



Village of Salmo

2015 ANNUAL REPORT



For the year ended December 31, 2015

Presented at the June 14, 2016 Village of Salmo Council meeting.

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Message from the Mayor



I am pleased to once again provide this update regarding municipal services and operations in the Village of Salmo for 2015.

The Council and staff have worked diligently over the past year to build the systems and training to not only provide core services but to ensure that the Village has the necessary resources now and into the future. We continue to focus on "in house" solutions rather than always contracting. Our public works crew now hold the necessary certifications to operate our water and sewer systems ending the practice of "renting" a ticket from an outside provider.

We have a strategic plan in place and regularly review our progress. Our Chief Administrative Officer has built a good team – residents can be proud of those who work for the Village. They are skilled and dedicated. Our CAO has obtained grants totalling over \$360,000, more than what we collect in annual municipal taxes, for a wide variety of projects. These grants allow us to expand service and programs and are the envy of other municipalities.

We have once again met our statutory requirements with regard to our budget, WorkSafe obligations, tax refunds (GST) which had fallen behind prior to 2014. We continue to keep tax increases in line with inflation and enjoy one of the lowest tax rates for Villages our size, especially given the services provided.

We continue to explore opportunities for sharing services with other municipalities and the Regional District of Central Kootenay, these initiatives save all tax payers and provide greater service.

I continue to be encouraged by the level of support from our many Community Groups and volunteers who assist with so much of our work. It's a great Village, great place to live and I'm confident it will only get better.

Sincerely,

A handwritten signature in blue ink that reads "Steph B White". The signature is fluid and cursive.

Stephen B. White, Mayor

Report from the Chief Administrative Officer



This report provides a summary of the activities, projects, services and financial statements to date and displays the goals and objectives set by Mayor and Council through the strategic planning process.

This progress is regularly charted and reported to Council in public meetings and an updated checklist is maintained on our Village website (www.salmo.ca) with this annual report providing a solid overview.

These are exciting times for Salmo. We have a motivated and dedicated team of public servants at work for the Village to meet the challenges before us. The administration of 22 successful grants in itself is a huge effort with over 70% relating directly to capital construction, infrastructure maintenance and wages for jobs to get the work done. The remainder of the grants meet legislated requirements for community planning and asset management.

Valuable community consultations and campaigns are ongoing and include FireSmart and Age-Friendly initiatives as well as the comprehensive plan to update the Official Community Plan (OCP) hybridized with an Integrated Community Sustainability Plan (ICSP).

Ongoing improvements to our water and sewer systems, roads, sidewalks, parks and cemetery maintenance is coupled with training in civic works to meet sector standards.

The work being done today will serve the Village for years to come. We appreciate greatly the collaboration and support of Council and the community as we provide accessible, friendly and effective service to all.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Diane Kalen-Sukra'.

Diane Kalen-Sukra
Chief Administrative Officer



Village of Salmo Council

Elected Representatives:

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

Regular Council Meetings are held in the Council Chambers at the Village Office at 423 Davies Avenue (unless otherwise notified).

Appointed Officials:

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

Declaration and Identification of Disqualified Council Members

During the year 2015 the Village has not made, nor is the Village aware of electors of the Village of Salmo having made, an application to court for a declaration of disqualification of a person elected or appointed to office on the Council of the Village of Salmo.



Statement of Permissive Tax Exemptions

In accordance with Section 98(2)(b) of the *Community Charter*, the following properties in the Village of Salmo were provided permissive property tax exemptions by Council in 2015.

