

VILLAGE OF SILVERTON

2015 Annual Report & Financial Statements

For the year ended
December 31, 2015

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MESSAGE FROM MAYOR JASON CLARKE

It is my pleasure to introduce the 2015 Annual Municipal Report for the Village of Silverton. I am in year two of being your Mayor and I continue to be both honoured and excited to hold the position. It's been an action-packed time with a fair bit of transition.

As you know in February our CAO Melisa Miles left us to pursue a fantastic career opportunity with the City of Merritt as their Corporate Officer. Before departing she found and recommended Darrell Garceau, City Manager of Williams Lake to replace her. In doing so she left Silverton in very capable hands.

I am pleased to announce that CAO Garceau has settled into his position here quickly and efficiently. He brings a lot of skill and expertise with him from his last 22 years of working in municipal management.

Through this transitional year Council's focus has continued to be on: creating an asset management plan; re-opening the Silverton Gallery; reviewing and remediating our policies; waste reduction and continuing to update our water system.

We've expanded our asset management definition to include "eco-assets" or "natural capital". These are naturally occurring assets that provide equivalent municipal services on which the community relies. Without them we would need to put in costly infrastructure to cover off what they do naturally. By incorporating them into our asset inventory we are better positioned to plan for the future. One example of this is our watershed; without it we would need to put in a water treatment facility.

Over the last year, thanks to Councillor Christian, we launched our community composting initiative where Bokashi kits were made available to interested residents at no charge. We also hosted a Bokashi workshop to teach folks how to use the kits properly. Councillor Main, as our RDCK Director, was successful in getting our biennial hazardous waste roundup moved to annual.

We continue to write grant applications to re-open the Silverton Gallery and a significant portion of the project budget set aside already. We also continue to update and repair our existing facilities as time and money allows. At the time of writing this message the tennis court's asphalt has been repaired and is scheduled for resurfacing in the upcoming month; the bathroom at the Creekside Campground has been renovated and Silverton is generally in good shape.

We carry on engaging with our residents using the Council Cafes. These have been held quarterly and will continue to be so. Our hopes and observations have been that through these a spirit of openness and collaboration is fostered between Council and our residents. We have updated our website – specifically the documents and the news sections. This will make it easier for the general public to stay up to date with what is happening in Silverton. These sections of the website will continue to be kept up to date going forward.

Collaboration continues to be an ongoing goal of the local governments in this area. To that endeavour we will continue meeting quarterly with New Denver, Slocan and Area H, in an effort to share resources and ideas. This is something that was carried over from the previous year and continues to gain both momentum and traction. In fact some of our meetings have also had representation from the local governments of both Kaslo and Nakusp.

I am serving my second year both as your Mayor and as a board member for the Association of Kootenay and Boundary Local Governments (AKBLG). Councillor Main is serving a second year on the Federation of Canadian Municipalities (FCM) board. Silverton is well represented both regionally and federally.

Thank-you to our residents, volunteers, business owners, Village Staff and Council. Silverton is the amazing place it is because of you all.

Jason Clarke
Mayor



Silverton Village Council (2014 – 2018 term)

- Mayor Jason Clarke
- Councillor Carol Bell
- Councillor Leah Main
- Councillor Arlene Yofonoff
- Councillor Bill Christian

Village of Silverton Staff Listing

- Chief Administrative Officer Melisa Miles
- Administrative Assistant Hillary Elliott
- Public Works Foreman Leonard Casley
- Public Works Assistant Manuel Darosa
- Chief Financial Officer Colin McClure

SILVERTON - 2016

Strategic Planning(Rated by top five priorities)

