



2017 ANNUAL REPORT



For the year ending December 31, 2017

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MESSAGE FROM THE MAYOR



It's a pleasure to once again provide this update on municipal services and operations in the Village of Salmo for 2017.

For the second year in a row, the Union of BC Municipalities (UBCM) recognized Salmo with the *2017 UBCM Community Excellence Award – Partnerships* and the covered 6th Street pedestrian bridge was recognized with the *Award of Excellence* by the BC Wood Council for *Excellence in the Use of Lumber in Municipal Construction*.

We continue to promote Salmo with gross sales of “Salmo Dinner Jackets” now topping \$50,000.

Once again, we have met our statutory obligations for financial reporting and have received another clean audit.

As reported last year, we continue to collaborate with the Regional District of Central Kootenay (RDCK). As Director for Salmo and member of the Transit Committee, I was pleased that the Board unanimously accepted the Transit Committee's recommendation which in part saw our transit schedule more than double and the installation of our beautiful new bus shelter.

With the continuous hard work and dedication of Council and Staff, our future remains bright.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen B. White", with a long horizontal flourish extending to the right.

Stephen B. White, Mayor

REPORT FROM THE CHIEF ADMINISTRATIVE OFFICER

As noted in the Administrator's Report presented at the regular Council Meeting on October 14th last year, 2017 was a busy year for the village and village staff.

2017 accomplishments include, but are not limited to:

- As part of the *accelerate* Kootenays program, Canada's first community-driven, collaborative strategy to build a clean transportation network and in partnership with Fortis BC the village's first 15-minute quick-charge electric vehicle (EV) charging station was installed outside the village office. It is part of a pilot project to promote tourism by electric vehicles along the Hwy #3 corridor and to increase the number of visitors to the village.
- Continuing the sustained community asset mapping and public consultation process towards the development of an updated Official Community Plan (OCP) called Sustainable Salmo. At year's end this process had seen three public consultation processes completed over two years including public workshops and surveys, and two Council readings, with another round of public consultation scheduled for January 2018.
- Securing over \$2.07 million in grant monies, including \$1.73 million for the new Waste Water Treatment Plant.
- Receiving the official designation of "*Age Friendly*" from the Province of BC for which an additional \$1,000 legacy grant was received.
- Eliminating parcel tax and incorporating the charges into water and sewer utility fees.
- Overhauling and updating five bylaws and with work underway on updating an additional seven, including the OCP.
- \$3,256 Grant-in-Aids distributed to local community groups.
- The grand opening of the award-winning covered 6th Street pedestrian bridge which once again easily connects pedestrian traffic between the elementary and high schools.
- Forming the Salmo Economic Development Standing Committee (EDSC) which focuses on the retention and expansion of existing business, attracting new investments and promoting Salmo as an ideal place to live, work and play.
- Netting approximately \$15,000 profit on promotional items sold, thereby increasing operational revenue for the village.
- Improving and beautifying the Salmo cemetery, including the addition of new fencing and gates.
- Promoting WaterSmart, and introducing watering restrictions including having a WaterSmart Ambassador to assist with WaterSmart education.
- Promoting the FireSmart and BearSmart programs.

Anne Williams

Chief Administrative Officer (2018)

VILLAGE OF SALMO COUNCIL

ELECTED REPRESENTATIVES

Mayor	Stephen B. White
Councillors	Dan Danforth
	Steve Dimock
	Jonathan Heatlie
	Diana Lockwood

Regular Council Meetings are held at the Salmo Valley Youth and Community Centre, 206 7th Street (unless otherwise notified).

APPOINTED OFFICIALS

Chief Administrative Officer/Corporate Officer (CAO) 2017	Diane Kalen-Sukra
Chief Administrative Officer/Corporate Officer (CAO) 2018	Anne Williams
Chief Financial Officer (CFO)	Colin McClure
Auditors	Grant Thornton
Bank	Kootenay Savings Credit Union

DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS

During the year 2017 the village has not made, nor is the village aware of electors of the Village of Salmo having made, an application to court for a declaration of disqualification of a person elected or appointed to office on the Council of the Village of Salmo.

VILLAGE OFFICE

The four members of the village office team are the communications link between Council and the general public, providing assistance and advice to citizens with respect to Council/Committee processes, reporting procedures and decisions. Staff are responsible for: drafting bylaws, resolutions and agreements for the village; maintaining minutes and overseeing record keeping for all council and committee meetings; ensuring access to all public records (Freedom of Information); accounts payable and receivable; taxation and utility billing; overseeing general bylaw enforcement; administering, monitoring and seeking compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the village; facilitating internal and external communications, providing legislative service, administering oaths and taking affirmations, affidavits and declarations; overseeing policy development; and administering the municipal elections.

