

THE CORPORATION OF THE VILLAGE OF SALMO
FINANCIAL STATEMENTS
DECEMBER 31, 2023

THE CORPORATION OF THE VILLAGE OF SALMO
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For the Year Ended December 31, 2023

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THE CORPORATION OF THE VILLAGE OF SALMO

MANAGEMENT REPORT

For the Year Ended December 31, 2023

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, Childs Chanton 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 Childs Chanton Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.



Nathan Russ, CPA, CMA
Financial Officer

CHILDS CHANTON

CHARTERED PROFESSIONAL ACCOUNTANTS*

* Denotes Professional Corporation

Jeremy J. Childs, CPA, CA
Marie C. Chanton, CPA, CA

241 Columbia Avenue, Castlegar, BC V1N 1G3 Phone: (250) 365-7287 Fax: (250) 365-6066

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Village of Salmo, which comprise the statement of financial position as at December 31, 2023 and the statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Salmo (the Village) as at December 31, 2023 and the results of its operations, changes in net debt, and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion thereon.

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.

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 make 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Village to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



May 06, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar, BC

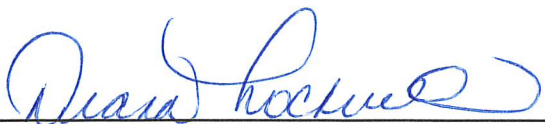
THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 3,341,232	\$ 2,230,248
Accounts receivable (Note 3)	250,808	198,922
MFA deposits (Note 4)	<u>15,112</u>	<u>14,657</u>
	<u>3,607,152</u>	<u>2,443,827</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 5)	174,182	142,483
Deferred revenue (Note 6)	233,329	103,032
Accrued future payroll benefits (Note 7)	29,609	30,504
Debt (Note 8)	633,628	692,635
Asset retirement obligations (Note 9)	<u>699,690</u>	<u>-</u>
	<u>1,770,438</u>	<u>968,654</u>
Net Financial Assets	1,836,714	1,475,173
Non-Financial Assets		
Tangible capital assets (Note 10)	9,736,556	8,814,449
Inventory	9,373	8,946
Other assets (Note 11)	17,317	17,317
Prepaid expenses	<u>22,978</u>	<u>23,505</u>
	<u>9,786,224</u>	<u>8,864,217</u>
Accumulated Surplus (Note 12)	<u>\$ 11,622,938</u>	<u>\$ 10,339,390</u>

Trust Funds (Note 13)

Commitments and Contingencies (Note 16)



Diana Lockwood
Mayor



Nathan Russ, CPA, CMA
Financial Officer

THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2023

	<u>2023 Budget</u> (Note 17)	<u>2023</u>	<u>2022</u>
Revenue			
Taxes	\$ 472,619	\$ 478,272	\$ 446,830
Sale of services	101,772	114,635	101,339
Other revenue from own sources	167,456	132,071	123,700
Investment income	25,300	80,070	59,291
Government transfers- unconditional	466,000	459,000	593,000
Government transfers - conditional	860,510	1,453,632	282,434
Water user fees	198,418	190,532	182,726
Sewer user fees	<u>311,635</u>	<u>311,324</u>	<u>287,210</u>
	<u>2,603,710</u>	<u>3,219,536</u>	<u>2,076,530</u>
Expenses			
General government	567,431	521,806	526,300
Protective services	133,739	108,340	102,067
Transportation services	366,810	212,228	324,776
Environmental health services	114,626	105,655	99,132
Public health and welfare services	14,525	16,289	12,030
Parks, recreation and cultural services	63,050	40,696	53,015
Interest and other debt charges	22,552	22,542	22,552
Water utility operations	146,676	124,463	146,643
Sewer utility operations	297,768	320,491	293,043
Accretion	-	31,601	-
Amortization	<u>404,497</u>	<u>431,877</u>	<u>389,217</u>
	<u>2,131,674</u>	<u>1,935,988</u>	<u>1,968,775</u>
Annual surplus	472,036	1,283,548	107,755
Accumulated surplus, beginning of the year	<u>10,339,390</u>	<u>10,339,390</u>	<u>10,231,635</u>
Accumulated surplus, end of the year	<u>\$ 10,811,426</u>	<u>\$ 11,622,938</u>	<u>\$ 10,339,390</u>