Category	Project	Priority
Administration	Policy Overview & Remediation	3
Administration	Continue supporting Staff development	
Administration	Bylaw Overview & Remediation	
Administration	OCP review & update	
Administration	Record Management Improvements	
Communication	Better communication and civic engagement	
Communication	Engaging young people - volunteerism, committees, commissions, public office, etc...	
Communication	Better engagement w/school	
Communication	Young family support	
Economic Development	Creating a maker space	
Economic Development	Keep revenue local	
Economic Development	Village Selling - Soil, Gravel, Woodchips	
Facilities	Better understanding of our facilities	
Facilities	Maintenance Plan/Asset Management Plan	1
Facilities	Gallery re-opening project	2
Facilities	Creekside Campsite - Large roof over washroom/basin area (5K cost)	
Facilities	Get facilities to operate more smoothly - be more profitable	
Facilities	Campground Update - Wireless internet	
Facilities	Geothermal/District Heating - get baseline	
Facilities	Campground Overhaul - communal fire pit, programming for campers, sing along	
Facilities	Campground Update - Power hookups (serviced campsites)	
Facilities	Campground Overhaul - permanent structures - micro homes - yurts - cob home etc...	
Infrastructure	Water lines - tying in dead ends	4
Infrastructure	Footbridge - (railing replacement etc...)	
Infrastructure	Community Forest to protect the water shed	
Infrastructure	Fencing around reservoir	
Infrastructure	Community Garden	
Infrastructure	Broad Band/Fiber to home	
Infrastructure	Street Lights (installing our own w/LED)	

Infrastructure	Day Park - Gazebo & Power	
Infrastructure	Pave all streets	
Infrastructure	Day Park - Seating	
Lake/Creek	Dike Maintenance	
Lake/Creek	Riparian protection - Education	
Lake/Creek	Signage	
Lake/Creek	Education in general	
Lake/Creek	Lake Management	
Lake/Creek	Lake shore walking trail	
Lake/Creek	Silverton Creek mouth erosion	
Lake/Creek	Water craft education	
Other	Food Security	
Other	Changing over pews in Village Office	
Services	Properly Maintaining current services	
Services	Recycling - Waste Elimination	5
Services	Recycling - Electronics	

Vision and Guiding Principles

- Silverton will be an innovative and vibrant Village where people desire to live, work, play and retire. We aspire to be a community that works together to provide opportunities, protect the natural environment, natural eco-systems, built and natural assets.
- Through visionary leadership, citizens are engaged in maintaining a safe, caring and vibrant community that honours our culture, heritage and the environment.
- The vision of the Village of Silverton is to create and nurture an environment in which people are able to pursue the fulfillment of their values in harmony with the community and the environment.
- We should live within the carrying capacity of the natural environment, including our watershed.
- We should leave the next generation with equal or better opportunities than the present generation has enjoyed. We should create a harmonious balance between economic opportunity, social conscience and environmental stewardship.
- We must look beyond traditional municipal boundaries and urban/rural boundaries to incorporate regional ecosystem boundaries.
- Successful sustainability is a grass roots initiative that must be supported by the community.

What We Do and Our Successes in 2015

Corporate Services

The administrative function of the organization under Corporate Services is responsible for the overall treasury function of the Village including, but not limited to, coordination of budgets and five-year financial plans, property taxation, financial cash management, payroll, accounts receivable/payable and financial forecasting and controls. The staff are responsible for managing and monitoring the Village's overall budget as well as providing financial data and advice to Village Council and staff.

It is the objective of the Village through the office staff to operate an efficient and self-sufficient municipality while maintaining a well-serviced, safe, livable and sustainable community. Our focus is to provide maximum efficiency and reasonable taxation, while also making provision for future infrastructure and service needs. The staff are committed to sound financial management of its operations, debt, and reserve balances and addressing our aging municipal infrastructure. The Village will effectively plan and steward the continuance of a healthy financial framework on these issues for current and future generations.

The legislative responsibilities of the staff and organization is to provide corporate and other assistance to Village Council in their efforts to address community issues and provide good governance. This aspect of the organization is responsible for managing and maintaining all Village records and ensuring access to those records. Staff undertake such works as contractual agreements, policies, bylaws, agendas, meeting minutes and conducts general elections.

Public Works / Environmental Services

Streets:

This department is overseen by the Public Works Foreman with the assistance of the public works assistant. Staff provides and maintains a number of essential services and infrastructure for the Village. This would include roads and drainage, management of the Village's fleet, parks operations, building maintenance, water, recycling and overall management of the environmental services.

