



CITY OF  
**ROSSLAND**  
THE CORPORATION OF THE CITY OF ROSSLAND

*Consolidated Financial Statements*

*December 31, 2016*

# The Corporation of the City of Rossland

December 31, 2016

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## RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements of The Corporation of the City of Rossland has 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 the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial statements are produced.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews external financial statements yearly.

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 City of Rossland's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 2 to the consolidated financial statements. The report of Berg Lehman, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

On behalf of The Corporation of the City of Rossland



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Elma Hamming, CPA, CMA  
Chief Financial Officer/Manager of Finance  
April 24, 2017

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council  
The Corporation of the City of Rossland

We have audited the accompanying consolidated financial statements of The Corporation of the City of Rossland, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations, consolidated statement of changes in net debt 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 City'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 City'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.

Berg  
Lehmann

Chartered  
Professional Accountants  
& Business Advisors

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Nelson BC  
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www.BergLehmann.ca

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## INDEPENDENT AUDITORS' REPORT (continued)

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To the Mayor and Council  
The Corporation of the City of Rossland

### Opinion

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



**Chartered Professional Accountants**

April 24, 2017

Nelson, B.C.

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As At December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments	\$ 10,263,309	\$ 9,353,762
Grants and accounts receivable (Note 3)	852,770	335,779
Taxes receivable	352,819	393,579
Loan receivable (Note 4)	270,000	270,000
MFA deposits (Note 5)	118,357	115,139
	<u>11,857,255</u>	<u>10,468,259</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,410,965	1,079,476
Employee future benefits (Note 6)	201,526	178,253
Deferred revenue - prepaid taxes and other grants (Note 7)	1,180,260	985,969
Development cost charges and other fees (Note 8)	864,631	856,069
Capital lease obligation (Note 9)	38,250	58,842
MFA interim borrowing	3,000,000	-
Long-term debt (Note 10)	6,088,626	6,347,305
	<u>12,784,258</u>	<u>9,505,914</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(927,003)</u>	<u>962,345</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	87,335	64,938
Inventory	91,865	98,365
Tangible capital assets (Note 11, and Schedule 1)	46,746,536	41,011,903
	<u>46,925,736</u>	<u>41,175,206</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 45,998,733</u>	<u>\$ 42,137,551</u>
<b>CONTINGENT LIABILITIES (Note 17)</b>		

  
\_\_\_\_\_  
Chief Financial Officer

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2016

	2016 Budget	2016 Actual	2015 Actual
<b>REVENUE</b>			
General taxation	\$ 4,754,488	\$ 4,734,528	\$ 4,585,666
Utility taxes and grants in lieu	116,390	114,939	121,761
Federal gas tax grant	192,000	202,509	195,911
Provincial grants	2,682,000	2,757,926	657,679
RDKB grants	3,800	6,200	3,800
Other grants	25,000	375,127	118,775
Sale of services and other income	599,583	826,359	722,558
Interest and penalties on taxes	52,000	51,291	52,489
Gain on sale of property and equipment	-	93,008	68,000
Water user fees	568,540	560,657	554,505
Sewer user fees	548,562	559,288	534,366
Sewer service reapportionment	-	170,067	-
	<b>9,542,363</b>	<b>10,451,899</b>	<b>7,615,510</b>
<b>EXPENDITURES</b>			
General government	1,253,787	1,014,953	1,194,853
Community support	304,905	282,503	269,416
Environmental health	121,600	127,165	114,914
Planning, development and engineering	151,335	110,393	151,443
Protective services	205,510	205,672	242,270
Public health services	4,000	3,372	3,305
Recreation and cultural services	777,122	820,484	993,635
Transportation and public works	1,428,908	1,397,570	1,271,831
Sewer utility operations	587,477	518,741	591,646
Water utility operations	621,485	519,658	533,822
Amortization	1,324,640	1,276,912	1,292,821
Interest and finance charges	308,714	313,294	303,397
	<b>7,089,483</b>	<b>6,590,717</b>	<b>6,963,353</b>
<b>ANNUAL SURPLUS</b>	<b>2,452,880</b>	<b>3,861,182</b>	<b>652,157</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>42,137,551</b>	<b>42,137,551</b>	<b>41,485,394</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 44,590,431</b>	<b>\$ 45,998,733</b>	<b>\$ 42,137,551</b>



Chief Financial Officer

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
For the Year Ended December 31, 2016