CIVIC WORKS

The three-person Civic Works team lead by Civic Works Foreman Fred Paton is responsible for the maintenance and upkeep of all village owned existing buildings, lands, utilities and infrastructure. The health and safety of our citizens is the top priority of the Civic Works department. Some of the functions regularly performed by the Civic Works crew are:

- Utilities - Maintenance and upgrades to: The municipal water distribution network comprising approximately 15 km of water mains, 491 water connections as well as 2 well sites. The sanitary sewer collection system comprising approximately 14 km of pipes with 485 connections, plus the extensive storm water collection system.
- Roads and Sidewalks - Maintenance and upgrades to: municipal traffic signals, road markings and signage; municipal curbs, sidewalks and roads; street sweeping; snow and ice clearing.
- Parks and Green Space - Civic Works maintains approximately 20 hectares of public parks including playing fields, a campground, washrooms, trails and green space.
- Maintaining a 14-unit fleet comprised of construction, snow removal and parks equipment plus mowers, weed whackers, flood pumps and other small tools. Ensuring that all the village's vehicles and associated municipal equipment are serviced, maintained and inspected to meet the requirements of the Commercial Vehicle Service Enforcement Agency, allowing them to operate in a safe manner on the highways.
- Internments, grave marker placement and maintenance at the Salmo Cemetery.

In 2017 projects included:

- Adding new wrought iron fencing and two gate-sets to improve the overall appearance of the Salmo Cemetery.
- Completion of a water looping project on 9th Street and Motel Avenue which now prevents backwashing of standing water in an old section of main into the current main system.
- Preparing for the WWTP upgrades, including



commissioning the LiDAR mapping of our water and sewer systems as part of the asset mapping and inventory condition assessment.

- Repainting all the buildings in KP Park and overseeing Phase 2 (of 3) of our street light conversion, which will save the village thousands of dollars in electricity costs.
- Undergoing provincial dike maintenance training and continuing preparations with the engineers for upgrades to the Erie Creek dike system.
- Expanding the sidewalk system and patching roads.
- Plowing lots and lots of snow!

FIRE PROTECTION SERVICES

The Salmo Volunteer Fire Department consists of Chief David Hearn, a Deputy Chief, 4 Captains, and 21 firefighters. The department supplies fire suppression, fire investigation and fire prevention services for homes, businesses and brush fires, as well as rescue services and attendance at motor vehicle incidents, plus rope rescue to the citizens of Salmo and parts of surrounding Area G. In 2017 they responded to 84 emergency calls of varying nature, continued their public fire education program and completed 40 fire inspections. They also began a junior firefighter program with two young volunteers. Preparing them for a future as full-fledged volunteers, these junior members train alongside regular members and are able to assist at some scenes, but are not put in any risky situation.

During the peak of the province's extremely challenging 2017 wildfire season the Village of Salmo established a satellite Level 1 Emergency Operations Centre (EOC) as a precautionary measure to monitor, collaborate and communicate with emergency management stakeholders related to the McCormick Creek wildfire located 20 kms outside of the village limits. A reception centre was opened in the Salmo Valley Youth and Community Centre, where evacuees were registered and accommodation was found for those that required it. The Canadian Disaster Animal Relief (CDART) was also there to provide care for animals.

At this year's Salmo Volunteer Fire Department Annual General Meeting (AGM), Mayor White handed out two Governor General Fire Services Exemplary Service Medals to two 20-year veterans of the department, Fire Chief David Hearn and Fire Captain Jason McNeil.

The Fire Services Exemplary Service Medal honours members of a recognized Canadian fire service who have completed 20 years of service, ten years of which have been served in the performance of duties involving potential risks, and were employed on or after the date of creation of the Medal. Exemplary service is characterized by good conduct, industry and efficiency.



Mayor White & the Governor General's Fire Service Award Recipients Fire Captain Jason McNeil & Fire Chief David Hearn.

STATEMENT OF PERMISSIVE TAX EXEMPTIONS

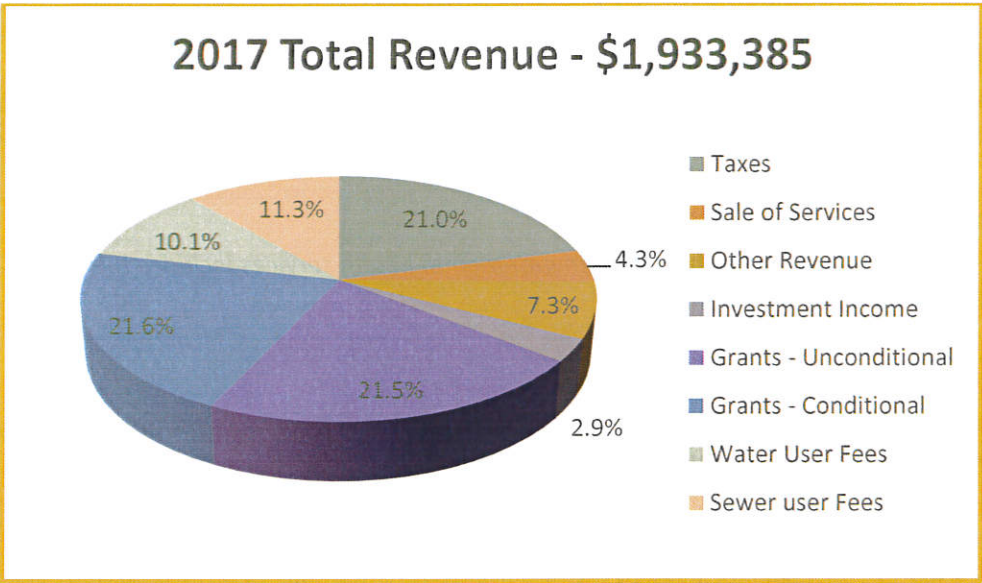
In accordance with Part 7, Division 7, Section 224(2) of the *Community Charter*, the following properties in the Village of Salmo were provided permissive property tax exemptions by Council in 2017.