Staff are responsible for the maintenance and repair of the paved and unpaved street network in the Village. Maintenance would include pothole patching, crack sealing, grading, street sweeping, snow removal, sidewalk repair, maintenance and replacement. The replacement and upgrade of deteriorated roadways is subject to annual budgetary review and is prioritized based upon many factors such a surface condition and the condition of the existing underground infrastructure. The five-year financial plan reflects a commitment to the improvement of the streets in a strategic and fiscally responsible manner. The Village has a dedicated team of employees who work diligently to ensure that the roadways and pedestrian sidewalks are well maintained for the protection and safety of the citizens of Silverton.

Water, Storm Water:

Staff are responsible for the water collection and distribution of the municipal water system and storm water collection system for the Village. The Village has a team of qualified operators responsible for overseeing and maintaining the water and storm water facilities and main line and service infrastructure.

The Village maintains compliance with federal, provincial and local regulations and policies in maintaining our water and storm water collection and distribution systems in the Village. The Village draws its water from a ground water source to our infrastructure which includes 2 deep water wells. The water is pumped to 2 water reservoirs then is distributed to water zones. The Village has approximately 5,600 feet of water distribution mains.

The Village has implemented a number of water conservation initiatives to protect this precious natural resource.

Solid Waste Collection and Recycling:

The Village offers curbside garbage collection services on a weekly basis. Recycling services are provided by on-site recycling feeder stations located on the grounds of the Village Office. The recycling component has diverted a substantial volume of material away from the waste stream. This is proving to be very sustainable and reduces costs for landfill operations.

Parks:

The staff are responsible for the maintenance and repair of all Village parks. Key maintenance operations include grass maintenance, irrigation, facility and equipment maintenance and repair and replacement.

Urban Forestry / Wildfire Interface Management:

SIFCo, our local Community Forest, has once again been busy in and around Silverton throughout 2015. A crew of five workers and one project supervisor worked in the spring and fall of 2015, and then started up again in early March 2016. They are at work on our Silverton North Wildland-Urban Interface Project.

The area they are working in is mainly located on the crown forest land that wraps around the north and east sides of private land occupied by rural residences and very close to residential structures within the Village of Silverton.

The treatment area, if left untreated, would provide pathways for fires originating on crown land that could threaten structures within the Village, the municipal water intake, and structures on adjacent private land. The untreated area would also provide a pathway for a fire originating from human causes in any of these locations to threaten surrounding lands and watersheds. Reducing fuel loads and fire spread rate in this section of land significantly reduces the risk of damage from wildfire in all of the surrounding developed areas.

This project is, therefore, enhancing community safety and fire preparedness. Treatment goals are to reduce lower canopy, ground, and ladder fuel loading, to alter the size classes of fuels, and to reduce horizontal and vertical fuel continuity.

This project is leading to:

1. reduction in opportunities for ignition,
2. reduction in the intensity and rate of spread of a wildfire if one were to occur,
3. reduction in the potential impact to adjacent communities if a wildfire were to occur,
4. increase in wildfire suppression success, as treated areas will have improved access and be safer to work in.

In 2015 SIFCo treated 25 hectares of the 39.2 hectares total hectares to be treated. The good news is that the project is almost completed: as of today 37.5 hectares of the 39.2 are completed. Expected completion date is currently June 10th, 2016, weather permitting.

In 2015 total cost for the project was \$227,953.

It is important to remember that the Silverton North project connects with the Silverton South project, which was completed in 2013. In total, 87 hectares will be treated once both projects are finished, creating a continuous band of treated land around our entire village, thereby making Silverton one of the best prepared municipalities in BC when it comes to Wildland-Urban Interface treatment.

Total cost of both project combined will be \$825,000, mainly acquired through grants.

The Village of Silverton would like to thank SIFCo without whom this would have been possible.