	2016	2015
<b>ANNUAL SURPLUS</b>	<b>\$ 3,861,182</b>	<b>\$ 652,157</b>
Purchase of tangible capital assets	(7,164,967)	(484,372)
Amortization	1,276,912	1,292,821
Gain on sale of tangible capital assets	(93,008)	(68,000)
Proceeds from disposal of tangible capital assets	246,430	143,330
	<u>(1,873,451)</u>	<u>1,535,936</u>
Changes in prepaid expenses	(22,397)	31,714
Changes in inventory	6,500	46,204
	<u>(15,897)</u>	<u>77,918</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(1,889,348)</b>	<b>1,613,854</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>962,345</b>	<b>(651,509)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ (927,003)</b>	<b>\$ 962,345</b>

\_\_\_\_\_  
Chief Financial Officer

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



**THE CORPORATION OF THE CITY OF ROSSLAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2016

	2016	2015
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 3,861,182	\$ 652,157
<b>Non-cash items and changes in non-financial assets</b>		
Amortization	1,276,912	1,292,821
Actuarial gain on MFA long-term debt	(83,616)	(72,500)
Interest on MFA deposits	(3,218)	(2,875)
Gain on sale of tangible capital assets	(93,008)	(68,000)
Changes in prepaid expenses	(22,397)	31,714
Changes in inventory	6,500	46,204
<b>Changes in financial assets/liabilities</b>		
Changes in taxes receivable	40,760	(23,569)
Changes in grants and accounts receivable	(516,991)	(103,933)
Changes in accounts payable and accrued liabilities	331,490	87,735
Changes in employee future benefits	23,273	(92,663)
Changes in deferred revenues and development cost charges	202,853	44,919
Cash Provided by Operating Transactions	5,023,740	1,792,010
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(7,164,967)	(484,372)
Proceeds from disposal of tangible capital assets	246,430	143,330
Cash Applied to Capital Transactions	(6,918,537)	(341,042)
<b>FINANCIAL TRANSACTIONS</b>		
Proceeds from interim debt	3,000,000	-
Repayment of long-term debt	(195,656)	(241,627)
Cash Provided by (Applied to) Financing Transactions	2,804,344	(241,627)
<b>INCREASE IN CASH AND SHORT-TERM INVESTMENTS</b>	<b>909,547</b>	<b>1,209,341</b>
<b>CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR</b>	<b>9,353,762</b>	<b>8,144,421</b>
<b>CASH AND SHORT-TERM INVESTMENTS, END OF YEAR</b>	<b>\$ 10,263,309</b>	<b>\$ 9,353,762</b>

  
\_\_\_\_\_  
Chief Financial Officer

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**1. General**

The Corporation of the City of Rossland was incorporated as a municipality in 1898. The principal activities of the City include the provision of local government services to the residents of the incorporated area. These services include administrative, protective, transportation, planning, tourism, recreation, culture, water and sewer services.

**2. Significant Accounting Policies**

The following is a summary of the significant accounting policies of The Corporation of the City of Rossland.

**a. Basis of Presentation**

It is the City's policy to follow the accounting principles generally accepted for municipalities in the Province of British Columbia, and to apply such principles consistently. The consolidated financial statements include the accounts of all funds for the City. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. In addition, financial statements for each fund on a segregated basis have been presented under "Other Financial Information".

**b. Principles of Consolidation**

The resources and operations of the City are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The City has the following funds:

Operating funds - these funds are used to report the operating activities of the City, including general operations and the water and sewer utilities.

Capital funds - these funds are used to record the acquisition and financing of the capital assets. Capital funds have been established for general operations and the water and sewer utilities.

Reserve funds - these funds have been established to hold funds for specific future requirements. The use of these funds is governed by the *Community Charter* and Municipal resolutions and by-laws.

The consolidated financial statements include the amounts of all the funds of the City. Inter-fund transactions and balances have been eliminated.

**c. Financial Instruments**

The City's financial instruments consist of cash, short-term investments, accounts and grants receivable, accounts payable and long-term debt. It is management's opinion that the City 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.

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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

**d. Tangible Capital Assets**

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization 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 35 years
Buildings and building components	15 to 75 years
Machinery and equipment	7 - 60 years
Furniture and equipment	7 - 15 years
Information technology	3 - 5 years
Vehicles and mobile equipment	5 - 25 years
Infrastructure	15 - 100 years

**e. Revenue Recognition**

Revenue is recognized using the accrual method of accounting. Taxes and utility fees are recognized in the fiscal year to which they relate. Service revenues, grants and development cost charges are recognized in the period in which the City's service delivery obligations are discharged.