Legal Description	Civic Address	Organization	Value of Permissive Exemption
Lot 24 and Lot 25, Block 22, Plan 622A, DL206A, Kootenay Land District	402 Baker Ave	Roman Catholic Bishop of Nelson	\$126
Lot 1 and Lot 2, Block 23, Plan 622A, DL206A, Kootenay Land District	304 Main Street	Salmo Community Memorial Church Assoc.	\$160
Lot 1 and Lot 2, Block 2, Plan 2599, DL206A, Kootenay Land District	12-4 th Street	Pentecostal Assemblies of Canada	\$174
Lot 3, Plan 15447, DL206, Kootenay Land District	430 Cady Road	Salmo Baptist Church	\$265
Lot 1, Plan 8548, DL206A, Kootenay Land District	117-4 th Street	Victory Church of Salmo	\$74
Lot 1, Plan 11031, District Lot 206, Kootenay Land District	1003 Glendale Ave	Salmo Valley Curling and Rink Association	\$2883
Lot B, Plan EPP9579, District Lot 206 and 206A, Kootenay Land District	206-7 th Street	Salmo Valley Youth and Community Centre	\$20784
Parcel D (Being a Consolidation of Lots 1-3, See LB472515) Block 5, Plan 622, DL 206A, Kootenay Lake District	104 4 th Street	Salmo Square Society	\$1677
Lot 2, Plan NEP 71801, DL 206 and DL 206A, Kootenay Land District	730 Railway Ave	Salmo & Area Supportive Housing Society	\$5882
Lot 11, Block 21, Plan NEP622A, District Lot 206A, Kootenay Land District, Lot 12, Block 21, Plan NEP622A, District Lot 206A, Kootenay Land District, Lot 9, Block 21, Plan NEP622A, District	303 Fourth Street	Salmo Royal Canadian Legion	\$734

2015 Municipal Services and Operations

Part I – Revenues

The Village collected \$483,334 in taxes; \$75,359 in the sale of services; \$104,995 in other revenue from own sources; \$416,603 in unconditional grants and \$302,138 in conditional grants. Water and sewer user fees totalled \$305,129.

The Village used the Small Community Funding Grant to reduce the tax burden on the business and residential properties. Without the unconditional grant of \$416,603, the Village would have needed to increase property taxes by approximately 100% to continue providing Village services at their current levels.

The total revenue collected was **\$1,730,636**. This does not include inter-fund transfers and taxes collected for other agencies, such as school, regional district or hospital taxes, etc.

Part II – Expenses

General Government

\$477,966 – 29.2% of expenditures in 2015

\$384,177 – 24.8% of expenditures in 2014

General government includes the cost of the administration, including Council operations, legal and auditing services, training, liability insurance and other general overhead expenditures.

Protective Services

\$78,547 – 4.8 % of expenditures in 2015

\$107,380 – 6.9% of expenditures in 2014

Protective services include the operation of the fire department, bylaw enforcement, dog control, and emergency measures such as flood control.

Transportation Services

\$228,318 – 13.9% of expenditures in 2015

\$254,626 – 16.5% of expenditures in 2014

Transportation services include the cost of the civic works shop, all the Village's equipment, winter and summer road maintenance, sidewalks and streetlights.

Environmental Health Services

\$80,045 – 5.0% of expenditures in 2015

\$76,698 – 5.0% of expenditures in 2014

Environmental health services includes the cost of garbage collection and Spring and Fall clean-up.

Public Health and Welfare services

\$13,919 – 0.9% of expenditures in 2015

\$9,409 – 0.6% of expenditures in 2014

Public health and welfare services include the operation and maintenance of the Wellness Centre and the cemetery.

Parks, recreation and cultural services

\$38,623 – 2.3% of expenditures in 2015

\$74,831 – 4.8% of expenditures in 2014

Parks, recreation and cultural services include the operation and maintenance of KP Park, Lion's Park, Springboard Park, and the Esso lots.

Interest and other debt charges

\$63,182 – 3.8% of expenditures in 2015

\$63,065 – 4.1% of expenditures in 2014

Interest and other debt interest and fiscal services includes the interest on borrowing and bank service charges.

Water utility operations

\$136,262 – 8.3% of expenditures in 2015

\$142,474 – 9.2% of expenditures in 2014

Water utility includes water supply and distribution.

Sewer utility operations

\$240,117 – 14.7% of expenditures in 2015

\$175,519 – 11.4% of expenditures in 2014

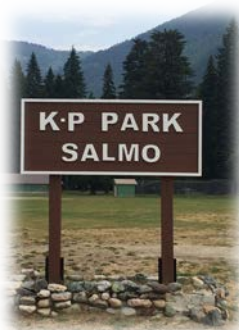
Sewer utility operations includes sewage collection and treatment.

Amortization

\$278,919 – 17.1% of expenditures in 2015

\$256,386 – 16.6% of expenditures in 2014

This is the amount of depreciation of the Village assets.