2015 Successes

- Implementation of a new municipal software program
- Modernization of a number of bylaws and policies
- Introduction of a Bokashi Home Composting Program
- Implementation of an annual household hazardous waste collection program
- Regional collaboration of municipalities in Slokan Valley on issues of mutual interest
- Purchase of a new Riding Lawnmower
- Installation of 500 feet of 6 inch water main on Lake Avenue from 6th Street to Alpha Street
- Installation of a new fire hydrant with isolation valve on the corner of Alpha Street and 6th Street
- Looping of water main from Hume Lane to Second Street water main
- Installation of 300 feet of 2 inch service lateral line with new isolation valves

Financial Officer Certification Form
2015 Gas Tax Annual Expenditure Report
January 1, 2015 to December 31, 2015

1. To the best of my knowledge, the Annual Expenditure Report contained herein is complete and accurate;
2. To the best of my knowledge, the Local Government has, during the 2015 calendar year, complied with all material provisions of its Gas Tax Funding Agreements including that:
 - a. Expenditures of the principal of the funds were for eligible expenditures;
 - b. Expenditures of the interest or other investment income on the Funds were for eligible expenditures;
 - c. All contracts for eligible projects were awarded and managed in accordance with the Local Government's relevant policies and procedures and any that were awarded this year were awarded in a manner that was transparent, competitive and consistent with value for money principles; and
 - d. The Local Government's financial statements were prepared following accounting rules of the Public Sector Accounting Board.
3. In my opinion, this year's Net Capital Spending is at least as much as Net Capital Spending would have been had the Gas Tax Fund not been available.

Financial Officer Name:

Colin McClure

Financial Officer Signature:

Colin McClure

Date Signed:

May 30/16

*must be signed by the officer assigned responsibility for financial administration under Section 149 of the *Community Charter* or Section 199 of the *Local Government Act*.



Gas Tax Annual Expenditure Report Recipient Information
Reporting for January 1, 2015 to December 31, 2015

Ultimate Recipient:	Silverton, Village of
Contact Name:	Colin McClure
Email Address:	cmcclure@nelson.ca
Phone Number:	250-352-8235

Opening Balance of Unspent Funds:	\$329,849.52
Received from UBCM:	\$58,748.01
Interest Earned:	\$ 3,847.00
Spent on Eligible Projects:	\$ 22,079.00
Closing Balance of Unspent Funds:	\$ 370,365.53

Project ID UBCM Use Only	Recipient	Project Title	Project Description	Investment Category	Project Start Date	Project Completion Date	Project Completed Yes/No	Percentage of Project Complete As of December 31, 2015	Total Spent to Date as Previously Reported	Total CWF Spent in 2015	Total Pooled Funds Spent in 2015 GSPF, IF, RSP, GVRP, SPF	Total Project Cost
	Silverton	Upgrades	waterlines in two	Drinking water	1-Oct-15	30-Nov-15	Yes	100%	\$ 22,079.00	\$ 22,079.00	\$ -	\$ 22,079.00

The Corporation of the Village of Silverton
2015 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

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6. Statement of Severance Agreements
7. Explanation of differences to Audited Financial Statements
8. Schedule of Remuneration and Expenses
9. Schedule of Payments for the Provision of Goods and Services

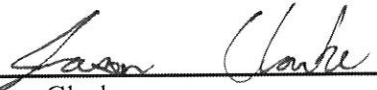
Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

STATEMENT OF FINANCIAL INFORMATION APPROVAL

We, the undersigned, approve the attached statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Jason Clarke
Mayor

Colin McClure
Chief Financial Officer

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

MANAGEMENT REPORT

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

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

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

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

On behalf of The Corporation of the Village of Silverton

Colin McClure
Chief Financial Officer
June 15, 2016

THE CORPORATION OF THE VILLAGE OF SILVERTON
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

THE CORPORATION OF THE VILLAGE OF SILVERTON
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For the Year Ended December 31, 2015

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Schedule A - Consolidated Statement of Tangible Capital Assets

Schedule B - Schedule of Segmented Information

THE CORPORATION OF THE VILLAGE OF SILVERTON

MANAGEMENT REPORT

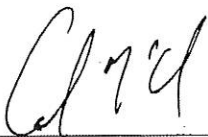
For the Year Ended December 31, 2015

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 Silverton'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 Silverton'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 Silverton'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.



Colin McClure, CA
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Village of Silverton

We have audited the accompanying consolidated financial statements of the Village of Silverton, which comprise the consolidated statement of financial position as at December 31, 2015, 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 Silverton as at December 31, 2015, 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

May 10, 2016


Nelson, B.C.

