
Chief Financial Officer



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An instinct for growth™

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council  
Corporation of the Village of Slocan

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Grant Thornton LLP  
513 Victoria Street  
Nelson, BC  
V1L 4K7  
T +1 250 352 3165  
F +1 250 352 7166

### Opinion

We have audited the financial statements of the Corporation of the Village of Slocan, (the Village), which comprise the statement of financial position as at December 31, 2019, and the statement of operations, statement of changes in net financial assets 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Slocan as at December 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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.

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant of the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Grant Thornton LLP*

**Chartered Professional Accountants**

May 11, 2020

Nelson, B.C.

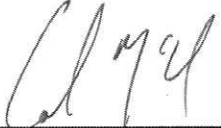
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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2019

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	<u>2019</u>	<u>2018</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,988,415	\$ 2,718,362
Accounts receivable (Note 3)	<u>117,114</u>	<u>110,288</u>
	<u>3,105,529</u>	<u>2,828,650</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	71,221	62,429
Deferred revenue (Note 5)	<u>1,430,284</u>	<u>1,122,262</u>
	<u>1,501,505</u>	<u>1,184,691</u>
<b>Net Financial Assets</b>	1,604,024	1,643,959
<b>Non -Financial Assets</b>		
Tangible capital assets (Note 6)	2,894,970	2,715,852
Prepaid expenses	<u>24,599</u>	<u>24,577</u>
	<u>2,919,569</u>	<u>2,740,429</u>
<b>Accumulated Surplus (Note 7)</b>	<u>\$ 4,523,593</u>	<u>\$ 4,384,388</u>

Commitments and Contingencies (Note 11)  
Subsequent event (Note 13)

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Colin McClure, CPA, CA  
Chief Financial Officer

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2019

	<u>2019 Budget</u> (Note 12)	<u>2019</u>	<u>2018</u>
<b>Revenue</b>			
Taxes	\$ 178,858	\$ 182,094	\$ 173,651
Sale of services	69,600	91,539	69,499
Other revenue from own sources	23,100	27,692	25,662
Investment income	22,000	51,712	32,768
Grants - unconditional	361,000	361,260	348,193
Grants - conditional	1,015,250	288,633	143,575
Water user fees	<u>110,764</u>	<u>110,550</u>	<u>109,179</u>
	<u>1,780,572</u>	<u>1,113,480</u>	<u>902,527</u>
<b>Expenses</b>			
General government	287,430	251,055	234,917
Protective services	109,100	129,723	1,100
Transportation services	225,079	213,656	196,866
Environmental health services	20,190	21,303	20,021
Public health and welfare services	8,691	5,479	2,746
Parks, recreation and cultural services	96,732	96,951	109,327
Interest and other debt charges	2,500	-	-
Water utility operations	87,886	98,781	92,545
Amortization	107,109	113,673	106,166
Loss on disposal of tangible capital assets	<u>-</u>	<u>43,654</u>	<u>3,017</u>
	<u>944,717</u>	<u>974,275</u>	<u>766,705</u>
Annual surplus	835,855	139,205	135,822
Accumulated surplus, beginning of the year	<u>4,384,388</u>	<u>4,384,388</u>	<u>4,248,566</u>
<b>Accumulated surplus, end of the year</b>	<u>5,220,243</u>	<u>4,523,593</u>	<u>4,384,388</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2019

	<u>2019 Budget</u>	<u>2019</u>	<u>2018</u>
Annual surplus	835,855	139,205	135,822
Acquisition of tangible capital assets	(1,196,115)	(336,445)	(46,449)
Amortization of capital assets	107,109	113,673	106,166
Proceeds on sale tangible capital assets	-	-	16,500
Loss on disposal tangible capital assets	<u>-</u>	<u>43,654</u>	<u>3,017</u>
	(253,151)	(39,913)	215,056
Acquisition of prepaid expenses	<u>-</u>	<u>(22)</u>	<u>(2,246)</u>
Increase (decrease) in net financial assets	(253,151)	(39,935)	212,810
Net financial assets, beginning of year	<u>1,643,959</u>	<u>1,643,959</u>	<u>1,431,149</u>
<b>Net financial assets, end of the year</b>	<u>1,390,808</u>	<u>1,604,024</u>	<u>1,643,959</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Cash Provided by (Used In)</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 139,205	\$ 135,822
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	113,673	106,166
Loss on disposal tangible capital assets	<u>43,654</u>	<u>3,017</u>
	296,532	245,005
<b>Increase (decrease) in non-cash operating items:</b>		
Accounts receivable	(6,826)	(1,172)
Accounts payable and accrued liabilities	8,792	(125,380)
Deferred revenue & deposits	308,022	64,387
Prepaid expenses	<u>(22)</u>	<u>(2,246)</u>
	<u>606,498</u>	<u>180,594</u>
<b>Financing Activities</b>		
Repayment of capital lease obligations	<u>-</u>	<u>(4,261)</u>
<b>Capital Activities</b>		
Proceeds from disposal of tangible capital assets	-	16,500
Acquisition of tangible capital assets	<u>(336,445)</u>	<u>(46,449)</u>
<b>Net increase in Cash</b>	270,053	146,384
<b>Cash and cash equivalents, beginning of year</b>	<u>2,718,362</u>	<u>2,571,978</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,988,415</u>	<u>\$ 2,718,362</u>

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

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# THE CORPORATION OF THE VILLAGE OF SLOCAN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### 1. Significant Accounting Policies

The Corporation of the Village of Slocan (the Village) is a local government in the Province of British Columbia. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the Village's significant accounting policies:

#### (a) Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the Village.

Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.

