

The Corporation of the Village of Salmo

2021 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE VILLAGE OF SALMO
Fiscal Year Ended December 31, 2021

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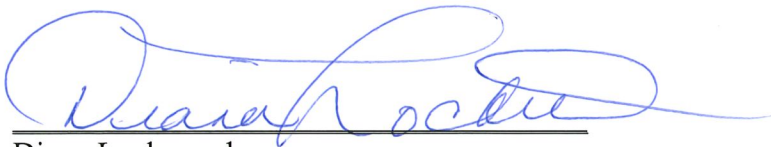
Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SALMO

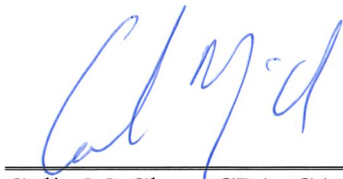
Fiscal Year Ended December 31, 2021

STATEMENT OF FINANCIAL INFORMATION APPROVAL

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



Diana Lockwood
Mayor



Colin McClure, CPA, CA
Chief Financial Officer

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SALMO

Fiscal Year Ended December 31, 2021

MANAGEMENT REPORT

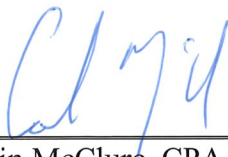
The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

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

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

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

On behalf of The Corporation of the Village of Salmo



Colin McClure, CPA, CA
Chief Financial Officer
May 30, 2022

THE CORPORATION OF THE VILLAGE OF SALMO
FINANCIAL STATEMENTS
DECEMBER 31, 2021

THE CORPORATION OF THE VILLAGE OF SALMO

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For the Year Ended December 31, 2021

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THE CORPORATION OF THE VILLAGE OF SALMO

MANAGEMENT REPORT

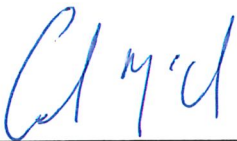
For the Year Ended December 31, 2021

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 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, which comprise the statement of financial position as at December 31, 2021, and the statements of income and retained earnings and cash flows 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, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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.

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 accounting standards for private enterprises, 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
April 26, 2022

Grant Thornton LLP

Chartered Professional Accountants

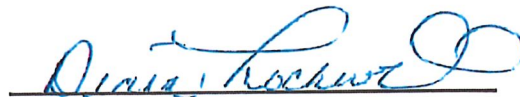
THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 2,408,849	\$ 2,079,468
Accounts receivable (Note 3)	194,759	376,836
MFA deposits (Note 4)	<u>14,336</u>	<u>14,097</u>
	<u>2,617,944</u>	<u>2,470,401</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	104,520	116,902
Deferred revenue (Note 6)	72,837	85,020
Accrued future payroll benefits (Note 7)	32,578	27,628
Debt (Note 8)	<u>757,849</u>	<u>821,575</u>
	<u>967,784</u>	<u>1,051,125</u>
Net Financial Assets	1,650,160	1,419,276
Non-Financial Assets		
Tangible capital assets (Note 9)	8,538,747	8,639,653
Inventory	11,501	9,385
Other assets (Note 10)	17,317	17,317
Prepaid expenses	<u>13,910</u>	<u>7,047</u>
	<u>8,581,475</u>	<u>8,673,402</u>
Accumulated Surplus (Note 11)	<u>\$ 10,231,635</u>	<u>\$ 10,092,678</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, 2021

