

THE CORPORATION OF THE VILLAGE OF SALMO
FINANCIAL STATEMENTS
DECEMBER 31, 2020

THE CORPORATION OF THE VILLAGE OF SALMO
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For the Year Ended December 31, 2020

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THE CORPORATION OF THE VILLAGE OF SALMO

MANAGEMENT REPORT

For the Year Ended December 31, 2020

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 in net financial assets are 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 Auditor's Report

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To the Mayor and Council of
The Corporation of the Village of Salmo

Opinion

We have audited the financial statements of The Corporation of the Village of Salmo (the "Village"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets, cash flows, and schedules A and B for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2020, the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Exhibits included in the Supplemental Financial Information section are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplemental information has not been subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Trail, Canada
May 11, 2021

Grant Thornton LLP

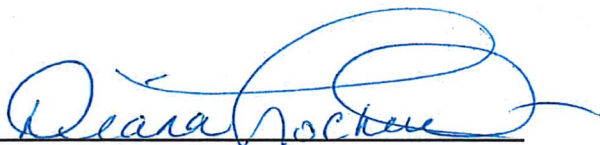
Chartered Professional Accountants

THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 2,079,468	\$ 1,268,816
Accounts receivable (Note 3)	376,836	581,936
MFA deposits (Note 4)	<u>14,097</u>	<u>13,812</u>
	<u>2,470,401</u>	<u>1,864,564</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	116,902	312,673
Deferred revenue (Note 6)	85,020	102,676
Accrued future payroll benefits (Note 7)	27,628	15,564
Debt (Note 8)	<u>821,575</u>	<u>908,685</u>
	<u>1,051,125</u>	<u>1,339,598</u>
Net Financial Assets	1,419,276	524,966
Non-Financial Assets		
Tangible capital assets (Note 9)	8,639,653	8,579,858
Inventory	9,385	12,421
Other assets (Note 10)	17,317	15,897
Prepaid expenses	<u>7,047</u>	<u>15,839</u>
	<u>8,673,402</u>	<u>8,624,015</u>
Accumulated Surplus (Note 11)	<u>\$ 10,092,678</u>	<u>\$ 9,148,981</u>

Trust Funds (Note 12)
Commitments and Contingencies (Note 15)



Diana Lockwood
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, 2020

	<u>2020 Budget</u> (Note 16)	<u>2020</u>	<u>2019</u>
Revenue			
Taxes	\$ 425,607	\$ 425,140	\$ 420,437
Sale of services	92,651	96,237	87,179
Other revenue from own sources	213,370	116,442	130,522
Investment income	11,300	37,663	38,425
Grants - unconditional	449,790	465,902	449,790
Grants - conditional	754,155	1,162,746	1,665,456
Water user fees	174,375	173,999	169,297
Sewer user fees	271,215	271,822	263,316
Gain on disposal of tangible capital assets	-	24,246	-
	<u>2,392,463</u>	<u>2,774,197</u>	<u>3,224,422</u>
Expenses			
General government	449,782	396,127	393,003
Protective services	194,035	220,718	228,674
Transportation services	287,529	243,131	246,543
Environmental health services	99,277	96,137	99,742
Public health and welfare services	18,175	22,114	11,141
Parks, recreation and cultural services	48,850	75,924	46,101
Interest and other debt charges	47,597	28,255	46,878
Water utility operations	162,013	156,175	121,732
Sewer utility operations	200,844	200,091	179,617
Amortization	299,563	391,828	323,783
	<u>1,807,665</u>	<u>1,830,500</u>	<u>1,697,214</u>
Annual surplus	584,798	943,697	1,527,208
Accumulated surplus, beginning of the year	<u>9,148,981</u>	<u>9,148,981</u>	<u>7,621,773</u>
Accumulated surplus, end of the year	\$ <u>9,733,779</u>	\$ <u>10,092,678</u>	\$ <u>9,148,981</u>

THE CORPORATION OF THE VILLAGE OF SALMO

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2020

	<u>2020 Budget</u>	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 584,798	\$ 943,697	\$ 1,527,208
Acquisition of tangible capital assets	(854,000)	(451,623)	(1,738,391)
Amortization of capital assets	<u>299,563</u>	<u>391,828</u>	<u>323,783</u>
Proceeds on sale of tangible capital assets	-	24,246	-
Gain on disposal of tangible capital assets	<u>-</u>	<u>(24,246)</u>	<u>-</u>
	30,361	883,902	112,600
Consumption (acquisition) of prepaid expenses	-	8,792	(7,139)
Consumption of supply inventory	-	3,036	1
Consumption of other assets	<u>-</u>	<u>(1,420)</u>	<u>(4,104)</u>
	-	10,408	(11,242)
Increase (decrease) in net financial assets	30,361	894,310	101,358
Net financial assets, beginning of year	<u>524,966</u>	<u>524,966</u>	<u>423,608</u>
Net financial assets, end of the year	\$ <u>555,327</u>	\$ <u>1,419,276</u>	\$ <u>524,966</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, 2020