#### (b) Deferred Revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amounts will be recognized as revenues in the fiscal year in which they are used for the specified purpose, the services are performed and or the projects are constructed.

#### (c) Government Transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

#### (d) Financial Instruments

The Village's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

#### (e) Tangible Capital Assets

Tangible capital assets, comprised of capital assets and capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land Improvements	15 to 20 years
Buildings	40 years
Fixtures, Furniture, Equipment & Vehicles	6 to 10 years
Roads and Paving	20 to 40 years
Bridges and other Transportation Structures	40 to 50 years
Water Infrastructure	20 to 60 years



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# THE CORPORATION OF THE VILLAGE OF SLOCAN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### 1. Significant Accounting Policies (continued)

(f) Non-Financial Assets

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

(g) Statutory Reserves

Statutory reserves are funds that have been restricted by council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(h) 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 revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, future employee benefits, allowance for doubtful accounts and provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) Budget

Budget data presented in these consolidated financial statements is based on the Village's Five Year Financial Plan for the years 2019-2023, adopted by Council on May 13, 2019.

(j) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2019.

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

**2. Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position are comprised of:

	<u>2019</u>	<u>2018</u>
Cash	\$ 2,859,987	\$ 2,592,814
MFA bond and money market funds	<u>128,428</u>	<u>125,548</u>
	<u>\$ 2,988,415</u>	<u>\$ 2,718,362</u>

Municipal Finance Authority (MFA) pooled investment funds are considered equivalent to cash because of their liquidity.

**3. Accounts Receivable**

	<u>2019</u>	<u>2018</u>
Property taxes	\$ 64,123	\$ 44,627
Utility billings	17,318	16,399
Other governments	32,205	8,311
Trade & other receivables	<u>3,468</u>	<u>40,951</u>
	<u>\$ 117,114</u>	<u>\$ 110,288</u>

**4. Accounts Payable and Accrued Liabilities**

	<u>2019</u>	<u>2018</u>
Trades payable	\$ 34,405	\$ 32,855
Accrued wages and benefits	<u>36,816</u>	<u>29,574</u>
	<u>\$ 71,221</u>	<u>\$ 62,429</u>

**5. Deferred Revenue**

	<u>2019</u>	<u>2018</u>
Prepaid taxes & utilities	\$ 13,077	\$ 13,555
Government grants	<u>1,417,207</u>	<u>1,108,707</u>
	<u>\$ 1,430,284</u>	<u>\$ 1,122,262</u>

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2019

**6. Tangible Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Land	\$ 798,870	\$ -	\$ 798,870	\$ 798,870
Buildings	586,106	363,234	222,872	227,199
Engineering infrastructure	832,223	500,170	332,053	349,945
Machinery & equipment	583,892	382,922	200,970	204,459
Transportation infrastructure	357,833	168,143	189,690	196,368
Water infrastructure	<u>1,727,529</u>	<u>577,014</u>	<u>1,150,515</u>	<u>939,011</u>
	<u>\$ 4,886,453</u>	<u>\$ 1,991,483</u>	<u>\$ 2,894,970</u>	<u>\$ 2,715,852</u>

See Schedule A - Statement of tangible capital assets for more information.

**7. Accumulated Surplus**

	<u>2019</u>	<u>2018</u>
<b>Reserves</b>		
Capital equipment	\$ 109,678	\$ 105,066
Community works fund	399,930	401,542
Land sales	164,759	155,795
Water infrastructure	<u>33,797</u>	<u>33,166</u>
	<u>708,164</u>	<u>695,569</u>
<b>Operating</b>		
General	876,677	830,488
Water	<u>43,783</u>	<u>142,479</u>
	<u>920,460</u>	<u>972,967</u>
<b>Invested in capital assets</b>	<u>2,894,969</u>	<u>2,715,852</u>
<b>Total Accumulated Surplus</b>	<u><u>4,523,593</u></u>	<u><u>4,384,388</u></u>

**8. Trust Funds**

The Cemetery Care Trust Fund is not reported in these financial statements. The following is a summary of Trust Fund transactions for the year:

	<u>2019</u>	<u>2018</u>
Balances, beginning of year	\$ 17,800	\$ 17,239
Contributions received	145	335
Interest earned	<u>339</u>	<u>226</u>
	18,284	17,800
Expenses, transfers	-	-
Balances, end of year	<u><u>\$ 18,284</u></u>	<u><u>\$ 17,800</u></u>

