



THE CORPORATION OF THE VILLAGE OF SLOCAN

# ANNUAL REPORT FOR 2016

Annual Report for the Village of Slokan  
Presented to Municipal Council on June 12<sup>th</sup>, 2017.

Mayor Jessica Lunn

Councillor Jean Patterson  
Councillor Madeleine Perriere  
Councillor Joel Pelletier  
Councillor Burly Van Bynen

# Village of Slocan – Annual Report 2016

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## INDEX

Disqualification Declaration.....	1
Message from Mayor Lunn .....	2
Report from the Chief Administrative Officer .....	3
Municipal Services & Operations 2016 .....	4 & 5
2016 Building Activity Report .....	6
Progress Report on Objectives for 2016 .....	7
Future Objectives & Performance Measures for 2016 & 2017 .....	8
Tax Exemptions 2016.....	9

### Appendices

- Audited Financial Report 2016
- Auditor's Management Letter 2016

**During the year 2016 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 2016 Annual Report for the Village of Slocan. This report provides a comprehensive overview of Village operations for the fiscal year ending December 31, 2016.

Council provides the vision and the leadership through long range planning. Council is solely accountable for the results and activities during 2016. 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 November 15, 2014. Slocan Council is proud to serve the Village of Slocan as the first Council to be elected for the new four year term of 2014 to 2018. In cooperation with neighbouring Villages, the Village of Slocan is pleased to have signed a three year 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. In 2014, 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  $\pm$  800 kW, with annual gross revenues estimated at \$250,000. The micro hydro project is estimated to cost  $\pm$  \$3,100,000; which includes intake & penstock, access road, powerhouse, turbine, substation and power line interconnection. Preliminary work and required consultations are in progress.

The Village completed the 2016 Job Creation Partnership: Tourism Enhancement Project Phase 2. The 26-week project involved developing and enhancing the well-used municipal campground and upgrades to the Slocan waterfront. Development of community infrastructure provided EI-attached participants an opportunity to advance their skillset, promoting future employment opportunities.

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.

The Village continues to work with the Slocan Valley Seniors' Housing Society for development of a 12-unit seniors and affordable housing complex in the Village of Slocan.

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.

The loss of the industrial tax base with the closure and demolition of the Springer Creek Forest Product operations focused the Village of Slocan on finding other sources of revenue through the development of a micro hydro power project. 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

## **2016 MUNICIPAL SERVICES & OPERATIONS**

### **Part I - Revenues**

The Village collected \$161,841 in taxes; generates \$59,701 from the sale of services; revenues from own sources are \$27,543; unconditional transfers from the provincial government amount to \$316,947. 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 \$193,008.

The Village used the Small Community Funding Grant to reduce the tax burden on the business and residential properties. Without the unconditional grant of \$316,947, taxes in the Village of Slokan would have been increased by 244%.

Water fund revenues, a combination of residential user fees, Westside user fees and commercial flat rate fees were \$98,743.

### **Part II – Expenditures**

#### *General Government - \$230,326*

General government expenditures includes the cost of administration, including Council operations, the office, legal and auditing services, liability insurance and other general overhead expenditures. In 2016, included in general government expenses was \$41,192 in costs associated with the micro hydro project relating to studies and grant writing preparation and submission.

#### *Protective Services - \$1,100*

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

#### *Transportation Services - \$180,201*

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

#### *Environmental Health - \$15,579*

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

#### *Public Health & Welfare - \$8,005*

Public Health & Welfare includes cemetery maintenance.

*Recreation & Cultural Services - \$150,564*

Recreation and cultural services includes 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. This expenditure category also included successful completion of the JCP Tourism Enhancement Project Phase 2 – rehabilitation, expansion, and enhancement of Springer Creek RV Park and Campground, and upgrades to the Slocan waterfront.