THE CORPORATION OF THE VILLAGE OF SILVERTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 736,423	\$ 764,995
Accounts receivable (Note 3)	201,816	64,743
MFA deposits (Note 4)	<u>3,546</u>	<u>3,457</u>
	<u>941,785</u>	<u>833,195</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	183,612	104,276
Deferred revenue (Note 6)	18,024	347,873
Short-term borrowing	-	34,145
Debt (Note 7)	<u>29,875</u>	<u>58,600</u>
	<u>231,511</u>	<u>544,894</u>
Net Financial Assets	710,274	288,301
Non -Financial Assets		
Tangible capital assets (Note 8)	2,003,468	2,065,926
Prepaid expenses	<u>11,171</u>	<u>10,372</u>
	<u>2,014,639</u>	<u>2,076,298</u>
Accumulated Surplus (Note 9)	<u>\$ 2,724,913</u>	<u>\$ 2,364,599</u>

Commitments and Contingencies (Note 12)



Colin McClure, CA
Chief Financial Officer

THE CORPORATION OF THE VILLAGE OF SILVERTON
CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2015

	2015 Budget (Note 13)	2015	2014
Revenue			
Taxes	\$ 125,716	\$ 126,611	\$ 120,422
Sale of services	52,250	53,181	49,965
Other revenue from own sources	18,019	16,774	21,846
Investment income	3,500	9,903	10,640
Grants - unconditional	279,245	279,245	174,292
Grants - conditional	260,844	681,231	80,595
Water user fees	70,066	71,381	69,296
	<u>809,640</u>	<u>1,238,326</u>	<u>527,056</u>
Expenses			
General government	227,588	244,131	258,613
Protective services	125,800	315,144	45,857
Transportation services	130,811	105,192	124,142
Environmental health services	13,200	10,655	13,925
Parks, recreation and cultural services	51,400	56,037	47,237
Interest and other debt charges	11,744	11,976	14,144
Water utility operations	36,856	32,793	41,937
Amortization	100,100	102,084	100,038
	<u>697,499</u>	<u>878,012</u>	<u>645,893</u>
Annual surplus (deficit)	112,141	360,314	(118,837)
Accumulated surplus, beginning of the year	<u>2,364,599</u>	<u>2,364,599</u>	<u>2,483,436</u>
Accumulated surplus, end of the year	<u>2,476,740</u>	<u>2,724,913</u>	<u>2,364,599</u>

THE CORPORATION OF THE VILLAGE OF SILVERTON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2015

	<u>2015 Budget</u>	<u>2015</u>	<u>2014</u>
Annual surplus (deficit)	112,141	360,314	(118,837)
Acquisition of tangible capital assets	(191,000)	(39,626)	(30,566)
Amortization of capital assets	<u>100,100</u>	<u>102,084</u>	<u>100,038</u>
	21,241	422,772	(49,365)
Consumption (acquisition) of prepaid expenses	-	(799)	595
Consumption of supply inventory	<u>-</u>	<u>-</u>	<u>150</u>
Increase (decrease) in net financial assets	21,241	421,973	(48,620)
Net financial assets, beginning of year	<u>288,301</u>	<u>288,301</u>	<u>336,921</u>
Net financial assets, end of the year	<u>309,542</u>	<u>710,274</u>	<u>288,301</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 SILVERTON
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus (deficit)	\$ 360,314	\$ (118,837)
Items not involving cash:		
Amortization of tangible capital assets	102,084	100,038
Actuarial adjustments	<u>(7,736)</u>	<u>(6,631)</u>
	<u>454,662</u>	<u>(25,430)</u>
Increase (decrease) in non-cash operating items:		
Accounts receivable	(137,073)	(8,339)
MFA deposits	(89)	(97)
Accounts payable and accrued liabilities	79,336	68,003
Deferred revenue	(329,849)	53,982
Inventory	-	150
Prepaid expenses	<u>(799)</u>	<u>595</u>
	<u>66,188</u>	<u>88,864</u>
Financing Activities		
Debt repayment	<u>(55,134)</u>	<u>(22,876)</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(39,626)</u>	<u>(30,566)</u>
Net increase in Cash	(28,572)	35,422
Cash and cash equivalents, beginning of year	<u>764,995</u>	<u>729,573</u>
Cash and cash equivalents, end of year	<u>\$ 736,423</u>	<u>\$ 764,995</u>

THE CORPORATION OF THE VILLAGE OF SILVERTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. Significant Accounting Policies

The Corporation of the Village of Silverton (the Village) is a local government in the Province of British Columbia. The consolidated 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) 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, short and long term debt. 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.