**f. Budget Figures**

The budget figures are based on the Five-Year Financial Plan for the year 2016 per bylaw 2613 adopted May 09, 2016.

**g. Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring estimates include the useful life of tangible capital assets for amortization, the determination of accrued employee benefits and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**3. GRANTS AND ACCOUNTS RECEIVABLE**

Grants and accounts receivable are as follows:

	2016	2015
Grants receivable	\$ 377,979	\$ 104,387
Other receivables	292,820	85,018
Water fees receivable	92,110	77,888
Sewer fees receivable	89,861	68,486
	<u>\$ 852,770</u>	<u>\$ 335,779</u>

**4. LOAN RECEIVABLE**

	2016	2015
Loan receivable	<u>\$ 270,000</u>	<u>\$ 270,000</u>

The Rossland Senior Housing has a mortgage agreement with the City to repay the full amount of the loan receivable. The terms of repayment are annual interest only payments at 2.2% for five years, beginning December 1, 2014. Principal and interest payments will begin in 2019 at reasonable commercial rates negotiated on January 1, 2019.

**5. MFA DEPOSITS**

The City issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. The cash deposits are recorded as financial assets while the demand notes amounts are not included in the City's financial statements. The detail of the cash deposits and demand notes at year end are as follows:

	Cash Deposits	Demand Notes	2016	2015
MFA Deposit - General Fund	\$ 43,096	\$ 61,660	\$ 104,756	\$ 103,584
MFA Deposit - Sewer Funds	6,880	8,918	15,798	15,611
MFA Deposit - Water Funds	68,381	99,510	167,891	166,032
	<u>\$ 118,357</u>	<u>\$ 170,088</u>	<u>\$ 288,445</u>	<u>\$ 285,227</u>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**6. EMPLOYEE FUTURE BENEFITS**

The City records liabilities for accrued employee benefits in the period in which they are earned by the employee. Short-term benefits, such as banked overtime and vacation entitlements, are included in accrued liabilities. Long-term benefits, such as sick leave entitlements, are reported as employee future benefits at management's estimate of the discounted present value of the future entitlements.

**7. DEFERRED REVENUE**

Deferred revenue is as follows:

	2016	2015
Prepaid taxes	\$ 912,597	\$ 850,655
Prepaid utilities	13,908	19,964
Prepaid parcel taxes - water	97,009	97,009
Prepaid recreation fees	1,425	-
	<u>1,024,939</u>	<u>967,628</u>
Unexpended conditional grants	155,321	18,341
	<u>\$ 1,180,260</u>	<u>\$ 985,969</u>

**8. DEVELOPMENT COST CHARGES AND OTHER FEES**

Development cost charges are restricted revenue liabilities representing funds received from developers for capital expenses. The City records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred. During the year ended December 31, 2012, the Development Cost Charge bylaws were repealed. The following table represents funds previously collected but not yet spent on the eligible infrastructure costs and includes accrued interest earned:

	2016	2015
Development cost charges - roads	\$ 58,726	\$ 58,144
Development cost charges - water	516,602	511,487
Development cost charges - sanitary sewer	103,520	102,495
Development cost charges - bylaw #2310	185,783	183,943
	<u>\$ 864,631</u>	<u>\$ 856,069</u>

**9. CAPITAL LEASE OBLIGATION**

Capital lease obligations are as follows:

	2016	2015
MFA Sweeper Lease	\$ 38,250	\$ 58,842

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**9. CAPITAL LEASE OBLIGATION (continued)**

The nature of the lease has changed. The lease was refinanced with a MFA Equipment Loan in 2017.

**10. LONG-TERM DEBT**

Long-term debt is as follows:

	Balance, Beginning of Year	Additions	Principal Payments	Actuarial Adjustment	Balance, End of Year
<b>General Capital Fund</b>					
Bylaw #2544	\$ 3,928,679	\$ -	\$ 71,320	\$ 2,853	\$ 3,854,506
<b>Water System Capital Fund</b>					
Red Mountain Specified Area #1966	132,200	-	6,747	9,490	115,963
Water Treatment Plant #1983	917,162	-	41,905	54,141	821,116
Ophir #2344	1,246,097	-	48,806	8,290	1,189,001
	2,295,459	-	97,458	71,921	2,126,080
<b>Sewer System Capital Fund</b>					
Red Mountain Specified Area #1966	123,167	-	6,286	8,842	108,040
<b>Total Long-term Debt</b>	<b>\$ 6,347,305</b>	<b>\$ -</b>	<b>\$ 175,064</b>	<b>\$ 83,616</b>	<b>\$ 6,088,626</b>