	<u>2020</u>	<u>2019</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 943,697	\$ 1,527,208
Items not involving cash:		
Amortization of tangible capital assets	391,828	323,783
Actuarial adjustments	(10,339)	(9,046)
Gain on disposal of tangible capital assets	<u>(24,246)</u>	<u>-</u>
	1,300,940	1,841,945
Increase (decrease) in non-cash working capital balances:		
Accounts receivable	205,100	(365,305)
MFA deposits	(285)	(314)
Accounts payable and accrued liabilities	(195,771)	(119,094)
Deferred revenue	(17,656)	(294,545)
Accrued future payroll benefits	12,064	5,902
Inventory	3,036	1
Other assets	(1,420)	(4,104)
Prepaid expenses	<u>8,792</u>	<u>(7,139)</u>
	1,314,800	1,057,347
Financing Activities		
Debt repayment	<u>(76,771)</u>	<u>(73,437)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	24,246	-
Acquisition of tangible capital assets	<u>(451,623)</u>	<u>(1,537,860)</u>
	<u>(427,377)</u>	<u>(1,537,860)</u>
Net increase (decrease) in cash and cash equivalents	810,652	(553,950)
Cash and cash equivalents, beginning of year	<u>1,268,816</u>	<u>1,822,766</u>
Cash and cash equivalents, end of year	<u>\$ 2,079,468</u>	<u>\$ 1,268,816</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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, 2020

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) Liability for Contaminated Sites

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

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

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

There are no liabilities to be recorded as at December 31, 2020.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

1. Significant Accounting Policies (continued)

(l) 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.

(m) Budget

Budget data presented in these financial statements is based on the Village's Five Year Financial Plan for the years 2020-2024, adopted by Council on May 12, 2020.

2. Cash and Cash Equivalents

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,940,984	\$ 1,131,496
MFA bond and money market funds	<u>138,484</u>	<u>137,320</u>
	<u>\$ 2,079,468</u>	<u>\$ 1,268,816</u>

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

3. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Property taxes	\$ 79,795	\$ 81,048
Utility billings	34,821	37,482
Other governments	233,416	424,850
Trade and other receivables	<u>28,804</u>	<u>38,556</u>
	<u>\$ 376,836</u>	<u>\$ 581,936</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

4. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority of British Columbia provides capital financing for regional districts and their member municipalities. As a condition of this financing, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a Debt Reserve Fund. The Municipal Finance Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. Upon maturity of the debt issue, the unused portion is discharged to the municipality. The Village recognizes these cash deposits on the financial statements.

The Village also executes demand notes in connection with each debenture whereby the Village may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not recorded in the financial statements.

As at December 31, 2020, the total of the Debt Reserve and Demand Note balances are as follows:

	2020	2020	2019	2019
	Cash Deposit	Demand Note	Cash Deposit	Demand Note
General fund	\$ 14,097	\$ 22,711	\$ 13,812	\$ 22,711

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trades payable	\$ 99,223	\$ 285,786
Accrued wages and benefits	17,679	26,887
	<u>\$ 116,902</u>	<u>\$ 312,673</u>

6. Deferred Revenue

	2020	2019
Taxes and utility rates	\$ 9,270	\$ 2,796
Grants and other	75,750	99,880
	<u>\$ 85,020</u>	<u>\$ 102,676</u>

7. Accrued Future Payroll Benefits

	2020	2019
Holiday Pay	\$ 7,696	\$ 7,356
Sick Leave	15,718	-
Banked Overtime	4,214	8,208
	<u>\$ 27,628</u>	<u>\$ 15,564</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, 2020

8. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2020 Balance	2019 Balance
General Purposes:						
311	John Deere loader	2.60%	2023	\$ 137,000	\$ 78,662	\$ 106,319
523	Fast attack rescue truck	2.25%	2020	119,840	-	25,843
549	Wellness centre	4.13%	2039	885,000	672,190	695,548
610	Public works shop	4.20%	2026	150,000	70,723	80,975
				<u>1,291,840</u>	<u>821,575</u>	<u>908,685</u>
Total Debt					\$ <u>821,575</u>	\$ <u>908,685</u>