	2021 Budget (Note 16)	2021	2020
Revenue			
Taxes	\$ 440,003	\$ 440,853	\$ 425,140
Sale of services	101,732	100,740	96,237
Other revenue from own sources	165,031	118,162	116,442
Investment income	11,167	52,922	37,663
Government transfers- unconditional	465,902	473,000	465,902
Government transfers - conditional	1,808,200	428,164	1,162,746
Water user fees	179,178	178,610	173,999
Sewer user fees	279,194	278,150	271,822
Gain on disposal of tangible capital assets	-	-	24,246
	<u>3,450,407</u>	<u>2,070,601</u>	<u>2,774,197</u>
Expenses			
General government	626,091	564,826	396,127
Protective services	124,295	98,350	220,718
Transportation services	351,823	275,711	243,131
Environmental health services	100,280	104,270	96,137
Public health and welfare services	13,175	16,350	22,114
Parks, recreation and cultural services	69,650	48,131	75,924
Interest and other debt charges	24,853	24,791	28,255
Water utility operations	147,853	148,263	156,175
Sewer utility operations	200,826	256,365	200,091
Amortization	<u>396,527</u>	<u>394,587</u>	<u>391,828</u>
	<u>2,055,373</u>	<u>1,931,644</u>	<u>1,830,500</u>
Annual surplus	1,395,034	138,957	943,697
Accumulated surplus, beginning of the year	<u>10,092,678</u>	<u>10,092,678</u>	<u>9,148,981</u>
Accumulated surplus, end of the year	<u>\$ 11,487,712</u>	<u>\$ 10,231,635</u>	<u>\$ 10,092,678</u>

THE CORPORATION OF THE VILLAGE OF SALMO

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2021

	<u>2021 Budget</u>	<u>2021</u>	<u>2020</u>
Annual surplus	\$ 1,395,034	\$ 138,957	\$ 943,697
Acquisition of tangible capital assets	(1,804,379)	(293,681)	(451,623)
Amortization of capital assets	<u>396,527</u>	<u>394,587</u>	<u>391,828</u>
Proceeds on sale of tangible capital assets	-	-	24,246
Gain on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(24,246)</u>
	(12,818)	239,863	883,902
Consumption (acquisition) of prepaid expenses	-	(6,863)	8,792
Consumption of supply inventory	-	(2,116)	3,036
Consumption of other assets	<u>-</u>	<u>-</u>	<u>(1,420)</u>
	-	(8,979)	10,408
Increase (decrease) in net financial assets	(12,818)	230,884	894,310
Net financial assets, beginning of year	<u>1,419,276</u>	<u>1,419,276</u>	<u>524,966</u>
Net financial assets, end of the year	\$ <u>1,406,458</u>	\$ <u>1,650,160</u>	\$ <u>1,419,276</u>

THE CORPORATION OF THE VILLAGE OF SALMO

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 138,957	\$ 943,697
Items not involving cash:		
Amortization of tangible capital assets	394,587	391,828
Actuarial adjustments	(11,684)	(10,339)
Gain on disposal of tangible capital assets	<u>-</u>	<u>(24,246)</u>
	521,860	1,300,940
Increase (decrease) in non-cash working capital balances:		
Accounts receivable	182,077	205,100
MFA deposits	(239)	(285)
Accounts payable and accrued liabilities	(12,382)	(195,771)
Deferred revenue	(12,183)	(17,656)
Accrued future payroll benefits	4,950	12,064
Inventory	(2,116)	3,036
Other assets	-	(1,420)
Prepaid expenses	<u>(6,863)</u>	<u>8,792</u>
	675,104	1,314,800
Financing Activities		
Debt repayment	<u>(52,042)</u>	<u>(76,771)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	-	24,246
Acquisition of tangible capital assets	<u>(293,681)</u>	<u>(451,623)</u>
	<u>(293,681)</u>	<u>(427,377)</u>
Net increase (decrease) in cash and cash equivalents	329,381	810,652
Cash and cash equivalents, beginning of year	<u>2,079,468</u>	<u>1,268,816</u>
Cash and cash equivalents, end of year	<u>\$ 2,408,849</u>	<u>\$ 2,079,468</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021

1. Significant Accounting Policies (continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid temporary money market instruments.

(i) 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

(j) 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.

(k) 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.

(l) 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, 2021.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. Significant Accounting Policies (continued)

(m) 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.

(n) Budget

Budget data presented in these financial statements is based on the Village's Five Year Financial Plan for the years 2021-2025, adopted by Council on April 27, 2021.