*Debt Interest & Fiscal Services - \$6,270*

*Operating Capital Expenditures - \$132,694*

The capital program included:

- Public Works shed
- New Photocopier & computer
- Ride-on Mower
- Office Heat Pump
- Breakwater

*Water Utility Operations - \$73,279*

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

*Water Capital Expenditures - \$58,308*

The capital program included:

- Upgrade water plant SCADA system
- Water plant equipment

## 2016 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	\$610,000	3	\$6035	\$228
Residential Additions / Renovations / Accessory Buildings	27,200	4	549	61
Mobile Homes	0	0	0	0
Commercial – New Starts Only	0	0	0	0
Commercial Additions / Renovations	10,000	3	220	24
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	0	0	0
<b>TOTAL</b>	<b><u>\$647,200</u></b>	<b>9</b>	<b><u>\$758</u></b>	<b><u>\$6,803</u></b>

## PROGRESS REPORT FOR 2016

In 2015, Council set the following objectives for 2016. The objectives were set as part of the 2015 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
Bylaws	Review and update bylaws	The following bylaws were adopted in 2016: Financial Plan (2016-2020), Tax Rate Bylaw, and Fees & Charges Amendment Bylaw (Water Rates).
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
WE Graham Community School	Support school	Letter of support to maintain WE Graham as a viable school in Slocan
Legion	Support collaboration of service groups	Council support of commercial kitchen in the Silvery Slocan Hall by providing grant fund opportunities. Ongoing.
Seniors Housing	Support the Slocan Valley Seniors Housing Society for development of a 12 unit complex. Land to be leased from Village.	In Progress – Needs & Demands Study Complete, Feasibility Study in progress. Goal to break ground in 2017.



**STATEMENT OF MUNICIPAL OBJECTIVE AND PROGRESS MEASURES FOR CURRENT YEAR (2016) AND NEXT YEAR (2017).**

- 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 strategy.
- Finding fiscal efficiencies in municipal cost savings.
- Identify joint municipal revenue opportunities.
- Review drainage plan
- Review Waterfront Plan in conjunction with Boat Launch plan
- Support development of Seniors' and Affordable Housing

In early 2016, 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
Micro-Hydro Plant	Proceed with micro-hydro generation project owned by the Village, for the Village.	Support approval of Development Application, champion project, develop corporate governance model, arrange for financing, plan for construction and operation.
Seniors Housing	Support Slocan Valley Seniors Housing Society in development of housing project.	Feasibility and needs study completed by Society. Servicing needs to be addressed.
Breakwater	Breakwater be safe and secure for public use – deck to be replaced, berm removed and replaced with a retaining wall.	Job Creation Partnership Project completed, lock-block wall to be installed in 2017.
Campground	Upgrades to the campground including addition of up to 20 new sites serviced with power/water/sani	Job Creation Partnership completed – Village to continue upgrades to power/water/sani to additional sites.
Cemetery Mapping	Development of digital cemetery database and web-mapping tool for managing plots, maps, burials and interment information. Includes ground penetrating radar.	Work to be completed in 2017.

## PERMISSIVE TAX EXEMPTIONS 2016

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	\$331.46
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	\$312.43
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	\$1,172.79
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	\$661.24
155.000	Lots 2 to 6, Block 22, District Lot 292, Plan 496, Kootenay Land District	710 Harold Street, Slocan, BC	Slocan Community Library Society	\$240.00
204.000	Lots 1, 2, 3 and 18, 19, 20, Block 34, District Lot 292, Plan 496, Kootenay Land District	903 Hume Street, Slocan, BC	Slocan Curling Club	\$1,133.56
214.080 214.100	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	\$88.78
65.000	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.	\$43.25

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**Management Report**

**Independent Auditors' Report**

**Financial Statements**

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Financial Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule A - Consolidated 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, 2016

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### RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated 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 consolidated 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, Berg Lehmann, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the consolidated 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 consolidated financial statements. The report of Berg Lehmann, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



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Colin McClure, CA  
Chief Financial Officer

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council  
Village of Slocan

We have audited the accompanying consolidated financial statements of the Village of Slocan, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of financial activities, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Slocan as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

April 10, 2017

Nelson, B.C.