Interest rates range from 3.25% to 5.85%. Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt. The requirements for future repayments of principal on existing debt for the next five years excluding potential actuarial adjustments are estimated as follows:

	General Capital	Water Capital	Sewer Capital	Total Capital
2017	\$ 71,320	\$ 97,458	\$ 6,286	\$ 175,064
2018	71,320	97,458	6,286	175,064
2019	71,320	97,458	6,286	175,064
2020	71,320	97,458	6,286	175,064
2021	\$ 71,320	\$ 97,458	\$ 6,286	\$ 175,064

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**11. TANGIBLE CAPITAL ASSETS**

Tangible capital assets are as follows:

	<u>2016</u>	<u>2015</u>
<b>General Capital Fund</b>		
Land	\$ 8,234,938	\$ 8,272,076
Land improvements & Buildings	2,921,206	2,561,431
Equipment / Furniture / Vehicles	1,093,678	996,029
Infrastructure - Roads/Drainage	8,677,530	9,012,458
Work in Progress	3,225,383	356,098
	<u>24,152,735</u>	<u>21,198,092</u>
<b>Water System - Capital Fund</b>		
Land	969,208	969,208
Land improvements & Buildings	1,968,189	2,029,803
Equipment / Furniture / Vehicles	6,714	7,251
Infrastructure - Water	11,636,458	11,857,189
Work in Progress	1,767,931	-
	<u>16,348,500</u>	<u>14,863,451</u>
<b>Sewer System - Capital Fund</b>		
Equipment / Furniture / Vehicles	14,611	3,673
Infrastructure - Sanitary Sewer	4,809,297	4,946,687
Work in Progress	1,421,393	-
	<u>6,245,301</u>	<u>4,950,360</u>
	<u>\$ 46,746,536</u>	<u>\$ 41,011,903</u>

**12. ACCUMULATED SURPLUS**

Accumulated surplus is comprised of the following:

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 2,800,277	\$ 1,755,192
Equity in tangible capital assets	37,619,662	34,605,756
Reserves	5,578,794	5,776,603
	<u>\$ 45,998,733</u>	<u>\$ 42,137,551</u>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**13. EXPENDITURES BY OBJECT**

Expenditures by object are comprised of the following:

	<u>2016</u>	<u>2015</u>
Wages, benefits and council remuneration	\$ 2,457,541	\$ 2,603,166
Goods and services	2,264,625	2,494,553
Grants to community groups	278,345	269,416
Amortization	1,276,912	1,292,821
Interest and finance charges	313,294	303,397
	<u>\$ 6,590,717</u>	<u>\$ 6,963,353</u>

**14. PENSION LIABILITY**

The employer and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for administering the 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 government.

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

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

The City of Rossland paid \$162,559 (2015 - \$159,709) for employer contributions while employees contributed \$150,567 (2015 - \$150,382).

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

Employers participating in the plan record thir 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.



**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**15. COLLECTION FOR OTHER GOVERNMENTS**

The City collected and remitted the following taxes on behalf of other Governments.

	2016
Provincial Government - School Taxes	\$ 1,679,402
Provincial Government - Police Tax Levy	184,564
British Columbia Assessment Authority	36,159
West Kootenay Boundary Regional Hospital	182,527
Municipal Finance Authority	123
Regional District of Kootenay Boundary	1,167,321
Grants in Lieu of Taxes Collected for Others	10,816
	\$ 3,260,912

These amounts are not included in the City's revenues and expenditures in the financial statements.

**16. BUDGET RECONCILIATION**

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the ordinal budget as presented in bylaw 2613 adopted May 09, 2016.

	2016
Budget surplus as presented	\$ 2,452,880
Transfers to reserves	(712,000)
Transfers from reserves	346,980
Transfer from development cost charges	313,000
Amortization	1,324,640
Debt principal payments	(195,000)
Capital expenditures	(7,530,500)
Debt proceeds	4,000,000
	\$ -

The City adopted an amended budget bylaw 2628 on December 12, 2016 to account for certain changes in anticipated revenues and expenditures. Only the original budget is reflected in these financial statements.

