

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
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For the Year Ended December 31, 2024

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**MANAGEMENT REPORT**

For the Year Ended December 31, 2024

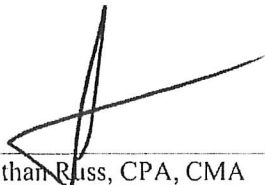
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**RESPONSIBILITY FOR FINANCIAL REPORTING**

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.



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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, 2024 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, 2024 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.

April 22, 2025



CHILDS CHANTON  
CHARTERED PROFESSIONAL ACCOUNTANTS

Castlegar, BC

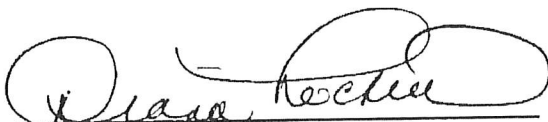
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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2024

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|   | <u>2024</u>          | <u>2023</u>          |
|---|----------------------|----------------------|
| <b>Financial Assets</b>                           |                      |                      |
| Cash and cash equivalents (Note 3)                | \$ 3,884,422         | \$ 3,341,232         |
| Accounts receivable (Note 4)                      | 194,742              | 250,808              |
| MFA deposits (Note 5)                             | <u>15,638</u>        | <u>15,112</u>        |
|   | <u>4,094,802</u>     | <u>3,607,152</u>     |
| <b>Financial Liabilities</b>                      |                      |                      |
| Accounts payable and accrued liabilities (Note 6) | 266,963              | 174,182              |
| Deferred revenue (Note 7)                         | 446,586              | 233,329              |
| Accrued future payroll benefits (Note 8)          | 36,600               | 29,609               |
| Debt (Note 9)                                     | 594,305              | 633,628              |
| Asset retirement obligations (Note 10)            | <u>732,786</u>       | <u>699,690</u>       |
|   | <u>2,077,240</u>     | <u>1,770,438</u>     |
| <b>Net Financial Assets</b>                       | 2,017,562            | 1,836,714            |
| <b>Non-Financial Assets</b>                       |                      |                      |
| Tangible capital assets (Note 11)                 | 9,634,373            | 9,736,556            |
| Inventory   | 8,498                | 9,373                |
| Other assets (Note 12)                            | 17,317               | 17,317               |
| Prepaid expenses                                  | <u>23,164</u>        | <u>22,978</u>        |
|   | <u>9,683,352</u>     | <u>9,786,224</u>     |
| <b>Accumulated Surplus (Note 13)</b>              | <u>\$ 11,700,914</u> | <u>\$ 11,622,938</u> |
| Trust Funds (Note 14)                             |                      |                      |
| Commitments and Contingencies (Note 17)           |                      |                      |

  
\_\_\_\_\_  
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, 2024

|   | 2024 Budget<br>(Note 18) | 2024                 | 2023                 |
|---|--------------------------|----------------------|----------------------|
| <b>Revenue</b>                              |                          |                      |                      |
| Taxes                                       | \$ 502,851               | \$ 504,983           | \$ 478,272           |
| Sale of services                            | 114,259                  | 134,545              | 114,635              |
| Other revenue from own sources              | 168,290                  | 128,263              | 132,071              |
| Investment income                           | 35,684                   | 86,442               | 80,070               |
| Government transfers- unconditional         | 459,000                  | 498,600              | 459,000              |
| Government transfers - conditional          | 749,743                  | 416,995              | 1,453,632            |
| Water user fees                             | 204,461                  | 203,766              | 190,532              |
| Sewer user fees                             | 344,019                  | 341,681              | 311,324              |
|   | 2,578,307                | 2,315,275            | 3,219,536            |
| <b>Expenses</b>                             |                          |                      |                      |
| General government                          | 947,481                  | 691,046              | 521,806              |
| Protective services                         | 269,147                  | 113,945              | 108,340              |
| Transportation services                     | 358,054                  | 266,987              | 212,228              |
| Environmental health services               | 118,762                  | 113,503              | 105,655              |
| Public health and welfare services          | 15,250                   | 13,002               | 16,289               |
| Parks, recreation and cultural services     | 64,650                   | 51,113               | 40,696               |
| Interest and other debt charges             | 22,118                   | 22,120               | 22,542               |
| Water utility operations                    | 157,176                  | 150,423              | 124,463              |
| Sewer utility operations                    | 418,239                  | 336,483              | 320,491              |
| Accretion                                   | -                        | 33,095               | 31,601               |
| Amortization                                | 408,542                  | 445,582              | 431,877              |
|   | 2,779,419                | 2,237,299            | 1,935,988            |
| Annual surplus                              | (201,112)                | 77,976               | 1,283,548            |
| Accumulated surplus, beginning of the year  | 11,622,938               | 11,622,938           | 10,339,390           |
| <b>Accumulated surplus, end of the year</b> | <b>\$ 11,421,826</b>     | <b>\$ 11,700,914</b> | <b>\$ 11,622,938</b> |

