

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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# **THE CORPORATION OF THE VILLAGE OF SALMO**

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For the Year Ended December 31, 2018

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# Independent Auditor's Report

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**Grant Thornton LLP**  
1440 Bay Ave  
Trail, BC  
V1R 4B1

T +1 250 368 6445  
F +1 250 368 8488  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2018, and the statements of operations, changes in net financial assets 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, 2018, and its results of operations and its cash flows 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.

## 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 7, 2019

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

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# THE CORPORATION OF THE VILLAGE OF SALMO

## STATEMENT OF FINANCIAL POSITION

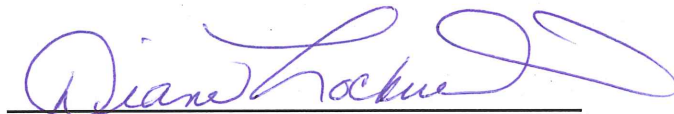
As at December 31, 2018

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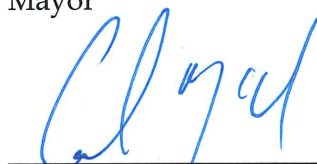
	<u>2018</u>	<u>2017</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,822,766	\$ 1,804,547
Accounts receivable (Note 3)	216,631	204,000
MFA deposits (Note 4)	<u>13,498</u>	<u>17,879</u>
	<u>2,052,895</u>	<u>2,026,426</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	231,236	117,877
Deferred revenue (Note 6)	397,221	531,778
Accrued future payroll benefits (Note 7)	9,662	20,280
Debt (Note 8)	<u>991,168</u>	<u>929,505</u>
	<u>1,629,287</u>	<u>1,599,440</u>
<b>Net Financial Assets</b>	423,608	426,986
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	7,165,250	6,846,133
Inventory	12,422	12,886
Other assets (Note 10)	11,793	11,755
Prepaid expenses	<u>8,700</u>	<u>35,648</u>
	<u>7,198,165</u>	<u>6,906,422</u>
<b>Accumulated Surplus (Note 11)</b>	<u>\$ 7,621,773</u>	<u>\$ 7,333,408</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, 2018

	<u>2018 Budget</u> (Note 16)	<u>2018</u>	<u>2017</u>
<b>Revenue</b>			
Taxes	\$ 411,549	\$ 414,833	\$ 406,290
Sale of services	83,430	86,497	82,557
Other revenue from own sources	148,183	138,266	142,021
Investment income	12,000	51,420	56,725
Grants - unconditional	415,000	430,237	415,702
Grants - conditional	2,087,295	478,611	416,972
Water user fees	165,179	165,130	195,219
Sewer user fees	<u>256,775</u>	<u>256,667</u>	<u>217,899</u>
	<u>3,579,411</u>	<u>2,021,661</u>	<u>1,933,385</u>
<b>Expenses</b>			
General government	459,059	462,840	459,975
Protective services	252,325	93,898	82,323
Transportation services	285,400	264,972	257,073
Environmental health services	95,700	96,252	89,464
Public health and welfare services	11,200	7,643	7,049
Parks, recreation and cultural services	50,850	35,700	62,691
Interest and other debt charges	59,927	53,797	59,299
Water utility operations	197,508	182,582	206,481
Sewer utility operations	207,166	220,279	169,331
Amortization	<u>293,660</u>	<u>315,333</u>	<u>291,443</u>
	<u>1,912,795</u>	<u>1,733,296</u>	<u>1,685,129</u>
Annual surplus	1,666,616	288,365	248,256
Accumulated surplus, beginning of the year	<u>7,333,408</u>	<u>7,333,408</u>	<u>7,085,152</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 9,000,024</u>	<u>\$ 7,621,773</u>	<u>\$ 7,333,408</u>

# THE CORPORATION OF THE VILLAGE OF SALMO

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the Year Ended December 31, 2018

	<u>2018 Budget</u>	<u>2018</u>	<u>2017</u>
Annual surplus	\$ 1,666,616	\$ 288,365	\$ 248,256
Acquisition of tangible capital assets	(2,403,036)	(634,450)	(250,602)
Amortization of capital assets	<u>293,660</u>	<u>315,333</u>	<u>291,443</u>
	(442,760)	(30,752)	289,097
Consumption (acquisition) of prepaid expenses	-	26,948	(22,556)
Consumption (acquisition) of supply inventory	-	464	(10,283)
Acquisition (consumption) of other assets	<u>-</u>	<u>(38)</u>	<u>(2,488)</u>
	-	27,374	(35,327)
Increase (decrease) in net financial assets	(442,760)	(3,378)	253,770
Net financial assets, beginning of year	<u>426,986</u>	<u>426,986</u>	<u>173,216</u>
<b>Net financial assets (debt), end of the year</b>	<b>\$ <u>(15,774)</u></b>	<b>\$ <u>423,608</u></b>	<b>\$ <u>426,986</u></b>



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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2018