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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**17. CONTINGENT LIABILITIES**

**Regional District Debt**

The City, as a member of the Regional District of Kootenay Boundary, is jointly and severally liable for the future capital liabilities of the Regional District. The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the City and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

**Constructions and Other Contingencies**

In the normal course of a year, the City may be faced with claims for damages of a diverse nature. Potential claims identified include a claim by the contractor of the Ophir Creek Reservoir project relating to the construction of the project, a claim related to strata construction deficiencies as well as claims made by two former employees. The City is conducting a review of these claims and as at the year end, no estimate can be made of the likely outcome and no accrual has been made for these potential claims.

**18. COMPARATIVE FIGURES**

Certain prior period figures have been reclassified to comply with the presentation adopted in the current year.

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
For the Year Ended December 31, 2016

	Infrastructure							2016	2015	
	Land	Land Improvements & Buildings	Equipment/ Furniture/ Vehicles	Roads/ Drainage	Water	Sanitary Sewer	Work in Progress			Leased Assets
<b>Historical Cost:</b>										
Opening balance	\$ 9,241,284	\$ 11,139,007	\$ 3,785,461	\$ 19,299,831	\$ 18,530,934	\$ 7,874,568	\$ 356,098	\$ -	\$ 70,227,183	\$ 69,819,751
Additions	-	564,243	338,890	39,277	144,901	-	6,561,664	-	7,648,975	1,683,722
Disposals	(37,138)	(35,177)	(196,175)	-	-	-	(503,055)	-	(771,545)	(1,276,290)
<b>Closing balance, Dec. 31</b>	<b>9,204,146</b>	<b>11,668,073</b>	<b>3,928,176</b>	<b>19,339,108</b>	<b>18,675,835</b>	<b>7,874,568</b>	<b>6,414,707</b>	<b>-</b>	<b>77,104,613</b>	<b>70,227,183</b>
<b>Accumulated Amortization:</b>										
Opening balance	-	6,547,769	2,778,530	10,287,372	6,673,729	2,927,880	-	-	29,215,280	27,924,069
Amortization expense	-	266,083	133,603	374,205	365,631	137,390	-	-	1,276,912	1,292,821
Adjustment on disposals	-	(35,177)	(98,938)	-	-	-	-	-	(134,115)	(1,610)
<b>Closing balance, Dec. 31</b>	<b>-</b>	<b>6,778,675</b>	<b>2,813,195</b>	<b>10,661,577</b>	<b>7,039,360</b>	<b>3,065,270</b>	<b>-</b>	<b>-</b>	<b>30,358,077</b>	<b>29,215,280</b>
<b>Net Book Value, Dec. 31</b>	<b>\$ 9,204,146</b>	<b>\$ 4,889,398</b>	<b>\$ 1,114,981</b>	<b>\$ 8,677,531</b>	<b>\$ 11,636,475</b>	<b>\$ 4,809,298</b>	<b>\$ 6,414,707</b>	<b>\$ -</b>	<b>\$ 46,746,536</b>	<b>\$ 41,011,903</b>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SCHEDULE 2 - SCHEDULE OF SEGMENTED DISCLOSURE**  
For the Year Ended December 31, 2016

	General government	Community support	Environmental health	Planning, development and engineering
<b>Revenues</b>				
General taxation	\$ 4,141,546	\$ -	\$ -	\$ -
Utility taxes and grants in lieu	114,939	-	-	-
Federal gas tax grant	202,509	-	-	-
Provincial grants	576,226	-	-	-
RDKB grants	6,200	-	-	-
Other grants	299,740	-	-	-
Sale of services and other income	81,790	-	118,421	16,567
Interest and penalties on taxes	51,291	-	-	-
Gain on sale of property and equipment	93,008	-	-	-
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Sewer service reapportionment	-	-	-	-
	<u>5,567,249</u>	<u>-</u>	<u>118,421</u>	<u>16,567</u>
<b>Expenses</b>				
Wages, benefits and council remuneration	434,302	-	16,531	71,499
Goods and services	580,651	6,348	110,634	38,894
Grants to community groups	-	276,155	-	-
Amortization	28,162	-	-	-
Interest and finance charges	146,818	-	-	-
	<u>1,189,933</u>	<u>282,503</u>	<u>127,165</u>	<u>110,393</u>
	<u>\$ 4,377,316</u>	<u>\$ (282,503)</u>	<u>\$ (8,744)</u>	<u>\$ (93,826)</u>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SCHEDULE 2 - SCHEDULE OF SEGMENTED DISCLOSURE**  
For the Year Ended December 31, 2016