2. Cash and Cash Equivalents

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

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,270,154	\$ 1,940,984
MFA bond and money market funds	<u>138,695</u>	<u>138,484</u>
	<u>\$ 2,408,849</u>	<u>\$ 2,079,468</u>

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

3. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Property taxes	\$ 80,672	\$ 79,795
Utility billings	40,020	34,821
Other governments	10,096	233,416
Trade and other receivables	<u>63,971</u>	<u>28,804</u>
	<u>\$ 194,759</u>	<u>\$ 376,836</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, the total of the Debt Reserve and Demand Note balances are as follows:

	2021 Cash Deposit	2021 Demand Note	2020 Cash Deposit	2020 Demand Note
General fund	\$ 14,336	\$ 22,711	\$ 14,097	\$ 22,711

5. Accounts Payable and Accrued Liabilities

	2021	2020
Trades payable	\$ 84,009	\$ 99,223
Accrued wages and benefits	20,511	17,679
	<u>\$ 104,520</u>	<u>\$ 116,902</u>

6. Deferred Revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax grant*	\$ -	\$ 211,272	\$ (211,272)	\$ -
RDCK community grants	-	125,855	(125,855)	-
Other grants and contributions	71,500	75,317	(91,037)	55,780
Prepaid taxes, licenses, & fees	13,520	33,251	(29,714)	17,057
	<u>\$ 85,020</u>	<u>\$ 445,695</u>	<u>\$ (457,878)</u>	<u>\$ 72,837</u>

* The Federal Gas tax grant is recognized into revenue and immediately transferred into the Community Works fund reserve.

7. Accrued Future Payroll Benefits

	2021	2020
Holiday Pay	\$ 8,221	\$ 7,696
Sick Leave	18,323	15,718
Banked Overtime	6,034	4,214
	<u>\$ 32,578</u>	<u>\$ 27,628</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, 2021

8. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2021 Balance	2020 Balance
General Purposes:						
311	John Deere loader	2.60%	2023	\$ 137,000	\$ 49,891	\$ 78,662
549	Wellness centre	4.13%	2039	885,000	647,898	672,190
610	Public works shop	4.20%	2026	<u>150,000</u>	<u>60,060</u>	<u>70,723</u>
Total Debt					\$ <u>757,849</u>	\$ <u>821,575</u>

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

	Total
2022	\$ 65,510
2023	58,710
2024	39,323
2025	40,836
2026	42,407
Thereafter	<u>511,063</u>
	\$ <u>757,849</u>

9. Tangible Capital Assets

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,256,899
Buildings	2,666,080	1,124,898	1,541,182	1,557,145
Vehicles, equipment & furniture	2,374,625	1,630,158	744,467	794,867
Transportation infrastructure	3,304,453	1,787,966	1,516,487	1,465,951
Water infrastructure	2,243,314	901,327	1,341,987	1,329,343
Sewer infrastructure	<u>3,546,191</u>	<u>1,408,464</u>	<u>2,137,727</u>	<u>2,235,448</u>
	\$ <u>15,391,562</u>	\$ <u>6,852,813</u>	\$ <u>8,538,749</u>	\$ <u>8,639,653</u>

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

10. Other Assets

	2021	2020
Property acquired for taxes	\$ <u>17,317</u>	\$ <u>17,317</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

11. Accumulated Surplus

	<u>2021</u>	<u>2020</u>
Reserves		
Ambulance service	\$ 12,291	\$ 12,077
Community works fund	786,168	648,280
Curling rink	18,240	17,924
Employee sick leave	10,000	10,000
Fire department equipment	85,603	51,512
Jaws of life	192,628	176,470
Machinery & equipment	199,901	204,946
Parks	4,814	2,400
Sewer infrastructure	31,381	20,080
Water infrastructure	278,225	246,828
Wellness centre	<u>105,463</u>	<u>98,628</u>
	1,724,714	1,489,145
Operating surplus	726,021	785,453
Invested in tangible capital assets	<u>7,780,900</u>	<u>7,818,080</u>
Total Accumulated Surplus	<u>\$ 10,231,635</u>	<u>\$ 10,092,678</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:

	<u>2021</u>	<u>2020</u>
Balances, beginning of year	\$ 24,420	\$ 23,423
Contributions received	316	587
Interest earned	<u>421</u>	<u>410</u>
Balances, end of year	<u>\$ 25,157</u>	<u>\$ 24,420</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.