Legal Description	Civic Address	Organization	Value of Permissive Exemption
Lot 24 and Lot 25, Block 22, Plan 622A, DL206A, Kootenay Land District	402 Baker Ave	Roman Catholic Bishop of Nelson	\$108
Lot 1 and Lot 2, Block 23, Plan 622A, DL206A, Kootenay Land District	304 Main Street	Salmo Community Memorial Church Assoc.	\$116
Lot 1 and Lot 2, Block 2, Plan 2599, DL206A, Kootenay Land District	12-4 th Street	Pentecostal Assemblies of Canada	\$119
Lot 3, Plan 15447, DL206, Kootenay Land District	430 Cady Road	Salmo Baptist Church	\$205
Lot 1, Plan 8548, DL206A, Kootenay Land District	117-4 th Street	Victory Church of Salmo	\$38
Lot 1, Plan 11031, District Lot 206, Kootenay Land District	1003 Glendale Ave	Salmo Valley Curling and Rink Association	\$3,076
Lot B, Plan EPP9579, District Lot 206 and 206A, Kootenay Land District	206-7 th Street	Salmo Valley Youth and Community Centre	\$21,003
Parcel D (Being a Consolidation of Lots 1-3, See LB472515) Block 5, Plan 622, DL 206A, Kootenay Lake District	104-4 th Street	Salmo Square Society	\$1,740
Lot 2, Plan NEP 71801, DL 206 and DL 206A, Kootenay Land District	730 Railway Ave	Salmo & Area Supportive Housing Society	\$6,344
Lot 11, Block 21, Plan NEP622A, District Lot 206A, Kootenay Land District, Lot 12, Block 21, Plan NEP622A, District Lot 206A, Kootenay Land District, Lot 9, Block 21, Plan NEP622A, District	303-4 th Street	Salmo Royal Canadian Legion	\$769

2017 MUNICIPAL SERVICES AND OPERATIONS

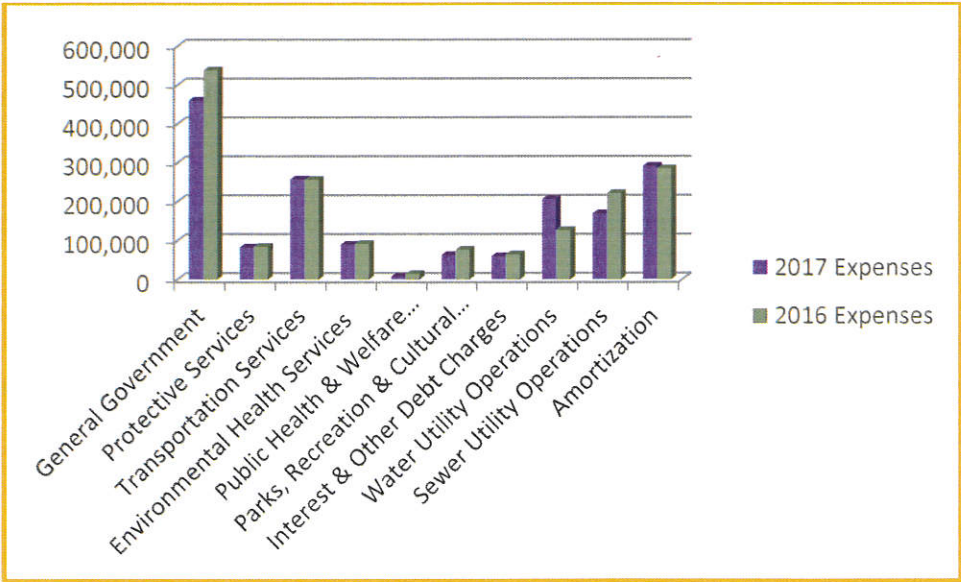
PART I – REVENUES

The village collected \$406,290 in taxes; \$82,557 in the sale of services; \$142,021 in other revenue from own sources; \$415,702 in unconditional grants and \$416,972 in conditional grants. Water and sewer user fees totalled \$413,118.