Protective services	Public health services	Recreation and cultural services	Transportation and public works	Sewer utility operations	Water utility operations	2016
\$ -	\$ -	\$ -	\$ -	\$ 142,558	\$ 450,424	\$ 4,734,528
-	-	-	-	-	-	114,939
-	-	-	-	-	-	202,509
-	-	-	-	1,421,393	760,307	2,757,926
-	-	-	-	-	-	6,200
-	-	65,387	-	-	10,000	375,127
252,797	-	210,457	35,325	17,429	93,573	826,359
-	-	-	-	-	-	51,291
-	-	-	-	-	-	93,008
-	-	-	-	-	560,657	560,657
-	-	-	-	559,288	-	559,288
-	-	-	-	170,067	-	170,067
252,797	-	275,844	35,325	2,310,735	1,874,961	10,451,899
110,644	3,103	451,556	935,015	135,192	299,699	2,457,541
92,838	269	368,928	462,555	383,549	219,959	2,264,625
2,190	-	-	-	-	-	278,345
-	-	155,726	524,468	140,774	427,782	1,276,912
-	-	-	840	14,340	151,296	313,294
205,672	3,372	976,210	1,922,878	673,855	1,098,736	6,590,717
\$ 47,125	\$ (3,372)	\$ (700,366)	\$ (1,887,553)	\$ 1,636,880	\$ 776,225	\$ 3,861,182

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
<b>ASSETS</b>		
Cash and short-term investments	\$ 10,262,309	\$ 9,352,762
Taxes receivable	352,819	393,579
Grants and accounts receivable	670,799	189,405
Loan receivable	270,000	270,000
MFA deposits	43,096	41,924
	<u>11,599,023</u>	<u>10,247,670</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,410,222	1,078,610
Employee future benefits	201,526	178,253
Deferred revenue - prepaid taxes and other grants	1,083,251	888,959
Development cost charges and other fees	58,726	58,145
Due to Water Operating Fund	465,507	1,347,090
Due to Sewer Operating Fund	512,798	205,081
Due to Reserve Fund	4,862,127	5,039,690
	<u>8,594,157</u>	<u>8,795,828</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,004,866</u>	<u>1,451,842</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	87,335	64,938
Inventory	17,717	22,526
	<u>105,052</u>	<u>87,464</u>
<b>ACCUMULATED SURPLUS</b>	<u>3,109,918</u>	<u>1,539,306</u>
<b>ACCUMULATED SURPLUS</b>		
Balance, beginning of year	1,539,306	1,271,510
Annual surplus	1,570,612	267,796
<b>Balance, end of year</b>	<u>\$ 3,109,918</u>	<u>\$ 1,539,306</u>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>ASSETS</b>		
Cash and short-term investments	\$ 1,000	\$ 1,000
Tangible capital assets	<u>24,152,735</u>	<u>21,198,092</u>
	<u>24,153,735</u>	<u>21,199,092</u>
<b>LIABILITIES</b>		
Capital lease obligation	38,250	58,842
MFA interim borrowing	3,000,000	-
Long-term debt	<u>3,854,507</u>	<u>3,928,680</u>
	<u>6,892,757</u>	<u>3,987,522</u>
	<u>17,260,978</u>	<u>17,211,570</u>
Financial Equity	<u>1,000</u>	<u>1,000</u>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>		
Balance, beginning of year	17,210,570	17,454,113
Additions	3,816,421	417,706
Disposals	(153,421)	(74,194)
Principal repayments	94,764	137,883
New financing	(3,000,000)	-
Amortization	<u>(708,356)</u>	<u>(724,938)</u>
Balance, end of year	<u>17,259,978</u>	<u>17,210,570</u>
	<u>\$ 17,260,978</u>	<u>\$ 17,211,570</u>

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year Ended December 31, 2016