2015 Building Activities Summary

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



	Total Construction Value	# Permits	Permit Fees/Renewals	Village Fees Collected
Residential - New	\$80,800	1	\$896.50	\$81.50
Residential – Additions/Renovations/Accessory	\$95,364.99	7	\$1,316	\$131.60
Mobile Homes	0	0	0	NIL
Commercial	0	0	0	NIL
Commercial – Additions/Renovations	0	0	0	NIL
Industrial (new and additional)	0	0	0	NIL
Institutional (new and additional)	0	0	0	NIL
Permit Renewals	--	0	0	NIL
Demolition	--	0	0	NIL
Total	\$176,164.99	8	\$2,212.50	\$213.10

Progress Report for 2015

The *Community Charter* requires a progress report respecting the previous year in relation to the objectives and measures established for that year. There was no record of the objectives set in 2014, however we can indicate how 2013 objectives were further advanced in 2015.

Service	Objective	Measures/Strategy	Outcome
Administration	Succession planning for Chief Administrative Officer (CAO).	Continue staff development and training.	New CAO hired 2015.
	Agree to collective bargaining agreement with CUPE.	Negotiate collective agreement.	Union decertified.
Water	Complete looping of water system.	Tender looping project in summer of 2013.	Looping began in 2014. Completed 2015.
	Complete ICI metering of institutional buildings and trailer parks.	Install water meters.	Unsuccessful. Village managed in 2015 to repurpose old WaterSmart grant funding to implement over \$40K in upgrades to the SCADA system (water & sewer communication system).
Sewer	Improve alarm system at Wastewater Treatment Plant.	Install SCADA alarms at Wastewater Treatment Plant.	SCADA alarms installed.
	Improve measurement of wastewater treated.	Install flowmeter.	Flowmeter installed. The flowmeter was fixed in 2015 so that it accurately read daily flow.
Environmental Health	Provide affordable garbage collection.	Put garbage contract out to tender.	New garbage contract negotiated. The Village in 2015 signed up on the wait list for MMBC curbside recycling service.

Municipal Objectives and Progress Measures for the Current (2015) and Next Year (2016)

Through the strategic planning process, Council advanced the following objectives for 2016. These objectives have since been expanded in the Strategic Plan of Council, found on the Village of Salmo website (www.salmo.ca), which is updated regularly at Council meetings to reflect newly integrated objectives and completed projects.

Services	Objective	Strategies	Progress Measures	2015 Progress
Admin & Planning	Implement open government practices.	Review information from in camera as soon as possible. Make routinely disclosed information readily available.	Consistent review of in camera minutes for items to be released. Front desk preparedness for requests.	Complete. Renovations complete in Village office to improve service efficiency and confidentiality.
	Implement 2012, 2013 and 2014 auditor's recommendations.	Compliance with all requirements including proper records management and timely regulatory filings.	Positive 2015 auditor's report.	Complete. Non-qualified auditor's report.
	Ensure the public record is properly stored and easily accessible in the central filing system.	Move to modern Local Government Management Association classification system.	New central filing room with populated files in durable grade files and electronically generated filing tabs.	Complete. Creation of 1500 new files. All property files digitized.
	Electronic records storage.	All documents assigned a file number. Begin scanning documents for electronic storage.	Growth of electronic central filing system.	
	Protection of personal information.	Establishment of locked fire proof confidential filing cabinets.	Reorganization of central filing system complete. Changed locks with established protocol for appropriate limited access.	Complete. Locked fireproof filing cabinets for confidential personal information.

	Begin process to update Official Community Plan (OCP) and Integrated Community Sustainability Plan (ICSP)	Apply for Gas Tax Strategic Priorities Fund grant. Commence in fall of 2015.	Concluded community consultation on new OCP & ICSP. Preparation for adoption.	Successful \$75 grant. Ongoing 2016-2017. Sustainable Salmo Technical Working Group in place.
	Written contracts for all work.	Ensure written contracts are in place for all services, leases, agreements, sponsorships, etc.	Database of contracts, leases, and agreements populated with new and updated contracts.	
	Initiate process of asset management in key areas.	Grant application for asset management of Village machinery and equipment. Begin work on asset management policy.	Asset management plan of Village machinery and equipment.	Vehicle capital class asset management plan almost complete.
	Pursue grants.	Exploration of a wide range of grant opportunities.	Successful grant applications.	Over 22 grants secured totalling over \$360,000.
Occupational Health & Safety	Work collaboratively with WorkSafe BC to ensure proper health and safety practices are followed and compliance with policies.	Active Health & Safety Committee. Completion of fence around lagoon work order. Installation of security/panic alarms in Village office.	Good health & safety record. Up to date policies.	New security & staff panic alarms installed. Violence in workplace training. WorkSafe lagoon fence order completed. New bullying and harassment policy adopted and training completed.
Green Initiatives	Community involvement in reduction of	Secure grant for community workshop to develop plan for the	Improved carbon emission & GHG reduction	Completed Strategic Community Energy & Emission Plan and