The total revenue collected does not include taxes collected for other agencies, such as school, regional district or hospital taxes, etc.

PART II – EXPENSES



GENERAL GOVERNMENT

\$459,975 – 27.3% - General government includes the cost of the administration, including Council operations, legal and auditing services, training, liability insurance and other general overhead expenditures.

PROTECTIVE SERVICES

\$82,323 – 4.9% of expenditures in 2017 - Protective services include the operation of the fire department, bylaw enforcement, dog control, and emergency measures such as flood control.

TRANSPORTATION SERVICES

\$257,073 – 15.3% of expenditures in 2017 - Transportation services include the cost of the civic works shop, all the village's equipment, winter and summer road maintenance, sidewalks and streetlights.

ENVIRONMENTAL HEALTH SERVICES

\$89,464 – 5.3% of expenditures in 2017 - Environmental health services includes the cost of garbage collection and Spring and Fall clean-up.

PUBLIC HEALTH AND WELFARE SERVICES

\$7,049 – 0.4% of expenditures in 2017 - Public health and welfare services include the operation and maintenance of the Wellness Centre and the cemetery.

PARKS, RECREATION AND CULTURAL SERVICES

\$62,691 – 3.7% of expenditures in 2017 - Parks, recreation and cultural services include the operation and maintenance of KP Park, Lion's Park, Springboard Park, and the Esso lots.

INTEREST AND OTHER DEBT CHARGES

\$59,299 – 3.5% of expenditures in 2017 - Interest and other debt interest and fiscal services includes the interest on borrowing and bank service charges.

WATER UTILITY OPERATIONS

\$206,481 – 12.3% of expenditures in 2017 - Water utility operations includes water supply and distribution.

SEWER UTILITY OPERATIONS

\$169,331 – 10.0% of expenditures in 2017 - Sewer utility operations includes sewage collection and treatment.

AMORTIZATION

\$291,443 – 17.3% of expenditures in 2017 - This is the amount of depreciation of the village assets.

2017 BUILDING ACTIVITIES SUMMARY

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



	Total Construction Value	# Permits	Permit Fees/Renewals	Village Fees Collected
Residential - New	\$96,320.00	1	\$2,024.00	\$202.40
Residential – Additions/Renovations/Accessory	\$66,312.50	7	\$1,096.40	\$109.64
Mobile Homes	0	0	0	NIL
Commercial	0	0	0	NIL
Commercial – Additions/Renos	\$19,500.00	2	\$279.15	\$27.90
Industrial (new and additional)	0	0	0	NIL
Institutional (new and additional)	0	0	0	0
Permit Renewals	0	0	0	0
Other (temporary structure, etc.)	0	5	\$350.00	\$35.00
Total	\$182,132.50	15	\$3,749.55	\$374.94

PROGRESS REPORT FOR 2017

The *Community Charter* requires a progress report respecting the previous year in relation to the objectives and measures established for that year. This chart represents objectives set for 2017.

Services	Objective	Strategies	Progress Measures	2017 Progress
Admin & Planning	Clean financial audits.	Compliance with all requirements including proper records management and timely regulatory filings.	Unqualified 2017 auditor's report.	Unqualified auditor's report.
	Continue update of Official Community Plan (OCP) /Integrated Community Sustainability Plan (ICSP).		Preparation for OCP adoption.	Incorporated further changes and community input.
	Written contracts for all work.	Ensure written contracts are in place for all services, leases, agreements, sponsorships, etc.	Database of contracts, leases, and agreements populated with new and updated contracts.	Ongoing.
	Finalize asset management process in key areas.	Continue work on asset management policy begun in 2016.	Asset management plan of village machinery and equipment. Progress in integrating finance, administration and operations with mapping.	Staff completed training in asset management software. Asset mapping being finalized.
	Pursue grants.	Exploration of a wide range of grant opportunities.	Successful grant applications.	Ongoing number of grants.
Green Initiatives	Community involvement in carbon emissions & GHGs reduction.	Adopt community plan for energy emission reduction. Implement community plan for energy emissions reduction.	Policy to set aside Climate Action Revenue Incentive Plan (CARIP) funds for green initiatives.	Continued implementation of Strategic Community Energy & Emission Plan. Completed Phase II of streetlight replacements.