THE CORPORATION OF THE VILLAGE OF SALMO
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	<u>2023 Budget</u>	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 472,036	\$ 1,283,548	\$ 107,755
Acquisition of tangible capital assets	(807,771)	(1,353,984)	(664,917)
Amortization of capital assets	<u>404,497</u>	<u>431,877</u>	<u>389,217</u>
	68,762	361,441	(167,945)
Acquisition of prepaid expenses	-	527	(9,597)
Acquisition (consumption) of supply inventory	<u>-</u>	<u>(427)</u>	<u>2,555</u>
	-	100	(7,042)
Increase (decrease) in net financial assets	68,762	361,541	(174,987)
Net financial assets, beginning of year	<u>1,475,173</u>	<u>1,475,173</u>	<u>1,650,160</u>
Net financial assets, end of the year	\$ <u>1,543,935</u>	\$ <u>1,836,714</u>	\$ <u>1,475,173</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SALMO

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 1,283,548	\$ 107,755
Items not involving cash:		
Amortization of tangible capital assets	431,877	389,217
Accretion	31,601	-
Actuarial adjustments	(14,035)	(12,632)
Initial recognition of asset retirement obligation	<u>668,090</u>	<u>-</u>
	2,401,081	484,340
Increase (decrease) in non-cash working capital balances:		
Accounts receivable	(51,887)	(4,166)
MFA deposits	(455)	(321)
Accounts payable and accrued liabilities	31,699	37,963
Deferred revenue	130,297	30,195
Accrued future payroll benefits	(895)	(2,074)
Inventory	(427)	2,555
Prepaid expenses	<u>527</u>	<u>(9,595)</u>
	<u>2,509,940</u>	<u>538,897</u>
Financing Activities		
Debt repayment	<u>(44,972)</u>	<u>(52,581)</u>
Capital Activities		
Acquisition of tangible capital assets	<u>(1,353,984)</u>	<u>(664,917)</u>
Net increase (decrease) in cash and cash equivalents	1,110,984	(178,601)
Cash and cash equivalents, beginning of year	<u>2,230,248</u>	<u>2,408,849</u>
Cash and cash equivalents, end of year	<u>\$ 3,341,232</u>	<u>\$ 2,230,248</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 they are 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, liquidity, 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, 2023

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
Bridge 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, 2023.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant Accounting Policies (continued)

(m) Use of Estimates

The preparation of financial statements in accordance 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, provision for contingencies, and timing and extent of future asset retirement obligations. 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 2023-2027, adopted by Council on May 10, 2023.

(o) Segments

The Village conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Village's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

(p) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Village will be required to settle. The Village recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

2. Cash and Cash Equivalents

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,192,704	\$ 2,088,868
MFA bond and money market funds	<u>148,528</u>	<u>141,380</u>
	<u>\$ 3,341,232</u>	<u>\$ 2,230,248</u>

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

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

3. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 105,339	\$ 85,972
Utility billings	46,075	36,165
Other governments	30,194	26,809
Trade and other receivables	<u>69,200</u>	<u>49,976</u>
	<u>\$ 250,808</u>	<u>\$ 198,922</u>

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, 2023, the total of the Debt Reserve and Demand Note balances are as follows:

	<u>2023</u> <u>Cash Deposit</u>	<u>2023</u> <u>Demand Note</u>	<u>2022</u> <u>Cash Deposit</u>	<u>2022</u> <u>Demand Note</u>
General fund	\$ <u>15,112</u>	\$ <u>22,711</u>	\$ <u>14,657</u>	\$ <u>22,711</u>

5. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Trades payable	\$ 153,153	\$ 120,944
Accrued wages and benefits	<u>21,029</u>	<u>21,539</u>
	<u>\$ 174,182</u>	<u>\$ 142,483</u>

6. Deferred Revenue

	<u>Opening</u> <u>Balance</u>	<u>Contributions</u> <u>Received</u>	<u>Revenue</u> <u>Recognized</u>	<u>Ending</u> <u>Balance</u>
Federal Gas tax grant*	\$ -	\$ 113,245	\$ (113,245)	\$ -
Growing Communities Fund*	-	1,130,000	(1,130,000)	-
Other grants and contributions	78,679	146,422	(20,847)	204,254
Prepaid taxes, licenses, & fees	<u>24,353</u>	<u>24,952</u>	<u>(20,230)</u>	<u>29,075</u>
	<u>\$ 103,032</u>	<u>\$ 1,414,619</u>	<u>\$ (1,284,322)</u>	<u>\$ 233,329</u>

* The Federal Gas tax grant and the Growing Communities Fund is recognized into revenue and immediately transferred into the Community Works fund and the Growing Communities Fund reserve, respectively.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Accrued Future Payroll Benefits

	2023	2022
Holiday Pay	\$ 10,581	\$ 7,970
Sick Leave	15,667	15,698
Banked Overtime	3,361	6,836
	<u>\$ 29,609</u>	<u>\$ 30,504</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.

8. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2023 Balance	2022 Balance
General Purposes:						
311	John Deere loader	2.60%	2023	\$ 137,000	\$ -	\$ 21,141
549	Wellness centre	2.25%	2039	885,000	596,360	622,634
610	Public works shop	1.47%	2026	<u>150,000</u>	<u>37,268</u>	<u>48,860</u>

Total Debt \$ 633,628 \$ 692,635

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

	Total
2024	\$ 39,323
2025	40,836
2026	42,407
2027	30,737
2028	31,967
Thereafter	<u>448,358</u>
	<u>\$ 633,628</u>

9. Asset Retirement Obligations

Existing laws and regulations require the Village to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Following the adoption of the Public Sector Accounting Standard PS 3280 Asset Retirement Obligations, the Village recognized an obligation relating to the removal of these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings, sewer, and storm sewer infrastructure capital assets. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The Village has adopted the standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totaling \$1,852,219 using an inflation rate of 3.5% have been discounted using a present value calculation with a discount rate of 4.73%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2024 and 2048 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

9. Asset Retirement Obligations (continued)

The following is a summary of asset retirement obligation transactions for the year:

	<u>2023</u>	<u>2022</u>
Opening asset retirement obligation	\$ -	\$ -
Initial recognition of expected discounted cash flows	668,090	-
Increase due to accretion	<u>31,601</u>	<u>-</u>
Closing asset retirement obligation	<u>\$ 699,691</u>	<u>\$ -</u>

10. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Land	\$ 1,256,899	\$ -	\$ 1,256,899	\$ 1,256,899
Buildings	3,377,002	1,285,647	2,091,355	1,628,038
Vehicles, equipment & furniture	2,495,318	1,822,576	672,742	738,891
Transportation infrastructure	3,777,039	1,955,575	1,821,464	1,554,965
Water infrastructure	2,551,320	1,002,798	1,548,522	1,315,863
Sewer infrastructure	<u>3,952,885</u>	<u>1,607,311</u>	<u>2,345,574</u>	<u>2,319,793</u>
	<u>\$ 17,410,463</u>	<u>\$ 7,673,907</u>	<u>\$ 9,736,556</u>	<u>\$ 8,814,449</u>

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

11. Other Assets

	<u>2023</u>	<u>2022</u>
Property acquired for taxes	\$ <u>17,317</u>	\$ <u>17,317</u>

12. Accumulated Surplus

	<u>2023</u>	<u>2022</u>
Reserves		
Ambulance service	\$ 12,728	\$ 12,489
Community works fund	416,906	421,609
Curling rink	18,858	18,560
Employee sick leave	10,000	10,000
Fire department equipment	138,857	117,328
Growing communities reserve	829,098	-
Jaws of life	243,069	215,003
Machinery & equipment	160,899	148,870
Parks	15,848	7,256
Sewer infrastructure	3,605	6,444
Water infrastructure	332,731	321,201
Wellness centre	<u>123,257</u>	<u>114,330</u>
	2,305,856	1,393,090
Operating surplus	913,847	824,486
Invested in tangible capital assets	<u>8,403,235</u>	<u>8,121,814</u>
Total Accumulated Surplus	<u>\$ 11,622,938</u>	<u>\$ 10,339,390</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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>2023</u>	<u>2022</u>
Balances, beginning of year	\$ 26,034	\$ 25,157
Contributions received	445	438
Interest earned	446	439
Balances, end of year	<u>\$ 26,925</u>	<u>\$ 26,034</u>

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.

	<u>2023</u>	<u>2022</u>
Provincial Government - School taxes	\$ 380,846	\$ 331,495
Provincial Government - Police taxes	65,595	54,325
Regional District of Central Kootenay	337,295	312,483
West Kootenay Boundary Hospital District	37,727	35,398
British Columbia Assessment Authority	8,982	7,830
Municipal Finance Authority	47	39
	<u>\$ 830,492</u>	<u>\$ 741,570</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 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024 with results available in 2025.

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

15. **Pension Plan** (continued)

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 \$39,143 (2022 - \$39,385) for employer contributions to the plan in fiscal 2023.

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.

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 Village is assessed a premium and specific deductible based on population and claims experience. The obligation of the Village 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 financial statement is as follows:

	<u>2023</u>
Budget surplus per Statement of Operations	\$ 472,036
Less: Capital expenditures	807,771
Debt principal repayments	44,973
Budgeted transfers to reserves	252,963
Add: Budgeted transfers from surplus & reserves	229,174
Amortization	404,497
Debt proceeds	-
Net annual budget	<u>\$ -</u>

THE CORPORATION OF THE VILLAGE OF SALMO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

18. **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.