	carbon emissions & GHGs	Village. Community participation in a workshop to develop carbon emission & GHG reduction plan complete.	measures as charted by Carbon Neutral Kootenays.	began implementation. Sponsored Green Dream public event.
Parks & Cemetery	Installation of a playground in KP Park.	Grant application through Columbia Basin Trust.	Successful grant.	Installed playground in KP Park. Ongoing park upgrades.
	Improve appearance of grass boulevards and park areas.	Development of a parks maintenance plan. Utilization of summer students.	Improved condition of parks and cemetery. Measure public response.	Public appreciation expressed in letters of thanks for improved boulevards and park maintenance.
	Improve maintenance at the Salmo Cemetery.			Initiation of Salmo Cemetery mapping project.
Age-Friendly	Distribution of park benches throughout the Village.	Remove park benches from storage and begin placing them.	More park benches in public places.	Commitment through Age-Friendly Action plan to place almost 20 benches throughout the Village.
Roads	Improve condition of roads through pavement repair, pothole patching, etc.	Capitalize on highways paving project to secure discounted repairs.	Numerous pot hole and pavement patches to improve roads.	Several pavement patching projects completed. New parking lot in front of Salmo Valley Youth & Community Centre.
	Large pavement projects.	Complete 2 nd street paving project. One large paving project of "poor" road as identified in Roads	Completion of one major paving project in addition to 2 nd street highway paving.	Completed 2 nd Street paving. Completed paving of 6 th Street East and West.

Upgrading Plan.

	Address speeding in laneways.	Implementation of new Traffic Calming Request from and process.	Reduced speeding in laneways.	Introduced new Traffic Calming request process. Processed 3 requests.
	Ensure that all streets have proper painted lines for both lanes and parking.	Take steps to cost – effectively paint all long-lines, crosswalks and parking stalls.	Well maintained street lines with annual maintenance schedule.	Completed. Appreciation expressed by public.
Fire Services	Set and fund appropriate fire service levels.	Review fire service enabling and related bylaws. Council adoption and budgeting for fire service levels.	New fire service enabling and related bylaws. Fire services set by Village of Salmo.	In progress.
	Purchase of new Fast Attack truck.	Request for Proposal (RFP) for Fast Attack truck.	Replacement of Fast Attack truck to Village fleet.	Purchased new Fast Attack with foam fire suppression.
	Establish annual fire hydrant maintenance.	Direct staff or contract fire hydrant maintenance services.	Annual fire hydrant maintenance completed.	Completed in-house.
	Wildfire/Urban Interface Fire Risk Management.	Reduce fire risk.	Apply for grant for FireSmart funding.	FireSmart grant approved. Campaign launched.
Water Distribution System	Reduce water leakage in system.	Utilize WaterSmart funds to establish leakages in system and develop plan to reduce leakage.	Reduced percentage of water loss in system.	Installed SCADA data logging to be able to do night flow analysis and measure water loss in the system.
	Replacement of aging watermains and valves.	Replace aging watermains and valves.	Replaced watermains and valves.	Studying infrastructure.
Waste-water Treatment Plant	Improve the general operation and cost effectiveness of the	Ensure ongoing staff training and proper operation of plant.	Enhanced staff ticketed levels; successful grant application; steps	Staff certified to operate system. Infrastructure grant

Upgrades	sewage treatment plant.	Seek funding for infrastructure grant to study how to improve cost effectiveness and operation of Salmo's Wastewater treatment plant. Utilize results of study to seek infrastructure funding.	to improve and invest in infrastructure.	received to study system efficiencies and determine proper asset management of the facility. Study and supporting engineering work used to seek further Build Canada for infrastructure rehabilitation.
6 th Street Footbridge	Installation of 6 th Street footbridge.	Plan for installation.	Funding for footbridge.	Grant funding received for footbridge. Summer-Fall 2016 anticipated installation.