Services	Objective	Strategies	Progress Measures	2017 Progress
	LED Street Light Conversion.	Continued phased plan for conversion.	Phase II conversion of streetlights to LED.	Completed Phase II and secured Fortis BC rebate for Phase II.
Parks & Cemetery	Upgrade of KP Park.	Grant application through Columbia Basin Trust.	Successful grant.	Continued fundraising for concession and other upgrades.
	Improve appearance of grass boulevards and park areas.	Develop a parks maintenance plan. Utilization of summer students.	Improved condition of parks and cemetery. Measure public response.	Public appreciation expressed in letters of thanks for improved boulevards and park maintenance.
	Improve Salmo Cemetery.	Improved maintenance. Online mapping.	Noticeable difference for cemetery users.	Replaced and upgraded fencing and gates, beautified cemetery, completed mapping of burial sites.
Age-Friendly	Distribution of park benches throughout the village.	Remove park benches from storage and begin placing them.	More park benches in public places.	Almost 20 benches placed throughout the village.
Roads	Improve condition of roads through pavement repair, pothole patching, etc.	Capitalize on highways paving project to secure discounted repairs.	Numerous pot hole and pavement patches to improve roads.	Several pavement patching projects completed.
Fire Services	Set and fund appropriate fire service levels.	Council adoption and budgeting for fire service levels.	New fire service enabling and related bylaws. Fire services set by Village of Salmo.	Fire Service level set by Council Policy.
	Wildfire/Urban Interface Fire Risk Management.	Reduce fire risk.	Community awareness of FireSmart program.	Continued FireSmart community awareness campaign.
Water Distribution System	Reduce water leakage in system.	Utilize WaterSmart funds to assist with finding leakages in system and reduce leakage.	Continued reduction of system water loss. Reduction in gross water consumption.	Now using SCADA data logging.
Waste-water Treatment Plant	Improve the general operation and cost effectiveness of the sewage treatment	Continue ongoing staff training and proper operation of plant.	Enhanced staff training & ticket levels; successful grant application; steps to improve	Staff certified to operate system. Received grant for major WWTP

Services	Objective	Strategies	Progress Measures	2017 Progress
Upgrades	plant.		and invest in infrastructure.	infrastructure renewal and upgrading.
6 th Street Pedestrian Bridge	Finish beautification of 6 th Street pedestrian bridge.	Plan beautification and construct ramp.	Bridge being used by residents.	Bridge construction completed final landscaping done spring 2017, grand opening summer 2017.

2018

Priorities for 2018 include completion of the upgrade to the village's wastewater treatment plant and systems, finalization and passage Official Community Plan (OCP), developing and passing an amendment to the village's zoning bylaw to incorporate regulations for cannabis-related businesses, planning for a complete overhaul of the zoning bylaw by 2019, planning and applying for grants to begin infrastructure renewal of the water distribution system infrastructure, and continuing to explore ongoing economic development through land-use planning and strategic partnerships.

In addition, 2018 will see village staff oversee the municipal election and assist any new council members as they transition to their public duties.

A commitment to sustainable service delivery and sustainable economic practices continues to form the core of all municipal governance and expenditure decisions.

THE CORPORATION OF THE VILLAGE OF SALMO
FINANCIAL STATEMENTS
DECEMBER 31, 2017

THE CORPORATION OF THE VILLAGE OF SALMO

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For the Year Ended December 31, 2017

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Notes to the Financial Statements

Schedule A - Schedule of Tangible Capital Assets

Schedule B - Schedule of Segmented Information

THE CORPORATION OF THE VILLAGE OF SALMO

MANAGEMENT REPORT

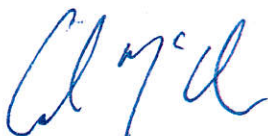
For the Year Ended December 31, 2017

RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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



Colin McClure, CPA, CA
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

Grant Thornton LLP
1440 Bay Ave
Trail BC V1R 4B1

T +1 250 368 6445
F +1 250 368 8488
www.GrantThornton.ca

To the Mayor and Council of the Village of Salmo:

We have audited the accompanying financial statements of the Corporation of the Village of Salmo, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in financial assets (debt) and 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 whether the financial statements are free of 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 auditors' judgment, including assessing the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity'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 entity'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, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Salmo as at December 31, 2017 and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

**TRAIL, B.C.
May 7, 2018**

THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 1,804,547	\$ 1,164,733
Accounts receivable (Note 3)	204,000	221,922
MFA deposits (Note 4)	<u>17,879</u>	<u>20,654</u>
	<u>2,026,426</u>	<u>1,407,309</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	117,877	125,791
Deferred revenue (Note 6)	531,778	66,597
Accrued future payroll benefits (Note 7)	20,280	16,452
Debt (Note 8)	<u>929,505</u>	<u>1,025,253</u>
	<u>1,599,440</u>	<u>1,234,093</u>
Net Financial Assets (Debt)	426,986	173,216
Non-Financial Assets		
Tangible capital assets (Note 9)	6,846,133	6,886,974
Inventory	12,886	2,603
Other assets (Note 10)	11,755	9,267
Prepaid expenses	<u>35,648</u>	<u>13,092</u>
	<u>6,906,422</u>	<u>6,911,936</u>
Accumulated Surplus (Note 11)	<u>\$ 7,333,408</u>	<u>\$ 7,085,152</u>

Trust Funds (Note 12)

Commitments and Contingencies (Note 15)



Stephen White
Mayor



Colin McClure, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE VILLAGE OF SALMO