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2016

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	<u>2016</u>	<u>2015</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,506,757	\$ 1,372,620
Accounts receivable (Note 3)	<u>131,179</u>	<u>186,456</u>
	<u>1,637,936</u>	<u>1,559,076</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	47,976	59,198
Deferred revenue (Note 5)	21,824	12,038
Capital lease obligation (Note 6)	<u>10,047</u>	<u>16,317</u>
	<u>79,847</u>	<u>87,553</u>
<b>Net Financial Assets</b>	1,558,089	1,471,523
<b>Non -Financial Assets</b>		
Tangible capital assets (Note 7)	2,608,336	2,516,128
Prepaid expenses	<u>11,283</u>	<u>10,845</u>
	<u>2,619,619</u>	<u>2,526,973</u>
<b>Accumulated Surplus (Note 8)</b>	<u>\$ 4,177,708</u>	<u>\$ 3,998,496</u>

Commitments and Contingencies (Note 12)



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Colin McClure, CA  
Chief Financial Officer

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2016

	<u>2016 Budget</u> (Note 13)	<u>2016</u>	<u>2015</u>
<b>Revenue</b>			
Taxes	\$ 164,118	\$ 161,841	\$ 162,312
Sale of services	53,765	59,701	51,837
Other revenue from own sources	15,700	27,543	17,622
Investment income	9,000	13,309	10,973
Grants - unconditional	313,000	316,947	337,607
Grants - conditional	149,750	225,976	456,393
Water user fees	96,819	98,743	97,451
Gain on disposal tangible capital assets	-	30,826	-
	<u>802,152</u>	<u>934,886</u>	<u>1,134,195</u>
<b>Expenses</b>			
General government	224,953	230,326	259,864
Protective services	1,100	1,100	3,941
Transportation services	209,235	180,201	199,032
Environmental health services	18,742	15,579	13,607
Public health and welfare services	13,779	8,005	2,151
Parks, recreation and cultural services	50,988	150,564	128,201
Water utility operations	61,527	73,279	52,151
Amortization	<u>105,112</u>	<u>96,620</u>	<u>94,637</u>
	<u>685,436</u>	<u>755,674</u>	<u>753,584</u>
Annual surplus	116,716	179,212	380,611
Accumulated surplus, beginning of the year	<u>3,998,496</u>	<u>3,998,496</u>	<u>3,617,885</u>
<b>Accumulated surplus, end of the year</b>	<u>4,115,212</u>	<u>4,177,708</u>	<u>3,998,496</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**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

For the Year Ended December 31, 2016

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	<u>2016 Budget</u>	<u>2016</u>	<u>2015</u>
Annual surplus	116,716	179,212	380,611
Acquisition of tangible capital assets	(371,550)	(191,002)	(16,930)
Amortization of capital assets	105,112	96,620	94,637
Proceeds on sale tangible capital assets	-	33,000	-
Gain on disposal tangible capital assets	-	(30,826)	-
	<u>(149,722)</u>	<u>87,004</u>	<u>458,318</u>
Acquisition of prepaid expenses	-	(438)	(139)
Increase (decrease) in net financial assets	(149,722)	86,566	458,179
Net financial assets, beginning of year	<u>1,471,523</u>	<u>1,471,523</u>	<u>1,013,344</u>
<b>Net financial assets, end of the year</b>	<u>1,321,801</u>	<u>1,558,089</u>	<u>1,471,523</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**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<b>Cash Provided by (Used In)</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 179,212	\$ 380,611
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	96,620	94,637
Gain on disposal tangible capital assets	<u>(30,826)</u>	<u>-</u>
	245,006	475,248
<b>Increase (decrease) in non-cash operating items:</b>		
Accounts receivable	55,277	48,504
Accounts payable and accrued liabilities	(11,222)	(55,871)
Deferred revenue & deposits	9,786	(299,904)
Prepaid expenses	<u>(438)</u>	<u>(139)</u>
	<u>298,409</u>	<u>167,838</u>
<b>Financing Activities</b>		
Repayment of capital lease obligations	<u>(6,270)</u>	<u>(6,169)</u>
<b>Capital Activities</b>		
Proceeds from disposal of tangible capital assets	33,000	-
Acquisition of tangible capital assets	<u>(191,002)</u>	<u>(16,930)</u>
<b>Net increase in Cash</b>	134,137	144,739
<b>Cash and cash equivalents, beginning of year</b>	<u>1,372,620</u>	<u>1,227,881</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,506,757</u>	<u>\$ 1,372,620</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 CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

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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 consolidated financial statements have been prepared in accordance with with Canadian public sector accounting standards.

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

(a) Principles of Consolidation

These consolidated financial statements include the accounts of all the funds of the Village. Inter-fund transactions and balances have been eliminated in the consolidated statements.