THE CORPORATION OF THE VILLAGE OF SALMO
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

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For the Year Ended December 31, 2015

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THE CORPORATION OF THE VILLAGE OF SALMO

MANAGEMENT REPORT

For the Year Ended December 31, 2015

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, The Corporation of the Village of Salmo's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Colin McClure, CA
Chief Financial Officer



Independent auditors' report

Grant Thornton LLP
1440 Bay Avenue
Trail, BC
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www.GrantThornton.ca

To the Mayor and Council of the Village of Salmo:

We have audited the accompanying financial statements of the Corporation of the Village of Salmo ("the Village"), which comprise the Consolidated statement of financial position as at December 31, 2015, and the Consolidated statements of operations, changes in net assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Salmo as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Trail, Canada
May 3, 2016

Grant Thornton LLP


Chartered Professional Accountants

THE CORPORATION OF THE VILLAGE OF SALMO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

	<u>2015</u>	<u>2014</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 1,138,278	\$ 1,309,233
Accounts receivable (Note 3)	180,945	300,311
MFA deposits (Note 4)	<u>20,092</u>	<u>19,591</u>
	<u>1,339,315</u>	<u>1,629,135</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	151,263	267,578
Deferred revenue (Note 6)	70,931	76,406
Accrued future payroll benefits (Note 7)	21,651	10,102
Debt (Note 8)	<u>1,117,885</u>	<u>1,064,591</u>
	<u>1,361,730</u>	<u>1,418,677</u>
Net Financial Assets (Debt)	(22,415)	210,458
Non-Financial Assets		
Tangible capital assets (Note 9)	6,932,037	6,601,325
Other assets (Note 10)	7,578	7,578
Prepaid expenses	<u>15,147</u>	<u>18,248</u>
	<u>6,954,762</u>	<u>6,627,151</u>
Accumulated Surplus (Note 11)	<u>\$ 6,932,347</u>	<u>\$ 6,837,609</u>

Commitments and Contingencies (Note 16)


Stephen White
Mayor


Colin McClure, CA
Chief Financial Officer

THE CORPORATION OF THE VILLAGE OF SALMO
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2015

	<u>2015 Budget</u> (Note 17)	<u>2015</u>	<u>2014</u>
Revenue			
Taxes	\$ 478,461	\$ 483,334	\$ 468,904
Sale of services	73,910	75,359	71,622
Other revenue from own sources	148,157	104,995	112,218
Investment income	10,200	43,078	40,779
Grants - unconditional	416,603	416,603	250,913
Grants - conditional	431,577	302,138	603,375
Water user fees	120,478	119,911	115,106
Sewer user fees	<u>185,471</u>	<u>185,218</u>	<u>176,498</u>
	<u>1,864,857</u>	<u>1,730,636</u>	<u>1,839,415</u>
Expenses			
General government	537,846	477,966	384,177
Protective services	110,165	78,547	107,380
Transportation services	252,400	228,318	257,689
Environmental health services	82,107	80,045	76,698
Public health and welfare services	9,200	13,919	9,409
Parks, recreation and cultural services	41,350	38,623	74,831
Interest and other debt charges	63,064	63,182	63,065
Water utility operations	130,753	136,262	142,474
Sewer utility operations	182,101	240,117	175,519
Amortization	<u>257,221</u>	<u>278,919</u>	<u>256,386</u>
	<u>1,666,207</u>	<u>1,635,898</u>	<u>1,547,628</u>
Annual surplus	198,650	94,738	291,787
Accumulated surplus, beginning of the year	<u>6,837,609</u>	<u>6,837,609</u>	<u>6,545,822</u>
Accumulated surplus, end of the year	<u>\$ 7,036,259</u>	<u>\$ 6,932,347</u>	<u>\$ 6,837,609</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
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
For the Year Ended December 31, 2015

	<u>2015 Budget</u>	<u>2015</u>	<u>2014</u>
Annual surplus	\$ 198,650	\$ 94,738	\$ 291,787
Acquisition of tangible capital assets	(458,399)	(609,631)	(237,472)
Amortization of capital assets	<u>257,221</u>	<u>278,919</u>	<u>256,386</u>
	(2,528)	(235,974)	310,701
Consumption of prepaid expenses	<u>-</u>	<u>3,101</u>	<u>39,019</u>
Increase (decrease) in net financial assets	(2,528)	(232,873)	349,720
Net financial assets (debt), beginning of year	<u>210,458</u>	<u>210,458</u>	<u>(139,262)</u>
Net financial assets (debt), end of the year	\$ <u>207,930</u>	\$ <u>(22,415)</u>	\$ <u>210,458</u>