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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:

Buildings	40 years
Furniture, Equipment & Vehicles	5 to 10 years
Technology	5 years
Roads and Paving	40 years
Bridges and other Transportation Structures	40 years
Water Infrastructure	10 to 40 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 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 2015-2019, adopted by Council on May 13, 2015.

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. Cash and Cash Equivalents

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

	<u>2015</u>	<u>2014</u>
Cash	\$ 649,018	\$ 678,131
MFA bond and money market funds	<u>87,405</u>	<u>86,864</u>
	<u>\$ 736,423</u>	<u>\$ 764,995</u>

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

3. Accounts Receivable

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 29,947	\$ 26,582
Utility billings	8,420	5,101
Other governments	20,832	6,368
Trade & other receivables	<u>142,617</u>	<u>26,692</u>
	<u>\$ 201,816</u>	<u>\$ 64,743</u>

4. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the MFA to the regional districts.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2015 the total of the Debt Reserve Fund was comprised of:

	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>
	Cash Deposit	Demand Note	Total	Total
General fund	\$ 732	\$ 2,857	\$ 3,589	\$ 3,570
Water utility	<u>2,814</u>	<u>10,989</u>	<u>13,803</u>	<u>13,733</u>
	<u>\$ 3,546</u>	<u>\$ 13,846</u>	<u>\$ 17,392</u>	<u>\$ 17,303</u>

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

5. **Accounts Payable and Accrued Liabilities**

	<u>2015</u>	<u>2014</u>
Trades payable	\$ 170,479	\$ 96,737
Accrued wages and benefits	<u>13,133</u>	<u>7,539</u>
	<u>\$ 183,612</u>	<u>\$ 104,276</u>

6. **Deferred Revenue**

	<u>2015</u>	<u>2014</u>
Other	\$ 18,024	\$ 18,024
Community works fund	<u>-</u>	<u>329,849</u>
	<u>\$ 18,024</u>	<u>\$ 347,873</u>

7. **Debt**

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2015 Balance	2014 Balance
General Purposes:						
411	Breakwater project	3%	2016	<u>52,000</u>	<u>6,165</u>	<u>12,092</u>
Water Purposes:						
410	Water system upgrade	3%	2016	<u>200,000</u>	<u>23,710</u>	<u>46,508</u>
Total Debt					<u>\$ 29,875</u>	<u>\$ 58,600</u>

Principal payments and expected actuarial additions for the next year are as follows:

General	Water	Total
<u>\$ 6,165</u>	<u>\$ 23,710</u>	<u>\$ 29,875</u>

8. **Tangible Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Land	\$ 93,917	\$ -	\$ 93,917	\$ 93,917
Buildings	1,068,402	379,385	689,017	715,345
Vehicles, equipment & furniture	265,515	177,640	87,875	91,941
Engineering infrastructure	464,443	229,714	234,729	245,588
Transportation infrastructure	251,649	183,191	68,458	74,749
Water machinery and equipment	62,540	36,482	26,058	30,500
Water infrastructure	<u>1,315,239</u>	<u>511,825</u>	<u>803,414</u>	<u>813,886</u>
	<u>\$ 3,521,705</u>	<u>\$ 1,518,237</u>	<u>\$ 2,003,468</u>	<u>\$ 2,065,926</u>

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

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

9. **Accumulated Surplus**

	<u>2015</u>	<u>2014</u>
Operating		
General	\$ 212,050	\$ 218,347
Water	<u>69,205</u>	<u>55,885</u>
	<u>281,255</u>	<u>274,232</u>
Reserves		
General	89,508	107,055
Water	10,190	10,130
Community works fund	<u>370,366</u>	<u>-</u>
	<u>470,064</u>	<u>117,185</u>
	751,319	391,417
Invested in capital assets	<u>1,973,594</u>	<u>1,973,182</u>
Total Accumulated Surplus	<u><u>2,724,913</u></u>	<u><u>2,364,599</u></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>2015</u>	<u>2014</u>
Provincial Government - School taxes	\$ 124,390	\$ 126,814
Provincial Government - Police taxes	12,046	11,949
Regional District of Central Kootenay	40,729	40,583
Central Kootenay Hospital District	13,365	13,235
British Columbia Assessment Authority	2,727	2,918
Municipal Finance Authority	<u>9</u>	<u>9</u>
	<u>\$ 193,266</u>	<u>\$ 195,508</u>