(b) 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.

(c) 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 amount will be recognized as revenues in the fiscal year in which it is used for the specified purpose, the services are performed and or the projects are constructed.

(d) Government Transfers

Government transfers are recognized in the consolidated 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.

(e) Financial Instruments

The Village's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and capital lease obligations. 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.

(f) Interest and Actuarial Gains on Long Term Debt

The Village records interest expense on long-term debt on an accrual basis and actuarial gains when realized as a reduction of the principal balance.

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

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1. **Significant Accounting Policies (continued)**

(g) **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 in to 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

(h) **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.

(i) **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.

(j) **Use of Estimates**

The preparation of consolidated financial statements in accordance with 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.

(k) **Budget**

Budget data presented in these consolidated financial statements is based on the Village's Five Year Financial Plan for the years 2016-2020, adopted by Council on May 9, 2016.

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2016

**2. Cash and Cash Equivalents**

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

	<u>2016</u>	<u>2015</u>
Cash	\$ 1,384,513	\$ 1,251,720
MFA bond and money market funds	<u>122,244</u>	<u>120,900</u>
	<u>\$ 1,506,757</u>	<u>\$ 1,372,620</u>

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

**3. Accounts Receivable**

	<u>2016</u>	<u>2015</u>
Property taxes	\$ 56,996	\$ 130,853
Utility billings	16,937	19,350
Other governments	9,273	8,157
Trade & other receivables	<u>47,973</u>	<u>28,096</u>
	<u>\$ 131,179</u>	<u>\$ 186,456</u>

**4. Accounts Payable and Accrued Liabilities**

	<u>2016</u>	<u>2015</u>
Trades payable	\$ 31,227	\$ 34,045
Due to other government	2,559	15,720
Accrued wages and benefits	<u>14,190</u>	<u>9,433</u>
	<u>\$ 47,976</u>	<u>\$ 59,198</u>

**5. Deferred Revenue**

	<u>2016</u>	<u>2015</u>
Prepaid taxes, grants & other	<u>\$ 21,824</u>	<u>\$ 12,038</u>

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2016

6. Capital Lease Obligations

	<u>2016</u>	<u>2015</u>
Municipal Finance Authority lease obligation for a Sierra pick-up truck, with monthly payments of \$506 including interest at 2%, maturing July 28, 2018	\$ <u>10,047</u>	\$ <u>16,317</u>

The minimum lease payments for the next 2 years are as follows:

2017	6,497
2018	<u>3,694</u>
	10,191
Less interest	<u>(144)</u>
	\$ <u>10,047</u>

7. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Land	\$ 798,870	\$ -	\$ 798,870	\$ 801,044
Buildings	551,660	329,897	221,763	226,867
Engineering infrastructure	799,805	444,038	355,767	296,122
Machinery & equipment	520,106	339,306	180,800	158,293
Transportation infrastructure	218,574	149,850	68,724	71,920
Water infrastructure	<u>1,469,456</u>	<u>487,044</u>	<u>982,412</u>	<u>961,882</u>
	\$ <u>4,358,471</u>	\$ <u>1,750,135</u>	\$ <u>2,608,336</u>	\$ <u>2,516,128</u>

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

8. Accumulated Surplus

	<u>2016</u>	<u>2015</u>
<b>Reserves</b>		
Capital equipment	\$ 100,017	\$ 96,908
Community works fund	409,551	341,363
Land sales	140,148	105,567
Water infrastructure	<u>3,086</u>	<u>3,064</u>
	<u>652,802</u>	<u>546,902</u>
<b>Operating</b>		
General	805,841	795,912
Water	<u>120,777</u>	<u>155,871</u>
	<u>926,618</u>	<u>951,783</u>
<b>Invested in capital assets</b>	<u>2,598,288</u>	<u>2,499,811</u>
<b>Total Accumulated Surplus</b>	<u>4,177,708</u>	<u>3,998,496</u>

**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2016

**9. 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>2016</u>	<u>2015</u>
Balances, beginning of year	\$ 16,848	\$ 16,700
Contributions received	20	-
Interest earned	<u>120</u>	<u>148</u>
	16,988	16,848
Expenses, transfers	-	-
Balances, end of year	<u>\$ 16,988</u>	<u>\$ 16,848</u>