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	<u>2018</u>	<u>2017</u>
<b>Cash Provided by (Used In)</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 288,365	\$ 248,256
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	315,333	291,443
Actuarial adjustments	<u>(17,778)</u>	<u>(23,730)</u>
	585,920	515,969
<b>Increase (decrease) in non-cash operating items:</b>		
Accounts receivable	(12,631)	17,922
MFA deposits	4,381	2,775
Accounts payable and accrued liabilities	113,359	(7,914)
Deferred revenue	(134,557)	465,181
Accrued future payroll benefits	(10,618)	3,828
Inventory	464	(10,283)
Other assets	(38)	(2,488)
Prepaid expenses	<u>26,948</u>	<u>(22,556)</u>
	<u>573,228</u>	<u>962,434</u>
<b>Financing Activities</b>		
Proceeds from debt issues	137,000	-
Debt repayment	<u>(57,559)</u>	<u>(72,018)</u>
	<u>158,882</u>	<u>(144,036)</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	<u>(634,450)</u>	<u>(250,602)</u>
<b>Net increase in cash and cash equivalents</b>	18,219	639,814
<b>Cash and cash equivalents, beginning of year</b>	<u>1,804,547</u>	<u>1,164,733</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,822,766</u>	<u>\$ 1,804,547</u>



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# THE CORPORATION OF THE VILLAGE OF SALMO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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### 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.

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# THE CORPORATION OF THE VILLAGE OF SALMO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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### 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 2018-2022, adopted by Council on May 8, 2018.

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

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**2. Cash and Cash Equivalents**

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

	<u>2018</u>	<u>2017</u>
Cash	\$ 1,687,955	\$ 1,671,924
MFA bond and money market funds	<u>134,811</u>	<u>132,623</u>
	<u>\$ 1,822,766</u>	<u>\$ 1,804,547</u>

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

**3. Accounts Receivable**

	<u>2018</u>	<u>2017</u>
Property taxes	\$ 92,355	\$ 99,121
Utility billings	39,304	48,006
Other governments	72,638	43,093
Trade and other receivables	<u>12,334</u>	<u>13,780</u>
	<u>\$ 216,631</u>	<u>\$ 204,000</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, 2018, the total of the Debt Reserve Fund was comprised of:

	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>
	Cash Deposit	Demand Note	Total	Total
General fund	\$ 13,498	\$ 22,711	\$ 36,209	\$ 35,922
Water utility	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,768</u>
	<u>\$ 13,498</u>	<u>\$ 22,711</u>	<u>\$ 36,209</u>	<u>\$ 47,690</u>

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

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**5. Accounts Payable and Accrued Liabilities**

	<u>2018</u>	<u>2017</u>
Trades payable	\$ 206,354	\$ 95,400
Accrued wages and benefits	<u>24,882</u>	<u>22,477</u>
	<u>\$ 231,236</u>	<u>\$ 117,877</u>

**6. Deferred Revenue**

	<u>2018</u>	<u>2017</u>
Taxes and utility rates	\$ 5,089	\$ 3,530
Grants and other	<u>392,132</u>	<u>528,248</u>
	<u>\$ 397,221</u>	<u>\$ 531,778</u>

**7. Accrued Future Payroll Benefits**

	<u>2018</u>	<u>2017</u>
Holiday Pay	\$ 8,297	\$ 17,984
Banked Overtime	<u>1,365</u>	<u>2,296</u>
	<u>\$ 9,662</u>	<u>\$ 20,280</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, 2018

**8. Debt**

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2018 Balance	2017 Balance
<b>General Purposes:</b>						
311	John Deere loader	2.60%	2023	\$ 137,000	\$ 132,674	\$ -
523	Fast attack rescue truck	2.25%	2020	119,840	49,654	73,084
549	Wellness centre	4.13%	2039	885,000	718,007	739,603
610	Public works shop	4.20%	2026	150,000	90,833	100,311
				<u>1,291,840</u>	<u>991,168</u>	<u>912,998</u>
<b>Water Purposes:</b>						
446	Water infrastructure	5.55%	2018	216,000	-	16,507
Total Debt					<u>\$ 991,168</u>	<u>\$ 929,505</u>

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

	Total
2019	\$ 82,432
2020	86,553
2021	62,703
2022	64,796
2023	60,882
Thereafter	<u>633,802</u>
	<u>\$ 991,168</u>

**9. Tangible Capital Assets**

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,256,899
Buildings	2,577,788	927,965	1,649,823	1,672,253
Vehicles, equipment & furniture	2,343,010	1,413,418	929,592	823,028
Transportation infrastructure	2,949,347	1,552,374	1,396,973	1,368,539
Water infrastructure	2,095,596	771,188	1,324,408	1,347,207
Sewer infrastructure	<u>1,783,548</u>	<u>1,175,993</u>	<u>607,555</u>	<u>378,207</u>
	<u>\$ 13,006,188</u>	<u>\$ 5,840,938</u>	<u>\$ 7,165,250</u>	<u>\$ 6,846,133</u>

Included in the Sewer infrastructure tangible capital assets is \$336,064 (2017 - \$80,464) of sewer treatment plant work that is in progress and therefore is not being amortized