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Taxes	\$ 402,135	\$ 406,290	\$ 491,739
Sale of services	80,600	82,557	75,153
Other revenue from own sources	125,431	142,021	102,986
Investment income	7,600	56,725	41,332
Grants - unconditional	415,000	415,702	405,880
Grants - conditional	2,097,693	416,972	416,854
Water user fees	199,410	195,219	121,971
Sewer user fees	220,365	217,899	187,781
Donated capital assets	-	-	61,480
Gain on disposal of tangible capital assets	-	-	6,617
	<u>3,548,234</u>	<u>1,933,385</u>	<u>1,911,793</u>
Expenses			
General government	429,767	459,975	537,962
Protective services	96,925	82,323	84,166
Transportation services	243,900	257,073	256,293
Environmental health services	88,682	89,464	91,554
Public health and welfare services	9,200	7,049	14,312
Parks, recreation and cultural services	41,350	62,691	76,764
Interest and other debt charges	64,502	59,299	64,575
Water utility operations	133,041	206,481	126,653
Sewer utility operations	203,603	169,331	221,760
Amortization	<u>290,752</u>	<u>291,443</u>	<u>284,949</u>
	<u>1,601,722</u>	<u>1,685,129</u>	<u>1,758,988</u>
Annual surplus	1,946,512	248,256	152,805
Accumulated surplus, beginning of the year	<u>7,085,152</u>	<u>7,085,152</u>	<u>6,932,347</u>
Accumulated surplus, end of the year	<u>\$ 9,031,664</u>	<u>\$ 7,333,408</u>	<u>\$ 7,085,152</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 SALMO
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
For the Year Ended December 31, 2017

	<u>2017 Budget</u>	<u>2017</u>	<u>2016</u>
Annual surplus	\$ 1,946,512	\$ 248,256	\$ 152,805
Acquisition of tangible capital assets	(2,696,000)	(250,602)	(239,886)
Amortization of capital assets	290,752	291,443	284,949
Proceeds on sale of tangible capital assets	-	-	6,617
Gain disposal of tangible capital assets	-	-	(6,617)
	<u>(458,736)</u>	<u>289,097</u>	<u>197,868</u>
Consumption of prepaid expenses	-	(22,556)	2,055
Acquisition of supply inventory	-	(10,283)	(2,603)
Acquisition of other assets	-	(2,488)	(1,689)
	<u>-</u>	<u>(35,327)</u>	<u>(2,237)</u>
Increase (decrease) in net financial assets	(458,736)	253,770	195,631
Net financial assets (debt), beginning of year	<u>173,216</u>	<u>173,216</u>	<u>(22,415)</u>
Net financial assets (debt), end of the year	\$ <u>(285,520)</u>	\$ <u>426,986</u>	\$ <u>173,216</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 SALMO
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 248,256	\$ 152,805
Items not involving cash:		
Amortization of tangible capital assets	291,443	284,949
Actuarial adjustments	(23,730)	(20,806)
Gain on disposal of tangible capital assets	<u>-</u>	<u>(6,617)</u>
	515,969	410,331
Increase (decrease) in non-cash operating items:		
Accounts receivable	17,922	(40,977)
MFA deposits	2,775	(562)
Accounts payable and accrued liabilities	(7,914)	(25,472)
Deferred revenue	465,181	(4,334)
Accrued future payroll benefits	3,828	(5,199)
Inventory	(10,283)	(2,603)
Other assets	(2,488)	(1,689)
Prepaid expenses	<u>(22,556)</u>	<u>2,055</u>
	962,434	331,550
Financing Activities		
Debt repayment	<u>(72,018)</u>	<u>(71,826)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	-	6,617
Acquisition of tangible capital assets	<u>(250,602)</u>	<u>(239,886)</u>
	(250,602)	(233,269)
Net increase in cash and cash equivalents	639,814	26,455
Cash and cash equivalents, beginning of year	<u>1,164,733</u>	<u>1,138,278</u>
Cash and cash equivalents, end of year	<u>\$ 1,804,547</u>	<u>\$ 1,164,733</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 SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1. Significant Accounting Policies

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

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

(a) Basis of Presentation

The Village's resources and operations are segregated into General, Water and Sewer funds and Statutory and Non-statutory reserve funds and Reserves for future capital expenditures for accounting and financial reporting purposes. These financial statements include the accounts of all the funds of the Village. Inter-fund transactions and balances have been eliminated.

(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 amounts 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 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, accrued future payroll benefits and 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) Accrued Future Payroll Benefits

The Village records the cost of future payroll benefits over the employee's term of employment.

(g) 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 SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

1. Significant Accounting Policies (continued)

(h) Tangible Capital Assets

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

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

(i) 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.

(j) 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.

(k) Use of Estimates

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

(l) Budget

Budget data presented in these financial statements is based on the Village's Five Year Financial Plan for the years 2017-2021, adopted by Council on May 9, 2017.