THE CORPORATION OF THE VILLAGE OF SALMO

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 94,738	\$ 291,787
Items not involving cash:		
Amortization of tangible capital assets	278,919	256,386
Actuarial adjustments	<u>(18,002)</u>	<u>(15,310)</u>
	355,655	532,863
Increase (decrease) in non-cash operating items:		
Accounts receivable	119,366	(80,578)
MFA deposits	(501)	(551)
Accounts payable and accrued liabilities	(116,315)	108,442
Deferred revenue	(5,475)	(376,228)
Accrued future payroll benefits	11,549	(5,852)
Prepaid expenses	<u>3,101</u>	<u>39,019</u>
	<u>367,380</u>	<u>217,115</u>
Financing Activities		
Proceeds from debt issues	119,840	-
Debt repayment	<u>(48,544)</u>	<u>(48,544)</u>
	<u>71,296</u>	<u>(48,544)</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(609,631)</u>	<u>(237,472)</u>
Net increase in cash and cash equivalents	(170,955)	(68,901)
Cash and cash equivalents, beginning of year	<u>1,309,233</u>	<u>1,378,134</u>
Cash and cash equivalents, end of year	<u>\$ 1,138,278</u>	<u>\$ 1,309,233</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. Significant Accounting Policies

The Corporation of the Village of Salmo (the Village) is a local government in the Province of British Columbia. The consolidated 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) Principles of Consolidation

These consolidated financial statements include the accounts of all the funds of the Village. Inter-fund transactions and balances have been eliminated in the consolidated statements.

(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 amount 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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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 consolidated 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 consolidated financial statements is based on the Village's Five Year Financial Plan for the years 2015-2019, adopted by Council on May 13, 2015.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. Cash and Cash Equivalents

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

	2015	2014
Cash	\$ 1,007,969	\$ 1,180,028
MFA bond and money market funds	<u>130,309</u>	<u>129,205</u>
	<u>\$ 1,138,278</u>	<u>\$ 1,309,233</u>

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

3. Accounts Receivable

	2015	2014
Property taxes	\$ 105,561	\$ 116,537
Utility billings	33,857	38,638
Other governments	30,417	132,159
Trade and other receivables	<u>11,110</u>	<u>12,977</u>
	<u>\$ 180,945</u>	<u>\$ 300,311</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, 2015, the total of the Debt Reserve Fund was comprised of:

	2015 Cash Deposit	2015 Demand Note	2015 Total	2014 Total
General fund	\$ 12,605	\$ 22,711	\$ 35,316	\$ 35,002
Water utility	<u>7,487</u>	<u>19,305</u>	<u>26,792</u>	<u>26,605</u>
	<u>\$ 20,092</u>	<u>\$ 42,016</u>	<u>\$ 62,108</u>	<u>\$ 61,607</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

5. Accounts Payable and Accrued Liabilities

	<u>2015</u>	<u>2014</u>
Trades payable	\$ 140,510	\$ 249,801
Accrued wages and benefits	<u>10,753</u>	<u>17,777</u>
	<u>\$ 151,263</u>	<u>\$ 267,578</u>

6. Deferred Revenue

	<u>2015</u>	<u>2014</u>
Taxes and utility rates	\$ 10,931	\$ 7,606
Other	<u>60,000</u>	<u>68,800</u>
	<u>\$ 70,931</u>	<u>\$ 76,406</u>

7. Accrued Future Payroll Benefits

	<u>2015</u>	<u>2014</u>
Holiday Pay	\$ 13,372	\$ 10,102
Banked Overtime	<u>8,279</u>	<u>-</u>
	<u>\$ 21,651</u>	<u>\$ 10,102</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 CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

8. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2015 Balance	2014 Balance
General Purposes:						
523	Fast attack rescue truck	2.25%	2020	\$ 119,840	\$ 119,840	\$ -
549	Wellness centre	4.13%	2039	885,000	780,334	799,532
610	Public works shop	4.20%	2026	150,000	118,189	126,616
				<u>1,154,840</u>	<u>1,018,363</u>	<u>926,148</u>
Water Purposes:						
446	Water infrastructure	5.55%	2018	216,000	47,200	61,460
560	Waterworks upgrade	4.52%	2017	225,000	52,322	76,983
				<u>441,000</u>	<u>99,522</u>	<u>138,443</u>
Total Debt					\$ <u>1,117,885</u>	\$ <u>1,064,591</u>

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

	General	Water	Total
2016	\$ 52,110	\$ 40,619	\$ 92,729
2017	53,550	42,393	95,943
2018	55,063	16,510	71,573
2019	56,632	-	56,632
2020	58,123	-	58,123
Thereafter	742,885	-	742,885
	<u>\$ 1,018,363</u>	<u>\$ 99,522</u>	<u>\$ 1,117,885</u>

9. Tangible Capital Assets

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,196,407
Buildings	2,487,734	740,912	1,746,822	1,807,602
Vehicles, equipment & furniture	2,150,186	1,169,595	980,591	751,666
Transportation infrastructure	2,545,985	1,357,360	1,188,625	1,126,464
Water infrastructure	2,046,450	649,763	1,396,687	1,324,406
Sewer infrastructure	1,441,336	1,078,923	362,413	394,780
	<u>\$ 11,928,590</u>	<u>\$ 4,996,553</u>	<u>\$ 6,932,037</u>	<u>\$ 6,601,325</u>

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

10. Other Assets

	2015	2014
Property acquired for taxes	\$ <u>7,578</u>	\$ <u>7,578</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

11. Accumulated Surplus

	<u>2015</u>	<u>2014</u>
Reserves		
Ambulance service	\$ 11,065	\$ 10,873
Community works fund	451,830	464,069
Curling rink	14,906	17,562
Employee sick leave	10,000	10,000
Fire department equipment	32,002	161,384
Jaws of life	115,112	96,217
Machinery & equipment	68,359	106,899
Sewer infrastructure	69,121	130,586
Water infrastructure	273,155	252,960
Wellness centre	<u>62,490</u>	<u>51,729</u>
	1,108,040	1,302,279
 Operating surplus (deficit)	 10,153	 (286,478)
Capital surplus	-	282,571
Invested in capital assets	<u>5,814,154</u>	<u>5,539,237</u>
Total Accumulated Surplus	\$ <u>6,932,347</u>	\$ <u>6,837,609</u>

12. Changes to Equity

In 2015 the Village of Salmo consolidated a few of their equity accounts to provide clarity around funds available to a particular fund as well as to simplify financial statement reporting. The changes included consolidating the Water operating deficit and Water Capital surplus into the Water Infrastructure reserve. Consolidating the Sewer operating deficit and Sewer Capital surplus into the Sewer Infrastructure reserve. The last change was to consolidate the operating capital surplus into the operating surplus (deficit) account.

13. 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>2015</u>	<u>2014</u>
Balances, beginning of year	\$ 19,749	\$ 19,114
Contributions received	421	300
Interest earned	<u>343</u>	<u>335</u>
	20,513	19,749
Expenses, transfers	<u>-</u>	<u>-</u>
Balances, end of year	\$ <u>20,513</u>	\$ <u>19,749</u>

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

14. 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.

	2015	2014
Provincial Government - School taxes	\$ 293,201	\$ 277,285
Provincial Government - Police taxes	46,509	45,020
Regional District of Central Kootenay	203,752	188,747
West Kootenay Boundary Hospital District	28,028	36,858
British Columbia Assessment Authority	7,471	7,268
Municipal Finance Authority	22	21
	<u>\$ 578,983</u>	<u>\$ 555,199</u>

15. 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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation of the Municipal Pension Plans at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available in 2016.

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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Village of Salmo paid \$26,191 (2014 - \$20,962) for employer contributions to the plan in fiscal 2015.

16. 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.

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

15. Commitments and Contingencies (continued)

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.

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.

17. Budget Data

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

	<u>2015</u>
Budget surplus per Consolidated Statement of Operations	\$ 198,650
Less: Capital expenditures	458,399
Debt principal repayments	48,585
Budgeted transfers to surplus and reserves	117,286
Add: Budgeted transfers from reserves	168,399
Amortization	<u>257,221</u>
Net annual budget	<u>\$ -</u>

18. Related Party Transactions

During the 2015 fiscal year the Village did not have any related party transactions. In 2014, the Village purchased \$8,891 of goods and services from a business owned by a person related to the Village's former Mayor. These goods and services were acquired as part of the normal course of business and were recorded in the financial statements at their exchange amount.