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2019

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9. **Taxes Levied For Other Paid Authorities**

In addition to taxes levied for municipal purposes, the Village is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	<u>2019</u>	<u>2018</u>
Provincial Government - School taxes	\$ 89,426	\$ 91,991
Provincial Government - Police taxes	13,554	13,306
Regional District of Central Kootenay	95,070	94,409
West Kootenay Boundary Hospital District	11,552	11,809
British Columbia Assessment Authority	1,916	1,948
Municipal Finance Authority	<u>8</u>	<u>8</u>
	<u>\$ 211,526</u>	<u>\$ 213,471</u>

10. **Pension Plan**

The Village of Slocan and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

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

The most recent valuation of the Municipal Pension Plan at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

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

The Village of Slocan paid \$21,396 (2018 - \$19,920) for employer contributions to the plan in fiscal 2019.

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# THE CORPORATION OF THE VILLAGE OF SLOCAN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### 11. Commitments and Contingencies

#### Regional District Debt

Regional District debt is under the provisions of the Community Charter of BC a direct, joint and several liability of the District and each member municipality within the District including the Village of Slocan.

#### Reciprocal Insurance Exchange Agreement

The Village is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the Municipality is assessed a premium and specific deductible based on population and claims experience. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The Village irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other Subscriber may suffer.

### 12. Budget Data

The reconciliation of the approved budget for the current year to the budget figures reported in these financial statement is as follows:

	<u>2019</u>
Budget surplus per Statement of Operations	\$ 835,855
Less: Capital expenditures	1,196,115
Debt principal repayments	8,500
Budgeted transfers to reserves	6,000
Add: Budgeted transfers from surplus & reserves	137,651
Amortization	107,109
Debt proceeds	<u>130,000</u>
Net annual budget	<u>\$ -</u>

### 13. Subsequent Event

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, will have a significant impact on the local and global economy. At this time it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the Village's financial results for 2020.

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS**

For the Year Ended December 31, 2019

Tangible Capital Assets	Opening Balance	Additions & reallocation of assets under Construction		Disposals	Closing Balance	Accumulated Amortization Opening balance	Amortization Expense	Reduction on Disposals	Accumulated Amortization Closing Balance	Net Carrying Amount End of year
		Construction	Disposals							
Land	\$ 798,870	\$ -	\$ -	\$ -	\$ 798,870	\$ -	\$ -	\$ -	\$ -	\$ 798,870
Buildings	579,018	7,088	-	-	586,106	351,819	11,415	-	363,234	222,872
Engineering infrastructure	832,223	-	-	-	832,223	482,278	17,892	-	500,170	332,053
Machinery & equipment	554,467	29,425	-	-	583,892	350,008	32,914	-	382,922	200,970
Transportation infrastructure	357,833	-	-	-	357,833	161,465	6,678	-	168,143	189,690
Water infrastructure	1,503,517	299,932	(75,920)	(75,920)	1,727,529	564,506	44,774	(32,266)	577,014	1,150,515
Total	\$ 4,625,928	\$ 336,445	\$ (75,920)	\$ (75,920)	\$ 4,886,453	\$ 1,910,076	\$ 113,673	\$ (32,266)	\$ 1,991,483	\$ 2,894,970

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION**

For the Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health & Welfare Services	Parks & Recreation	Water Utility	2019 Total
<b>Revenues</b>								
Taxes	\$ 182,094	-	-	-	\$ -	-	-	\$ 182,094
Sales of Service	1,683	-	-	26,843	705	62,308	-	91,539
Other revenue from own services	10,115	-	-	-	-	15,877	1,700	27,692
Investment income	51,712	-	-	-	-	-	-	51,712
Grants - unconditional	361,260	-	-	-	-	-	-	361,260
Grants - conditional	179,320	85,500	8,205	-	11,726	3,882	-	288,633
Water user fees	-	-	-	-	-	-	110,550	110,550
	<u>786,184</u>	<u>85,500</u>	<u>8,205</u>	<u>26,843</u>	<u>12,431</u>	<u>82,067</u>	<u>112,250</u>	<u>1,113,480</u>
<b>Expenditures</b>								
Wages and benefits	118,574	1,100	138,370	6,810	4,185	18,962	61,121	349,122
Supplies and services	132,481	128,623	75,286	14,493	1,294	77,989	37,660	467,826
Amortization	7,654	-	36,095	-	447	24,703	44,774	113,673
Loss on disposal of assets	-	-	-	-	-	-	43,654	43,654
	<u>258,709</u>	<u>129,723</u>	<u>249,751</u>	<u>21,303</u>	<u>5,926</u>	<u>121,654</u>	<u>187,209</u>	<u>974,275</u>
<b>Annual Surplus (Deficit)</b>	\$ <u>527,475</u>	\$ <u>(44,223)</u>	\$ <u>(241,546)</u>	\$ <u>5,540</u>	\$ <u>6,505</u>	\$ <u>(39,587)</u>	\$ <u>(74,959)</u>	\$ <u>139,205</u>