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.

THE CORPORATION OF THE VILLAGE OF SALMO
SCHEDULE A - SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	Opening Balance	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
Tangible Capital Assets									
Land	\$ 1,256,899	\$ -	\$ -	\$ 1,256,899	\$ -	\$ -	\$ -	\$ -	\$ 1,256,899
Buildings	2,820,625	556,377	-	3,377,002	1,192,587	93,060	-	1,285,647	2,091,355
Vehicles, equipment & furniture	2,466,771	28,547	-	2,495,318	1,727,880	94,696	-	1,822,576	672,742
Transportation infrastructure	3,424,246	352,793	-	3,777,039	1,869,281	86,294	-	1,955,575	1,821,464
Water infrastructure	2,262,344	288,976	-	2,551,320	946,481	56,317	-	1,002,798	1,548,522
Sewer infrastructure	3,825,594	127,291	-	3,952,885	1,505,801	101,510	-	1,607,311	2,345,574
Total	\$ 16,056,479	\$ 1,353,984	\$ -	\$ 17,410,463	\$ 7,242,030	\$ 431,877	\$ -	\$ 7,673,907	\$ 9,736,556

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

For the Year Ended December 31, 2023

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Health Services</u>	<u>Public Health Services</u>	<u>Parks & Recreation</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>2023 Total</u>
Revenues									
Taxes	\$ 478,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,272
Sales of Service	-	-	-	98,415	2,983	-	7,476	5,761	114,635
Other revenue from own services	36,541	18,208	6,886	-	55,152	15,284	-	-	132,071
Investment income	80,070	-	-	-	-	-	-	-	80,070
Government transfers-unconditional	459,000	-	-	-	-	-	-	-	459,000
Government transfers-conditional	1,286,430	146,534	128	6,540	10,000	4,000	-	-	1,453,632
Water user fees	-	-	-	-	-	-	190,532	-	190,532
Sewer user fees	-	-	-	-	-	-	-	311,324	311,324
	<u>2,340,313</u>	<u>164,742</u>	<u>7,014</u>	<u>104,955</u>	<u>68,135</u>	<u>19,284</u>	<u>198,008</u>	<u>317,085</u>	<u>3,219,536</u>
Expenditures									
Wages and benefits	290,093	14,943	99,373	5,407	3,957	10,307	70,256	157,632	651,968
Supplies and services	231,714	93,397	112,855	100,248	12,332	30,389	54,207	162,859	798,001
Interest and other debt charges	-	-	2,629	-	19,912	-	-	-	22,541
Amortization	27,438	59,047	123,185	507	39,059	24,813	56,318	101,510	431,877
Accretion	20,380	-	-	-	-	-	10,500	721	31,601
	<u>569,625</u>	<u>167,387</u>	<u>338,042</u>	<u>106,162</u>	<u>75,260</u>	<u>65,509</u>	<u>191,281</u>	<u>422,722</u>	<u>1,935,988</u>
Annual Surplus (Deficit)	<u>\$ 1,770,688</u>	<u>\$ (2,645)</u>	<u>\$ (331,028)</u>	<u>\$ (1,207)</u>	<u>\$ (7,125)</u>	<u>\$ (46,225)</u>	<u>\$ 6,727</u>	<u>\$ (105,637)</u>	<u>\$ 1,283,548</u>

THE CORPORATION OF THE VILLAGE OF SALMO
SCHEDULE C - GROWING COMMUNITIES FUND RECONCILIATION
December 31, 2023

Province of BC Growing Communities Fund reconciliation

The following is a summary of fund transactions for the current year:

	<u>2023</u>
Growing Communities Fund opening balance	\$ -
Initial funds	1,130,000
Interest earned during the year	9,702
Less: Eligible use of funds	309,971
Remaining grant	\$ <u>829,731</u>

THE CORPORATION OF THE VILLAGE OF SALMO
EXHIBIT 1 - PROVINCE OF BC GRANT RECONCILIATIONS (UNAUDITED)
December 31, 2023

Province of BC COVID-19 Restart Grant reconciliation

The following is a summary of grant transactions for the current year:

	<u>2023</u>
COVID-19 Restart Grant received opening Balance	\$ 135,467
Less grant recognition:	
Revenue shortfalls	-
Facility reopening & operating costs	15,000
Emergency planning & response costs	-
Computer & other electronic technology costs	<u>-</u>
Remaining grant	<u>\$ 120,467</u>