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

**10. Other Assets**

	2018	2017
Property acquired for taxes	<u>\$ 11,793</u>	<u>\$ 11,755</u>

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

**11. Accumulated Surplus**

	2018	2017
<b>Reserves</b>		
Ambulance service	\$ 11,662	\$ 11,460
Community works fund	557,528	554,622
Curling rink	21,928	19,223
Employee sick leave	10,000	10,000
Fire department equipment	38,544	32,622
Jaws of life	153,065	145,863
Machinery & equipment	107,057	125,538
Sewer infrastructure	97,679	102,458
Water infrastructure	279,740	287,726
Wellness centre	<u>95,136</u>	<u>84,157</u>
	1,372,339	1,373,669
<b>Operating surplus</b>	75,352	43,111
<b>Invested in capital assets</b>	<u>6,174,082</u>	<u>5,916,628</u>
<b>Total Accumulated Surplus</b>	<u>\$ 7,621,773</u>	<u>\$ 7,333,408</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:

	2018	2017
Balances, beginning of year	\$ 22,030	\$ 21,081
Contributions received	387	590
Interest earned	<u>366</u>	<u>359</u>
Balances, end of year	<u>\$ 22,783</u>	<u>\$ 22,030</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.

	2018	2017
Provincial Government - School taxes	\$ 265,140	\$ 266,882
Provincial Government - Police taxes	47,665	45,392
Regional District of Central Kootenay	224,141	219,498
West Kootenay Boundary Hospital District	33,169	32,900
British Columbia Assessment Authority	5,801	5,903
Municipal Finance Authority	<u>24</u>	<u>23</u>
	<u>\$ 575,940</u>	<u>\$ 570,598</u>



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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

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**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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$34,507 (2017 - \$34,386) for employer contributions to the plan in fiscal 2018.

**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.



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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2018

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**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>2018</u>
Budget surplus per Statement of Operations	\$ 1,666,616
Less: Capital expenditures	2,403,036
Debt principal repayments	140,262
Budgeted transfers to surplus and reserves	95,000
Add: Budgeted transfers from reserves	179,920
Amortization	293,660
Debt proceeds	498,102
Net annual budget	\$ <u><u>-</u></u>

# THE CORPORATION OF THE VILLAGE OF SALMO

## SCHEDULE A - SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2018

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	2,535,875	41,913	-	2,577,788	863,622	-	-	64,343	927,965	1,649,823
Vehicles, equipment & furniture	2,127,191	215,819	-	2,343,010	1,304,163	-	-	109,255	1,413,418	929,592
Transportation infrastructure	2,852,596	96,751	-	2,949,347	1,484,057	-	-	68,317	1,552,374	1,396,973
Water infrastructure	2,077,377	18,219	-	2,095,596	730,170	-	-	41,018	771,188	1,324,408
Sewer infrastructure	1,521,800	261,748	-	1,783,548	1,143,593	-	-	32,400	1,175,993	607,555
Total	\$ 12,371,738	\$ 634,450	\$ -	\$ 13,006,188	\$ 5,525,605	\$ -	\$ -	\$ 315,333	\$ 5,840,938	\$ 7,165,250

# THE CORPORATION OF THE VILLAGE OF SALMO

## SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION

For the Year Ended December 31, 2018

### Revenues

	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Parks & Recreation	Water Utility	Sewer Utility	2018 Total
Taxes	\$ 414,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,833
Sales of Service	-	-	-	76,129	4,563	-	4,105	1,700	86,497
Other revenue from own services	47,456	25,145	5,675	-	51,985	8,005	-	-	138,266
Investment income	41,370	-	-	-	-	-	10,050	-	51,420
Grants - unconditional	430,237	-	-	-	-	-	-	-	430,237
Grants - conditional	115,288	82,221	2,594	-	10,000	16,966	33,874	217,668	478,611
Water user fees	-	-	-	-	-	-	165,130	-	165,130
Sewer user fees	-	-	-	-	-	-	-	256,667	256,667
	<u>1,049,184</u>	<u>107,366</u>	<u>8,269</u>	<u>76,129</u>	<u>66,548</u>	<u>24,971</u>	<u>213,159</u>	<u>476,035</u>	<u>2,021,661</u>

### Expenditures

Wages and benefits	258,836	14,240	135,134	9,288	4,988	9,414	90,491	138,414	660,805
Supplies and services	204,004	79,658	129,838	86,964	2,655	26,286	92,091	81,865	703,361
Interest and other debt charges	-	1,371	6,911	-	36,551	-	8,964	-	53,797
Amortization	<u>6,050</u>	<u>61,338</u>	<u>113,233</u>	<u>1,926</u>	<u>38,743</u>	<u>20,625</u>	<u>41,018</u>	<u>32,400</u>	<u>315,333</u>
	<u>468,890</u>	<u>156,607</u>	<u>385,116</u>	<u>98,178</u>	<u>82,937</u>	<u>56,325</u>	<u>232,564</u>	<u>252,679</u>	<u>1,733,296</u>
Annual Surplus (Deficit)	<u>580,294</u>	<u>(49,241)</u>	<u>(376,847)</u>	<u>(22,049)</u>	<u>(16,389)</u>	<u>(31,354)</u>	<u>(19,405)</u>	<u>223,356</u>	<u>288,365</u>