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

2. Cash and Cash Equivalents

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

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,671,924	\$ 1,033,389
MFA bond and money market funds	<u>132,623</u>	<u>131,344</u>
	<u>\$ 1,804,547</u>	<u>\$ 1,164,733</u>

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

3. Accounts Receivable

	<u>2017</u>	<u>2016</u>
Property taxes	\$ 99,121	\$ 103,456
Utility billings	48,006	34,108
Other governments	43,093	69,890
Trade and other receivables	<u>13,780</u>	<u>14,468</u>
	<u>\$ 204,000</u>	<u>\$ 221,922</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, 2017, the total of the Debt Reserve Fund was comprised of:

	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Cash Deposit	Demand Note	Total	Total
General fund	\$ 13,211	\$ 22,711	\$ 35,922	\$ 35,669
Water utility	<u>4,668</u>	<u>7,100</u>	<u>11,768</u>	<u>27,001</u>
	<u>\$ 17,879</u>	<u>\$ 29,811</u>	<u>\$ 47,690</u>	<u>\$ 62,670</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

5. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Trades payable	\$ 95,400	\$ 103,983
Accrued wages and benefits	<u>22,477</u>	<u>21,808</u>
	<u>\$ 117,877</u>	<u>\$ 125,791</u>

6. Deferred Revenue

	<u>2017</u>	<u>2016</u>
Taxes and utility rates	\$ 3,530	\$ 3,619
Grants and other	<u>528,248</u>	<u>62,978</u>
	<u>\$ 531,778</u>	<u>\$ 66,597</u>

7. Accrued Future Payroll Benefits

	<u>2017</u>	<u>2016</u>
Holiday Pay	\$ 17,984	\$ 13,523
Banked Overtime	<u>2,296</u>	<u>2,929</u>
	<u>\$ 20,280</u>	<u>\$ 16,452</u>

The Village accrues holiday pay and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

8. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2017 Balance	2016 Balance
General Purposes:						
523	Fast attack rescue truck	2.25%	2020	\$ 119,840	\$ 73,084	\$ 96,558
549	Wellness centre	4.13%	2039	885,000	739,603	760,368
610	Public works shop	4.20%	2026	150,000	100,311	109,425
				<u>1,154,840</u>	<u>912,998</u>	<u>966,351</u>
Water Purposes:						
446	Water infrastructure	5.55%	2018	216,000	16,507	32,228
560	Waterworks upgrade	4.52%	2017	225,000	-	26,674
				<u>441,000</u>	<u>16,507</u>	<u>58,902</u>
Total Debt					<u>\$ 929,505</u>	<u>\$ 1,025,253</u>

Principal payments and expected actuarial additions for the next 5 years and thereafter are as follows:

	General	Water	Total
2018	\$ 54,425	\$ 16,507	\$ 70,932
2019	55,668	-	55,668
2020	56,961	-	56,961
2021	34,954	-	34,954
2022	36,352	-	36,352
Thereafter	674,638	-	674,638
	<u>\$ 912,998</u>	<u>\$ 16,507</u>	<u>\$ 929,505</u>

9. Tangible Capital Assets

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,256,899
Buildings	2,535,875	863,622	1,672,253	1,694,274
Vehicles, equipment & furniture	2,127,191	1,304,163	823,028	909,385
Transportation infrastructure	2,852,596	1,484,057	1,368,539	1,318,302
Water infrastructure	2,077,377	730,170	1,347,207	1,378,036
Sewer infrastructure	1,521,800	1,143,593	378,207	330,078
	<u>\$ 12,371,738</u>	<u>\$ 5,525,605</u>	<u>\$ 6,846,133</u>	<u>\$ 6,886,974</u>

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

10. Other Assets

	2017	2016
Property acquired for taxes	<u>\$ 11,755</u>	<u>\$ 9,267</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

11. Accumulated Surplus

	2017	2016
Reserves		
Ambulance service	\$ 11,460	\$ 11,261
Community works fund	554,622	554,241
Curling rink	19,223	16,563
Employee sick leave	10,000	10,000
Fire department equipment	32,622	27,491
Jaws of life	145,863	120,859
Machinery & equipment	125,538	89,326
Sewer infrastructure	102,458	65,577
Water infrastructure	287,726	286,434
Wellness centre	<u>84,157</u>	<u>73,419</u>
	1,373,669	1,255,171
Operating surplus (deficit)	43,111	(31,741)
Invested in capital assets	<u>5,916,628</u>	<u>5,861,722</u>
Total Accumulated Surplus	<u>\$ 7,333,408</u>	<u>\$ 7,085,152</u>

12. Trust Funds

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

	2017	2016
Balances, beginning of year	\$ 21,081	\$ 20,513
Contributions received	590	215
Interest earned	<u>359</u>	<u>353</u>
Balances, end of year	<u>\$ 22,030</u>	<u>\$ 21,081</u>

13. 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.