	2016	2015
<b>REVENUE</b>		
General taxation	\$ 4,141,545	\$ 3,987,294
Utility taxes and grants in lieu	114,939	121,761
Federal gas tax grant	202,509	195,911
Provincial grants	576,226	657,679
RDKB grants	6,200	3,800
Other grants	365,127	97,005
Sale of services	651,788	560,871
Interest and penalties on taxes	51,291	52,489
Gain on sale of property and equipment	246,430	143,330
	<b>6,356,055</b>	<b>5,820,140</b>
<b>EXPENDITURES</b>		
General government	1,014,953	1,194,853
Community support	282,503	269,416
Environmental health	127,165	114,914
Planning, development and engineering	110,393	151,443
Protective services	205,672	242,270
Public health services	3,372	3,305
Recreation and cultural services	820,484	993,635
Transportation and public works	1,397,570	1,271,831
Interest and finance charges	147,658	137,300
	<b>4,109,770</b>	<b>4,378,967</b>
<b>NET OPERATING REVENUES OVER EXPENDITURES</b>	<b>2,246,285</b>	<b>1,441,173</b>
Transfers from Reserve Funds	804,115	104,721
Transfers to Reserve Funds	(568,603)	(722,509)
Transfers to General Capital Fund for capital expenditures	(3,816,421)	(417,706)
Transfer to General Capital Fund for debt principal repayments	(94,764)	(137,883)
Transfer of interim financing to capital fund	3,000,000	-
	<b>(675,673)</b>	<b>(1,173,377)</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 1,570,612</b>	<b>\$ 267,796</b>

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



**THE CORPORATION OF THE CITY OF ROSSLAND**  
**WATER OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
<b>ASSETS</b>		
Water fees receivable	\$ 92,110	\$ 77,888
Due from General Operating Fund	465,507	1,347,090
MFA deposits	68,381	66,522
	<u>625,998</u>	<u>1,491,500</u>
<b>LIABILITIES</b>		
Due to Sewer Operating Fund	17,481	17,481
Due to Reserve Fund	669,992	690,767
Development cost charges and other fees	516,602	511,487
Prepaid parcel taxes - water	97,009	97,009
	<u>1,301,084</u>	<u>1,316,744</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(675,086)</u>	<u>174,756</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	62,943	65,441
	<u>(612,143)</u>	<u>240,197</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>		
Balance, beginning of year	240,197	43,051
Annual surplus (deficit)	(852,340)	197,146
<b>Balance, end of year</b>	<u>\$ (612,143)</u>	<u>\$ 240,197</u>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**WATER CAPITAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>FINANCIAL LIABILITIES</b>		
Long-term debt	<b>\$ 2,126,078</b>	<b>\$ 2,295,458</b>
<b>NET DEBT</b>	<b>(2,126,078)</b>	<b>(2,295,458)</b>
Tangible capital assets	<b>16,348,500</b>	<b>14,863,451</b>
	<b>14,222,422</b>	<b>12,567,993</b>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>		
Balance, beginning of year	12,567,993	12,834,926
Additions	1,912,831	-
Disposals	-	(1,136)
Principal repayments	169,380	161,837
Amortization	(427,782)	(427,634)
<b>Balance, end of year</b>	<b>\$ 14,222,422</b>	<b>\$ 12,567,993</b>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**WATER OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year Ended December 31, 2016

	2016	2015
<b>REVENUE</b>		
General taxation	\$ 450,424	\$ 453,514
Water user fees	560,657	554,505
Provincial grants	760,307	-
Other grants	10,000	21,770
Sale of services and other income	90,720	83,899
	<u>1,872,108</u>	<u>1,113,688</u>
<b>EXPENDITURES</b>		
Wages and benefits	299,699	292,811
Goods and services	219,960	241,011
Interest and finance charges	151,296	151,744
	<u>670,955</u>	<u>685,566</u>
<b>NET OPERATING REVENUES OVER EXPENDITURES</b>	<u>1,201,153</u>	<u>428,122</u>
Transfer from (to) Water Reserve Fund	28,719	(69,139)
Transfer to Water Capital Fund for capital expenditures	(1,912,832)	-
Transfer to Water Capital Fund for debt principal repayments	(169,380)	(161,837)
	<u>(2,053,493)</u>	<u>(230,976)</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (852,340)</u>	<u>\$ 197,146</u>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SEWER OPERATING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
<b>ASSETS</b>		
Sewer fees receivable	\$ 89,861	\$ 68,486
Due from General Operating Fund	512,798	205,081
Due from Water Operating Fund	17,481	17,481
MFA deposits	6,880	6,693
	<u>627,020</u>	<u>297,741</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	746	866
Development cost charges and other fees	289,303	286,438
Due to Reserve Fund	46,676	46,146
	<u>336,725</u>	<u>333,450</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>290,295</u>	<u>(35,709)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	11,206	10,398
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u>301,501</u>	<u>(25,311)</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>		
Balance, beginning of year	(25,311)	(210,896)
Annual surplus	326,812	185,585
<b>Balance, end of year</b>	<u>\$ 301,501</u>	<u>\$ (25,311)</u>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SEWER CAPITAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>LIABILITIES</b>		
Long-term debt	\$ 108,040	\$ 123,167
<b>NET DEBT</b>	<b>(108,040)</b>	<b>(123,167)</b>
Tangible capital assets	6,245,301	4,950,360
	<b>6,137,261</b>	<b>4,827,193</b>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>		
Accumulated surplus - beginning	4,827,193	4,886,369
Principal repayments	15,127	14,407
Additions	1,435,715	66,666
Amortization	(140,774)	(140,249)
<b>Balance, end of year</b>	<b>\$ 6,137,261</b>	<b>\$ 4,827,193</b>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**SEWER OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year Ended December 31, 2016