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

	Total
2021	\$ 63,714
2022	65,404
2023	58,665
2024	39,318
2025	40,891
Thereafter	<u>553,583</u>
	\$ <u>821,575</u>

9. Tangible Capital Assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,256,899
Buildings	2,614,354	1,057,209	1,557,145	1,590,612
Vehicles, equipment & furniture	2,509,818	1,714,951	794,867	883,872
Transportation infrastructure	3,173,421	1,707,470	1,465,951	1,477,814
Water infrastructure	2,185,516	856,173	1,329,343	1,324,049
Sewer infrastructure	<u>3,546,191</u>	<u>1,310,743</u>	<u>2,235,448</u>	<u>2,046,612</u>
	\$ <u>15,286,199</u>	\$ <u>6,646,546</u>	\$ <u>8,639,653</u>	\$ <u>8,579,858</u>

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

10. Other Assets

	2020	2019
Property acquired for taxes	\$ <u>17,317</u>	\$ <u>15,897</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

11. Accumulated Surplus

	2020	2019
Reserves		
Ambulance service	\$ 12,077	\$ 11,868
Community works fund	648,280	626,321
Curling rink	17,924	17,652
Employee sick leave	10,000	10,000
Fire department equipment	51,512	45,250
Jaws of life	176,470	169,958
Machinery & equipment	204,946	143,950
Parks	2,400	-
Sewer infrastructure	20,080	49,520
Water infrastructure	246,828	177,613
Wellness centre	98,628	102,251
	<u>1,489,145</u>	<u>1,354,383</u>
Operating surplus	785,453	123,425
Invested in tangible capital assets	<u>7,818,080</u>	<u>7,671,173</u>
Total Accumulated Surplus	<u>\$ 10,092,678</u>	<u>\$ 9,148,981</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:

	2020	2019
Balances, beginning of year	\$ 23,423	\$ 22,783
Contributions received	587	265
Interest earned	410	375
Balances, end of year	<u>\$ 24,420</u>	<u>\$ 23,423</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.

	2020	2019
Provincial Government - School taxes	\$ 276,551	\$ 264,477
Provincial Government - Police taxes	53,969	48,883
Regional District of Central Kootenay	278,307	247,226
West Kootenay Boundary Hospital District	35,639	33,158
British Columbia Assessment Authority	6,899	5,792
Municipal Finance Authority	29	25
	<u>\$ 651,394</u>	<u>\$ 599,561</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, 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 \$44,203 (2019 - \$42,247) for employer contributions to the plan in fiscal 2020.

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, 2020

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>2020</u>
Budget surplus per Statement of Operations	\$ 584,798
Less: Capital expenditures	854,000
Debt principal repayments	136,242
Budgeted transfers to surplus and reserves	98,958
Add: Budgeted transfers from reserves	204,839
Amortization	299,563
Debt proceeds	-
Net annual budget	\$ <u>-</u>

17. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Village services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

The Departments and Divisions within General Government Services are responsible for adopting bylaws & administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing Village assets; ensuring effective financial management and communication; administering Village grants; emergency planning; economic development; preparing land use plans, bylaws and policies for sustainable development of the Village; monitoring and reporting performance; and ensuring that high quality Village service standards are met. The general revenue reported under the department includes revenues associated with taxation, business tax revenues and senior government payments in lieu of taxes. These revenues have not been apportioned to other departments supported by the general fund.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

17. **Segmented Information** (continued)

Protective Services

Protective Services comprises of fire protection and bylaw enforcement. Bylaw is responsible for parking and other bylaw enforcement, as well as domestic animal control.

The mandate of the Fire and Rescue Services is to protect life, property and the environment through the provision of emergency response, inspections, code enforcement and public education, ensuring safety for the public.

Transportation Services

Transportation Services is responsible for planning, building, operating and maintaining the Village's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services, and fleet services.

Environmental Health

Environmental Health is responsible for the Village's solid waste collection services.

Public Health and Welfare

Public Health and Welfare maintains the cemetery grounds and operations for the Village.

Parks, Culture and Recreation Services

Parks, Culture and Recreation is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services.

Water and Sewer Utility Operations

The Water Utility is responsible for planning, designing, building and maintaining the Village's drinking water distribution system including the reservoir, water mains and pump stations. The Sewer and Drainage Utility collects, treats and disposes sanitary sewage and drainage through the wastewater treatment plant and the network of sewer mains and pump stations.