11. **Pension Plan**

The Village of Silverton 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, 2014, the plan has about 185,000 active members and approximately 80,000 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, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

11. **Pension Plan** (continued)

The next valuation will be as at December 31, 2015 with results available in 2016.

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 Silverton paid \$14,423 (2014 - \$9,561) for employer contributions to the plan in fiscal 2015.

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 Silverton.

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>2015</u>
Budget deficit per Consolidated Statement of Operations	\$ 112,141
Less: Capital expenditures	191,000
Debt principal repayments	53,293
Budgeted transfers to reserves	7,232
Add: Budgeted transfers from surplus and reserves	39,284
Amortization	<u>100,100</u>
Net annual budget	<u>\$ -</u>

THE CORPORATION OF THE VILLAGE OF SILVERTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

14. **Change in Community Works Fund classification**

In 2014, the Village of Silverton signed a new Community Works Fund agreement with the Federal Government. The new agreement removed many of the restrictive covenants that had required, under Canadian public sector accounting standards, recording any unused funds as deferred revenue at year end based. Therefore, in the current year the \$370,366 in unused Community works funds were recognized as revenue. To ensure these funds are tracked, these funds were set up as a reserve in the equity accounts under the title Community Works Fund.

15. **Accounting Changes: PS 3260 Liability for Contaminated Sites**

On January 1, 2015, the Village of Silverton adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of 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 the maximum acceptable concentrations under an environmental standard.

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Village of Silverton's 2015 financial statements.

THE CORPORATION OF THE VILLAGE OF SILVERTON
SCHEDULE A - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2015

	Opening Balance		Additions & reallocation of assets under construction		Disposals	Closing Balance		Accumulated Amortization		Reduction on Disposals	Accumulated Amortization Closing Balance		Net Carrying Amount End of year
Tangible Capital Assets													
Land	\$ 93,917	\$ -	\$ -	\$ -	\$ -	\$ 93,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,917
Buildings	1,068,402	-	-	-	-	1,068,402	353,057	26,328	-	-	379,385	689,017	689,017
IT, equipment & furniture	247,968	17,547	-	-	-	265,515	156,027	21,613	-	-	177,640	87,875	87,875
Engineering infrastructure	464,443	-	-	-	-	464,443	218,855	10,859	-	-	229,714	234,729	234,729
Transportation infrastructure	251,649	-	-	-	-	251,649	176,900	6,291	-	-	183,191	68,458	68,458
Water machinery and equipment	62,540	-	-	-	-	62,540	32,040	4,442	-	-	36,482	26,058	26,058
Water infrastructure	1,293,160	22,079	-	-	-	1,315,239	479,274	32,551	-	-	511,825	803,414	803,414
Total	\$ 3,482,079	\$ 39,626	\$ -	\$ -	\$ -	\$ 3,521,705	\$ 1,416,153	\$ 102,084	\$ -	\$ -	\$ 1,518,237	\$ 2,003,468	\$ 2,003,468