	2016	2015
<b>REVENUE</b>		
General taxation	\$ 142,558	\$ 144,858
Sewer user fees	559,288	534,366
Sewer service reapportionment	170,067	-
Provincial grants	1,421,393	-
Sale of services and other income	17,429	14,958
	<u>2,310,735</u>	<u>694,182</u>
<b>EXPENDITURES</b>		
Wages and benefits	135,192	130,352
Goods and services	383,549	461,294
Interest and finance charges	14,340	14,353
	<u>533,081</u>	<u>605,999</u>
<b>NET OPERATING REVENUES OVER EXPENDITURES</b>	<u>1,777,654</u>	<u>88,183</u>
Transfer from Sewer Reserve Fund	-	178,475
Transfer to Sewer Capital Fund for capital expenditures	(1,435,715)	(66,666)
Transfer to Sewer Capital Fund for debt principal repayments	(15,127)	(14,407)
	<u>(1,450,842)</u>	<u>97,402</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 326,812</u>	<u>\$ 185,585</u>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**RESERVE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Due from General Operating Fund	\$ 4,862,127	\$ 5,039,690
Due from Sewer Operating Fund	46,676	46,146
Due from Water Operating Fund	669,991	690,767
	<b>5,578,794</b>	<b>5,776,603</b>
<b>RESERVES</b>		
General Fund Reserves	4,534,155	4,749,604
Water Fund Reserve	669,991	690,767
Sewer Fund Reserve	46,676	46,146
Statutory Land Reserve	217,486	186,787
Statutory Parking Reserve	110,486	103,299
	<b>\$ 5,578,794</b>	<b>\$ 5,776,603</b>

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

**THE CORPORATION OF THE CITY OF ROSSLAND**  
**RESERVE FUND**  
**STATEMENT OF TRANSACTIONS**  
For the Year Ended December 31, 2016

	Balance, Beginning of Year	Transfers from other Funds	Transfers to other Funds	Interest Earned	Balance, End of Year
General Operating	\$ 288,938	\$ -	\$ -	\$ 3,336	\$ 292,274
General Capital Projects	2,153,038	35,000	(574,924)	24,757	1,637,871
Climate Action	-	75,403	(10,560)	-	64,843
Community Works Gas Tax	880,169	202,509	(118,631)	10,121	974,168
Election Reserve	2,511	-	-	29	2,540
Financial Stabilization	203,735	-	-	2,352	206,087
Forest Fire Prevention	219	-	-	3	222
General Debt Retirement	180,447	-	-	2,074	182,521
Information Systems	85,450	-	-	983	86,433
Insurance	17,349	-	-	200	17,549
Legal	67,386	100,000	-	778	168,164
Major Capital	329,847	-	-	3,793	333,640
Snow Removal	156,718	-	-	1,775	158,493
Staff Retirement	158,893	-	-	1,827	160,720
Vehicle and Equipment	224,904	21,140	-	2,586	248,630
Water Operating	172,503	-	(28,719)	1,984	145,768
Water Capital	518,264	-	-	5,959	524,223
Sewer Operating	31,415	-	-	361	31,776
Sewer Capital	14,731	-	-	169	14,900
Statutory Land Sale Reserve	186,787	128,552	(100,000)	2,147	217,486
Statutory Parking Reserve	103,299	6,000	-	1,187	110,486
	<b>\$ 5,776,603</b>	<b>\$ 568,604</b>	<b>\$ (832,834)</b>	<b>\$ 66,421</b>	<b>\$ 5,578,794</b>

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