18. **Comparative Figures**

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

19. **COVID 19**

On March 11, 2020, the the World health Organization officially declared COVID-19 as a pandemic. The pandemic has forced governments to implement extraordinary measures to slow the progress of infections and to stabilize disrupted economies and financial markets. The Village has put measures in place in an attempt to protect the health and safety for both staff and the community & limit the effect and spread of the virus. Staff will continue to monitor and assess the situation and react accordingly.

THE CORPORATION OF THE VILLAGE OF SALMO

SCHEDULE A - SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2020

Tangible Capital Assets	Additions & reallocation of assets under Construction		Disposals	Closing Balance	Accumulated Amortization		Reduction on Disposals	Amortization Expense	Accumulated Amortization Closing Balance	Net Carrying Amount End of year
	Opening Balance				Opening balance					
Land	\$ 1,256,899	\$ -	\$ -	\$ 1,256,899	\$ -		\$ -		\$ -	\$ 1,256,899
Buildings	2,582,694	31,660	-	2,614,354	992,082		-	65,127	1,057,209	1,557,145
Vehicles, equipment & furniture	2,406,340	13,481	89,997	2,509,818	1,522,468		89,997	102,486	1,714,951	794,867
Transportation infrastructure	3,106,544	66,877	-	3,173,421	1,628,730		-	78,740	1,707,470	1,465,951
Water infrastructure	2,137,097	48,419	-	2,185,516	813,048		-	43,125	856,173	1,329,343
Sewer infrastructure	3,255,005	291,186	-	3,546,191	1,208,393		-	102,350	1,310,743	2,235,448
Total	\$ 14,744,579	\$ 451,623	\$ 89,997	\$ 15,286,199	\$ 6,164,721		\$ 89,997	\$ 391,828	\$ 6,646,546	\$ 8,639,653

THE CORPORATION OF THE VILLAGE OF SALMO

SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION

For the Year Ended December 31, 2020

Revenues	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Parks & Recreation	Water Utility	Sewer Utility	2020 Total
Taxes	\$ 425,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,140
Sales of Service	-	-	-	85,934	4,523	-	2,406	3,374	96,237
Other revenue from own services	28,619	24,739	6,356	-	52,657	4,071	-	-	116,442
Investment income	37,663	-	-	-	-	-	-	-	37,663
Grants - unconditional	465,902	-	-	-	-	-	-	-	465,902
Grants - conditional	762,872	85,705	637	-	10,000	44,835	12,267	246,430	1,162,746
Water user fees	-	-	-	-	-	-	173,999	-	173,999
Sewer user fees	-	-	-	-	-	-	-	271,822	271,822
Gain on sale of assets	-	-	24,246	-	-	-	-	-	24,246
	<u>1,720,196</u>	<u>110,444</u>	<u>31,239</u>	<u>85,934</u>	<u>67,180</u>	<u>48,906</u>	<u>188,672</u>	<u>521,626</u>	<u>2,774,197</u>
Expenditures									
Wages and benefits	221,481	18,973	129,585	3,942	4,737	11,152	96,400	152,582	638,852
Supplies and services	174,646	201,745	113,546	92,195	17,377	64,772	59,775	47,509	771,565
Interest and other debt charges	-	299	8,043	-	19,913	-	-	-	28,255
Amortization	<u>5,479</u>	<u>69,910</u>	<u>108,449</u>	<u>1,872</u>	<u>38,741</u>	<u>21,902</u>	<u>43,125</u>	<u>102,350</u>	<u>391,828</u>
	<u>401,606</u>	<u>290,927</u>	<u>359,623</u>	<u>98,009</u>	<u>80,768</u>	<u>97,826</u>	<u>199,300</u>	<u>302,441</u>	<u>1,830,500</u>
Annual Surplus (Deficit)	<u>\$ 1,318,590</u>	<u>\$ (180,483)</u>	<u>\$ (328,384)</u>	<u>\$ (12,075)</u>	<u>\$ (13,588)</u>	<u>\$ (48,920)</u>	<u>\$ (10,628)</u>	<u>\$ 219,185</u>	<u>\$ 943,697</u>

THE CORPORATION OF THE VILLAGE OF SALMO
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2020

Province of BC Restart Grant reconciliation

	<u>2020</u>
COVID-19 Restart Grant received	\$ 533,000
Less grant recognition:	
Revenue shortfalls	23,450
Facility reopening & operating costs	103,827
Computer & other electronic technology costs	5,465
Other related costs	<u>12,850</u>
Remaining grant	\$ <u><u>387,408</u></u>