THE CORPORATION OF THE VILLAGE OF SILVERTON
SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION

For the Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Environmental		Parks & Recreation	Water Utility	2015 Total
				Health Services	Services			
Revenues								
Taxes	\$ 126,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,611
Sales of Service	257	-	-	17,255	-	35,669	-	53,181
Other revenue from own services	3,192	3,420	-	-	-	10,187	(25)	16,774
Investment income	3,029	-	-	-	-	-	6,874	9,903
Grants - unconditional	279,245	-	-	-	-	-	-	279,245
Grants - conditional	370,366	272,952	1,458	-	-	14,376	22,079	681,231
Water user fees	-	-	-	-	-	-	71,381	71,381
	<u>782,700</u>	<u>276,372</u>	<u>1,458</u>	<u>17,255</u>	<u>-</u>	<u>60,232</u>	<u>100,309</u>	<u>1,238,326</u>
Expenditures								
Wages and benefits	135,615	-	44,327	-	-	-	18,010	197,952
Supplies and services	108,516	315,144	60,865	10,655	56,037	14,783	14,783	566,000
Interest and other debt charges	-	-	-	-	2,656	9,320	9,320	11,976
Amortization	3,629	4,052	27,265	432	29,713	36,993	36,993	102,084
	<u>247,760</u>	<u>319,196</u>	<u>132,457</u>	<u>11,087</u>	<u>88,406</u>	<u>79,106</u>	<u>21,203</u>	<u>878,012</u>
Annual Surplus (Deficit)	<u>534,940</u>	<u>(42,824)</u>	<u>(130,999)</u>	<u>6,168</u>	<u>(28,174)</u>	<u>21,203</u>	<u>360,314</u>	<u>360,314</u>

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

SCHEDULE OF DEBT

Information on all long term debt is included in the Audited Financial Statements of The Corporation of the Village of Silverton.

Prepared as required by *Financial Information Regulation*, Schedule 1, section 4

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The Corporation of the Village of Silverton has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Prepared under the Financial Information Regulation, Schedule 1, section 5

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SILVERTON

Fiscal Year Ended December 31, 2015

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreements made between The Corporation of the Village of Silverton and its non-unionized employees during the fiscal year ended December 31, 2015.

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

The Corporation of the Village of Silverton
PAYMENT TO FINANCIAL STATEMENT RECONCILIATION
Fiscal Year Ended December 31, 2015

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 193,402	
Employee Expenses	22,582	
Employer CPP/EI	<u>12,497</u>	\$ 228,481

Payments for Goods and Services		<u>544,649</u>
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Total of Scheduled Payments **\$ 773,130**

Total of Financial Statement Expenditures **\$ 878,012**

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

- Adjustments to account for the difference between payments made on a cash basis, and the audited financial statements reporting expenditures on an accrual basis of accounting. This would include adjustments for opening and closing balances of inventories, prepaid expenses, and accrued liabilities.
- List of payments to suppliers include 100% GST while the expenditures in the financial statements are net of the applicable GST rebate.
- Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.
- The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.
- Payments to some suppliers are reported directly to the Balance Sheet and therefore are not reported as expenditures

THE CORPORATION OF THE VILLAGE OF SILVERTON
 SCHEDULE OF REMUNERATION AND EXPENSE
 YEAR ENDED DECEMBER 31, 2015

NAME		REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION		
Bell, Carol	Councillor	\$ 1,600	\$ 4,569
Christian, Bill	Councillor	1,600	880
Clarke, Jason	Mayor	3,000	8,163
Main, Leah	Councillor	1,600	1,569
Yofonoff, Arlene	Councillor	1,600	829
TOTAL ELECTED OFFICIALS		<u>9,400</u>	<u>16,010</u>
DETAILED EMPLOYEES > \$75,000		\$ -	\$ -
TOTAL EMPLOYEES <= \$75,000		<u>184,002</u>	<u>6,572</u>
		<u>184,002</u>	<u>6,572</u>
TOTAL		<u>\$ 193,402</u>	<u>\$ 22,582</u>
TOTAL EMPLOYER PREMIUM FOR CPP/EI			\$ 12,497

Prepared under the Financial Information Regulation, Schedule 1, section 6 to subsection 6(6)

THE CORPORATION OF THE VILLAGE OF SILVERTON
 SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
 YEAR ENDED DECEMBER 31, 2015

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
BC Hydro	\$ 28,679
City of Nelson	25,025
Municipal Finance Authority	88,867
Sifco	147,339
TOTAL DETAILED SUPPLIERS >\$25,000	<u>289,910</u>
TOTAL SUPPLIERS <= \$25,000	<u>254,739</u>
TOTAL SUPPLIERS	544,649
GRANTS AND CONTRIBUTIONS >\$25,000	-
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	<u><u>\$ 544,649</u></u>

Prepared under the Financial Information Regulation, Schedule 1, section 7(1) and (2)