	2017	2016
Provincial Government - School taxes	\$ 266,882	\$ 280,788
Provincial Government - Police taxes	45,392	46,537
Regional District of Central Kootenay	219,498	212,381
Central Kootenay Hospital District	-	(110)
West Kootenay Boundary Hospital District	32,900	33,153
British Columbia Assessment Authority	5,903	6,871
Municipal Finance Authority	<u>23</u>	<u>22</u>
	<u>\$ 570,598</u>	<u>\$ 579,642</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

14. Pension Plan

The Village of Salmo 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 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

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

The most recent valuation of the Municipal Pension Plan at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

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

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

The Village of Salmo paid \$34,386 (2016 - \$30,465) for employer contributions to the plan in fiscal 2017.

15. 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 Salmo.

Claims for Damages

In the normal course of a year the Village is faced with lawsuits and claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined at this time.

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

15. Commitments and Contingencies (continued)

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.

16. Budget Data

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

	<u>2017</u>
Budget surplus per Statement of Operations	\$ 1,946,512
Less: Capital expenditures	2,696,000
Debt principal repayments	72,256
Budgeted transfers to surplus and reserves	132,783
Add: Budgeted transfers from reserves	195,050
Amortization	290,752
Debt proceeds	<u>468,725</u>
Net annual budget	<u>\$ -</u>

17. Current and Future Accounting Changes:

PS 2200 Related Party Transactions

This section establishes the definition of a related party, the criteria for identifying related parties of the Village, the circumstances in which disclosures of the transaction with the related party would be required, and the required content of those disclosures, if necessary. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

18. Comparative Figures

Certain comparative figures from the prior year have been reclassified to conform with the presentation format adopted for the current year.

THE CORPORATION OF THE VILLAGE OF SALMO

SCHEDULE A - SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2017

	Additions & reallocation of assets under Construction		Disposals	Closing Balance	Accumulated Amortization Opening balance	Amortization Expense	Reduction on Disposals	Accumulated Amortization Closing Balance	Net Carrying Amount End of year
	Opening Balance								
Tangible Capital Assets									
Land	\$ 1,256,899	\$ -	\$ -	\$ 1,256,899	\$ -	\$ -	\$ -	\$ -	\$ 1,256,899
Buildings	2,496,177	39,698	-	2,535,875	801,903	61,719	-	863,622	1,672,253
Vehicles, equipment & furniture	2,121,874	5,317	-	2,127,191	1,212,489	91,674	-	1,304,163	823,028
Transportation infrastructure	2,736,753	115,843	-	2,852,596	1,418,451	65,606	-	1,484,057	1,368,539
Water infrastructure	2,068,097	9,280	-	2,077,377	690,061	40,109	-	730,170	1,347,207
Sewer infrastructure	1,441,336	80,464	-	1,521,800	1,111,258	32,335	-	1,143,593	378,207
Total	\$ 12,121,136	\$ 250,602	\$ -	\$ 12,371,738	\$ 5,234,162	\$ 291,443	\$ -	\$ 5,525,605	\$ 6,846,133

THE CORPORATION OF THE VILLAGE OF SALMO

SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION

For the Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Parks & Recreation	Water Utility	Sewer Utility	2017 Total
Revenues									
Taxes	\$ 406,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,290
Sales of Service	-	-	-	74,902	5,230	-	2,025	400	82,557
Other revenue from own services	64,909	15,152	5,676	-	50,280	6,004	-	-	142,021
Investment income	37,340	-	-	-	-	-	19,385	-	56,725
Grants - unconditional	415,702	-	-	-	-	-	-	-	415,702
Grants - conditional	133,420	85,659	3,534	-	10,000	64,461	53,005	66,893	416,972
Water user fees	-	-	-	-	-	-	195,219	-	195,219
Sewer user fees	-	-	-	-	-	-	-	217,899	217,899
Donated assets	-	-	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	-	-
	<u>1,057,661</u>	<u>100,811</u>	<u>9,210</u>	<u>74,902</u>	<u>65,510</u>	<u>70,465</u>	<u>269,634</u>	<u>285,192</u>	<u>1,933,385</u>
Expenditures									
Wages and benefits	226,149	14,397	122,288	4,885	4,989	12,785	75,935	109,635	571,063
Supplies and services	233,826	67,926	134,785	84,579	2,060	49,906	130,546	59,696	763,324
Interest and other debt charges	-	1,319	6,300	-	36,551	-	15,129	-	59,299
Amortization	5,850	61,646	87,009	2,611	42,864	19,019	40,109	32,335	291,443
	<u>465,825</u>	<u>145,288</u>	<u>350,382</u>	<u>92,075</u>	<u>86,464</u>	<u>81,710</u>	<u>261,719</u>	<u>201,666</u>	<u>1,685,129</u>
Annual Surplus (Deficit)	<u>591,836</u>	<u>(44,477)</u>	<u>(341,172)</u>	<u>(17,173)</u>	<u>(20,954)</u>	<u>(11,245)</u>	<u>7,915</u>	<u>83,526</u>	<u>248,256</u>