**10. 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>2016</u>	<u>2015</u>
Provincial Government - School taxes	\$ 97,025	\$ 97,896
Provincial Government - Police taxes	13,694	13,598
Regional District of Central Kootenay	68,284	66,557
West Kootenay Boundary Hospital District	11,719	11,603
British Columbia Assessment Authority	2,322	2,453
Municipal Finance Authority	<u>7</u>	<u>7</u>
	<u>\$ 193,008</u>	<u>\$ 192,114</u>

**11. 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, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation of the Municipal Pension Plans at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

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**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2016

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11. **Pension Plan** (continued)

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate 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 \$17,170 (2015 - \$14,555) for employer contributions to the plan in fiscal 2016.

12. **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.

13. **Budget Data**

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

	<u>2016</u>
Budget surplus per Consolidated Statement of Operations	\$ 116,716
Less: Capital expenditures	371,550
Debt principal repayments	6,072
Budgeted transfers to reserves	6,000
Add: Budgeted transfers from surplus & reserves	161,794
Amortization	<u>105,112</u>
Net annual budget	<u>\$ -</u>



**THE CORPORATION OF THE VILLAGE OF SLOCAN**  
**SCHEDULE A - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
For the Year Ended December 31, 2016

Tangible Capital Assets	Opening Balance	Additions & reallocation of assets under		Closing Balance	Accumulated Amortization Opening balance	Amortization Expense	Reduction on Disposals	Accumulated Amortization Closing Balance	Net Carrying Amount End of year
		Construction	Disposals						
Land	\$ 801,044	\$ -	\$ (2,174)	\$ 798,870	\$ -	\$ -	\$ -	\$ -	\$ 798,870
Buildings	546,279	5,381	-	551,660	319,412	10,485	-	329,897	221,763
Engineering infrastructure	720,420	79,385	-	799,805	424,298	19,740	-	444,038	355,767
Machinery & equipment	481,161	47,928	(8,983)	520,106	322,868	25,421	(8,983)	339,306	180,800
Transportation infrastructure	218,574	-	-	218,574	146,654	3,196	-	149,850	68,724
Water infrastructure	1,411,148	58,308	-	1,469,456	449,266	37,778	-	487,044	982,412
Total	\$ 4,178,626	\$ 191,002	\$ (11,157)	\$ 4,358,471	\$ 1,662,498	\$ 96,620	\$ (8,983)	\$ 1,750,135	\$ 2,608,336

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

For the Year Ended December 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health & Welfare Services	Parks & Recreation	Water Utility	2016 Total
<b>Revenues</b>								
Taxes	\$ 161,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,841
Sales of Service	2,255	-	-	24,074	480	32,892	-	59,701
Other revenue from own services	14,882	-	289	-	-	8,622	3,750	27,543
Investment income	13,309	-	-	-	-	-	-	13,309
Grants - unconditional	316,947	-	-	-	-	-	-	316,947
Grants - conditional	105,117	-	-	-	5,000	115,859	-	225,976
Water user fees	-	-	-	-	-	-	98,743	98,743
Gain on sale of assets	30,826	-	-	-	-	-	-	30,826
	<u>645,177</u>	<u>-</u>	<u>289</u>	<u>24,074</u>	<u>5,480</u>	<u>157,373</u>	<u>102,493</u>	<u>934,886</u>
<b>Expenditures</b>								
Wages and benefits	97,370	1,100	129,248	4,608	2,125	57,026	35,359	326,836
Supplies and services	132,956	-	50,727	10,971	5,880	93,538	37,920	331,992
Interest and other debt charges	-	-	226	-	-	-	-	226
Amortization	6,759	-	27,513	-	255	24,315	37,778	96,620
	<u>237,085</u>	<u>1,100</u>	<u>207,714</u>	<u>15,579</u>	<u>8,260</u>	<u>174,879</u>	<u>111,057</u>	<u>755,674</u>
<b>Annual Surplus (Deficit)</b>	<u>408,092</u>	<u>(1,100)</u>	<u>(207,425)</u>	<u>8,495</u>	<u>(2,780)</u>	<u>(17,506)</u>	<u>(8,564)</u>	<u>179,212</u>