	<u>2021</u>	<u>2020</u>
Provincial Government - School taxes	\$ 325,951	\$ 276,551
Provincial Government - Police taxes	56,227	53,969
Regional District of Central Kootenay	305,344	278,307
West Kootenay Boundary Hospital District	35,998	35,639
British Columbia Assessment Authority	7,518	6,899
Municipal Finance Authority	<u>32</u>	<u>29</u>
	<u>\$ 731,070</u>	<u>\$ 651,394</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 actuarial 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 \$39,667 (2020 - \$44,203) for employer contributions to the plan in fiscal 2021.

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, 2021

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>2021</u>
Budget surplus per Statement of Operations	\$ 1,395,034
Less: Capital expenditures	1,804,379
Debt principal repayments	52,540
Budgeted transfers to reserves	310,883
Add: Budgeted transfers from surplus & reserves	376,241
Amortization	396,527
Debt proceeds	<u>-</u>
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, 2021

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.

THE CORPORATION OF THE VILLAGE OF SALMO

SCHEDULE A - SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2021

	Additions & reallocation of assets under Construction		Disposals	Accumulated Amortization		Reduction on Disposals	Accumulated Amortization		Net Carrying Amount End of year
	Opening Balance			Closing Balance	Opening balance		Expense	Closing Balance	
Tangible Capital Assets									
Land	\$ 1,256,899	\$ -	\$ -	\$ 1,256,899	\$ -	\$ -	\$ -	\$ -	\$ 1,256,899
Buildings	2,614,354	51,726	-	2,666,080	1,057,209	67,689	-	1,124,898	1,541,182
Vehicles, equipment & furniture	2,330,930	53,125	(9,430)	2,374,625	1,536,061	103,527	(9,430)	1,630,158	744,467
Transportation infrastructure	3,173,421	131,032	-	3,304,453	1,707,470	80,496	-	1,787,966	1,516,487
Water infrastructure	2,185,516	57,798	-	2,243,314	856,173	45,154	-	901,327	1,341,987
Sewer infrastructure	3,546,191	-	-	3,546,191	1,310,743	97,721	-	1,408,464	2,137,727
Total	\$ 15,107,311	\$ 293,681	\$ (9,430)	\$ 15,391,562	\$ 6,467,656	\$ 394,587	\$ (9,430)	\$ 6,852,813	\$ 8,538,749

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

For the Year Ended December 31, 2021

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Parks & Recreation	Water Utility	Sewer Utility	2021 Total
Revenues									
Taxes	\$ 440,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,853
Sales of Service	-	-	-	91,988	3,835	-	2,286	2,631	100,740
Other revenue from own services	35,317	15,856	6,356	-	52,657	7,976	-	-	118,162
Investment income	52,922	-	-	-	-	-	-	-	52,922
Government transfers-unconditional	473,000	-	-	-	-	-	-	-	473,000
Government transfers-conditional	228,290	110,007	3,231	6,540	10,000	55,637	13,444	1,015	428,164
Water user fees	-	-	-	-	-	-	178,610	-	178,610
Sewer user fees	-	-	-	-	-	-	-	278,150	278,150
	<u>1,230,382</u>	<u>125,863</u>	<u>9,587</u>	<u>98,528</u>	<u>66,492</u>	<u>63,613</u>	<u>194,340</u>	<u>281,796</u>	<u>2,070,601</u>
Expenditures									
Wages and benefits	235,711	15,672	144,912	5,324	5,797	11,142	97,612	165,902	682,072
Supplies and services	329,114	82,679	130,800	98,945	10,553	36,989	50,651	90,463	830,194
Interest and other debt charges	-	-	4,879	-	19,912	-	-	-	24,791
Amortization	<u>5,391</u>	<u>66,125</u>	<u>114,480</u>	<u>1,872</u>	<u>38,335</u>	<u>25,509</u>	<u>45,154</u>	<u>97,721</u>	<u>394,587</u>
	<u>570,216</u>	<u>164,476</u>	<u>395,071</u>	<u>106,141</u>	<u>74,597</u>	<u>73,640</u>	<u>193,417</u>	<u>354,086</u>	<u>1,931,644</u>
Annual Surplus (Deficit)	<u>\$ 660,166</u>	<u>\$ (38,613)</u>	<u>\$ (385,484)</u>	<u>\$ (7,613)</u>	<u>\$ (8,105)</u>	<u>\$ (10,027)</u>	<u>\$ 923</u>	<u>\$ (72,290)</u>	<u>\$ 138,957</u>