19. Current and Future Accounting Changes:

PS 3260 Liability for Contaminated Sites

On January 1, 2015, the Village of Salmo adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of 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 the maximum acceptable concentrations under an environmental standard.

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Village of Salmo's 2015 financial statements.

THE CORPORATION OF THE VILLAGE OF SALMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

19. **Current and Future Accounting Changes: (continued)**

PS 2200 Related Party Transactions

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

20. **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 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2015

Tangible Capital Assets	Additions & reallocation of assets under Construction		Disposals		Closing Balance		Accumulated Amortization Opening balance		Amortization Expense		Reduction on Disposals		Accumulated Amortization Closing Balance		Net Carrying Amount End of year	
	Opening Balance															
Land	\$ 1,196,407	\$ 60,492	\$ -	\$ -	\$ 1,256,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,256,899	
Buildings	2,487,734	-	-	-	2,487,734	680,132	-	60,780	-	-	-	-	740,912	-	1,746,822	
Vehicles, equipment & furniture	1,830,853	319,333	-	-	2,150,186	1,079,187	-	90,408	-	-	-	-	1,169,595	-	980,591	
Transportation infrastructure	2,427,657	118,328	-	-	2,545,985	1,301,193	-	56,167	-	-	-	-	1,357,360	-	1,188,625	
Water infrastructure	1,934,972	111,478	-	-	2,046,450	610,566	-	39,197	-	-	-	-	649,763	-	1,396,687	
Sewer infrastructure	1,441,336	-	-	-	1,441,336	1,046,556	-	32,367	-	-	-	-	1,078,923	-	362,413	
Total	\$ 11,318,959	\$ 609,631	\$ -	\$ -	\$ 11,928,590	\$ 4,717,634	\$ -	\$ 278,919	\$ -	\$ -	\$ -	\$ -	\$ 4,996,553	\$ -	\$ 6,932,037	

THE CORPORATION OF THE VILLAGE OF SALMO
SCHEDULE B - SCHEDULE OF SEGMENTED INFORMATION
For the Year Ended December 31, 2015

Revenues	General Government	Protective Services	Transportation Services	Environmental Health Services	Public Health Services	Parks & Recreation	Water Utility	Sewer Utility	2015 Total
Taxes	\$ 388,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,687	\$ 18,695	\$ 483,334
Sales of Service	-	-	-	71,086	4,273	-	-	-	75,359
Other revenue from own services	31,158	14,360	2,990	-	48,408	4,423	2,538	1,118	104,995
Investment income	24,889	-	935	-	3,419	-	13,835	-	43,078
Grants - unconditional	416,603	-	-	-	-	-	-	-	416,603
Grants - conditional	107,029	77,329	480	-	10,000	78,500	28,800	-	302,138
Water user fees	-	-	-	-	-	-	119,911	-	119,911
Sewer user fees	-	-	-	-	-	-	-	185,218	185,218
	<u>968,631</u>	<u>91,689</u>	<u>4,405</u>	<u>71,086</u>	<u>66,100</u>	<u>82,923</u>	<u>240,771</u>	<u>205,031</u>	<u>1,730,636</u>
Expenditures									
Wages and benefits	226,682	14,336	113,482	3,340	5,392	6,430	86,920	159,434	610,016
Supplies and services	251,283	64,211	114,836	76,704	8,528	32,193	49,342	80,684	677,781
Interest and other debt charges	-	118	6,300	-	36,550	-	20,214	-	63,182
Amortization	5,568	54,002	89,079	2,634	37,150	18,922	39,197	32,367	278,919
	<u>483,533</u>	<u>132,667</u>	<u>323,697</u>	<u>82,678</u>	<u>87,620</u>	<u>57,545</u>	<u>195,673</u>	<u>272,485</u>	<u>1,635,898</u>
Annual Surplus (Deficit)	<u>485,098</u>	<u>(40,978)</u>	<u>(319,292)</u>	<u>(11,592)</u>	<u>(21,520)</u>	<u>25,378</u>	<u>45,098</u>	<u>(67,454)</u>	<u>91,738</u>