THE CORPORATION OF THE VILLAGE OF SALMO
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2021

Province of BC Restart Grant reconciliation

	<u>2021</u>
COVID-19 Restart Grant received - Opening Balance	\$ 387,408
Less grant recognition:	
Revenue shortfalls	41,680
Facility reopening & operating costs	17,590
Emergency planning & response costs	64,661
Computer & other electronic technology costs	7,775
Grants to Non-profits	<u>86,035</u>
Remaining grant	\$ <u><u>169,667</u></u>

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SALMO

Fiscal Year Ended December 31, 2021

SCHEDULE OF DEBT

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

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

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SALMO

Fiscal Year Ended December 31, 2021

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

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

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

Statement of Financial Information (SOFI)

THE CORPORATION OF THE VILLAGE OF SALMO

Fiscal Year Ended December 31, 2021

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreements made between The Corporation of the Village of Salmo and its non-unionized employees during the fiscal year ended December 31, 2021.

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

The Corporation of the Village of Salmo
PAYMENT TO FINANCIAL STATEMENT RECONCILIATION
Fiscal Year Ended December 31, 2021

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 589,545	
Employee Expenses	7,113	
Employer CPP/EI	<u>32,354</u>	\$ 629,012
Payments for Goods and Services		<u>1,334,410</u>
Total of Scheduled Payments		<u>\$ 1,963,422</u>
Total of Financial Statement Expenditures		<u>\$ 1,931,644</u>

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

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

THE CORPORATION OF THE VILLAGE OF SALMO
SCHEDULE OF REMUNERATION AND EXPENSE
YEAR ENDED DECEMBER 31, 2021

NAME		REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION		
Endersby, Jennifer	Councillor	\$ 6,200	\$ -
Heatlie, Jonathon	Councillor	6,200	-
Huser, Jacquie	Councillor	6,200	262
Lockwood, Diana	Mayor	10,892	1,303
Segall Farrell	Councillor	6,200	262
TOTAL ELECTED OFFICIALS		<u>35,692</u>	<u>1,827</u>
DETAILED EMPLOYEES > \$75,000			
Paton, Fred		78,008	318
Williams, Anne		96,990	136
		<u>174,998</u>	<u>454</u>
TOTAL EMPLOYEES <= \$75,000		<u>378,855</u>	<u>4,832</u>
		<u>553,853</u>	<u>5,286</u>
TOTAL		<u>\$ 589,545</u>	<u>\$ 7,113</u>
TOTAL EMPLOYER PREMIUM FOR CPP/EI			\$ 32,354

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

THE CORPORATION OF THE VILLAGE OF SALMO
SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
YEAR ENDED DECEMBER 31, 2021

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
A.M. Ford Sales Ltd.	\$ 40,567
City of Nelson	37,800
Fortis BC Inc.	75,407
GFL Environmental Inc. 2020	90,239
Imperial Oil Esso	26,287
Manulife Financial	41,766
Municipal Finance Authority of BC	76,836
Municipal Insurance Association of BC	63,577
Municipal Pension Plan	39,667
Ninco Construction Ltd.	74,398
Swing Time Distributors	49,222
Terus Construction Ltd.	52,224
Wholesale Fire & Rescue Ltd.	27,639
TOTAL DETAILED SUPPLIERS >\$25,000	695,629
TOTAL SUPPLIERS <= \$25,000	554,731
TOTAL SUPPLIERS	1,250,360
GRANTS AND CONTRIBUTIONS >\$25,000	
Salmo Valley Youth & Community Centre	84,050
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	\$ 1,334,410

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