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 CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2024

|   | <u>2024 Budget</u>         | <u>2024</u>                | <u>2023</u>                |
|---|----------------------------|----------------------------|----------------------------|
| Annual surplus                                | \$ (201,112)               | \$ 77,976                  | \$ 1,283,548               |
| Acquisition of tangible capital assets        | (363,650)                  | (343,399)                  | (1,353,984)                |
| Amortization of capital assets                | <u>408,542</u>             | <u>445,582</u>             | <u>431,877</u>             |
|   | (156,220)                  | 180,159                    | 361,441                    |
| Acquisition (consumption) of prepaid expenses | -                          | (186)                      | 527                        |
| Acquisition (consumption) of supply inventory | <u>-</u>                   | <u>875</u>                 | <u>(427)</u>               |
|   | -                          | 689                        | 100                        |
| Increase (decrease) in net financial assets   | (156,220)                  | 180,848                    | 361,541                    |
| Net financial assets, beginning of year       | <u>1,836,714</u>           | <u>1,836,714</u>           | <u>1,475,173</u>           |
| <b>Net financial assets, end of the year</b>  | <b>\$ <u>1,680,494</u></b> | <b>\$ <u>2,017,562</u></b> | <b>\$ <u>1,836,714</u></b> |

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, 2024

|  | 2024         | 2023         |
|--|--------------|--------------|
| <b>Cash Provided by (Used In)</b>                                |              |              |
| <b>Operating Activities</b>                                      |              |              |
| Annual surplus   | \$ 77,976    | \$ 1,283,548 |
| <b>Items not involving cash:</b>                                 |              |              |
| Amortization of tangible capital assets                          | 445,582      | 431,877      |
| Accretion  | 33,095       | 31,601       |
| Actuarial adjustments  | (15,491)     | (14,035)     |
| Initial recognition of asset retirement obligation               | -            | 668,090      |
|  | 541,162      | 2,401,081    |
| <b>Increase (decrease) in non-cash working capital balances:</b> |              |              |
| Accounts receivable  | 56,065       | (51,887)     |
| MFA deposits   | (526)        | (455)        |
| Accounts payable and accrued liabilities                         | 92,781       | 31,699       |
| Deferred revenue   | 213,257      | 130,297      |
| Accrued future payroll benefits                                  | 6,991        | (895)        |
| Inventory  | 875          | (427)        |
| Prepaid expenses   | (184)        | 527          |
|  | 910,421      | 2,509,940    |
| <b>Financing Activities</b>                                      |              |              |
| Debt repayment   | (23,832)     | (44,972)     |
| <b>Capital Activities</b>  |              |              |
| Acquisition of tangible capital assets                           | (343,399)    | (1,353,984)  |
| <b>Net increase in cash and cash equivalents</b>                 | 543,190      | 1,110,984    |
| <b>Cash and cash equivalents, beginning of year</b>              | 3,341,232    | 2,230,248    |
| <b>Cash and cash equivalents, end of year</b>                    | \$ 3,884,422 | \$ 3,341,232 |

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

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# THE CORPORATION OF THE VILLAGE OF SALMO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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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 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.

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# THE CORPORATION OF THE VILLAGE OF SALMO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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### I. 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, 2024.

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

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**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 2024-2028, adopted by Council on May 6, 2024.

(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. Change in accounting policy**

On January 1, 2024, the Village adopted new Public Sector Accounting Standard Section PS 3400 Revenue. This section establishes standards on how to account for and report on revenue. The standard was applied prospectively and had no impact on the comparative figures.

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2024

**3. Cash and Cash Equivalents**

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

|                                 | <u>2024</u>         | <u>2023</u>         |
|---------------------------------|---------------------|---------------------|
| Cash                            | \$ 3,728,749        | \$ 3,192,704        |
| MFA bond and money market funds | <u>155,673</u>      | <u>148,528</u>      |
|                                 | <u>\$ 3,884,422</u> | <u>\$ 3,341,232</u> |

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

**4. Accounts Receivable**

|                             | <u>2024</u>       | <u>2023</u>       |
|-----------------------------|-------------------|-------------------|
| Property taxes              | \$ 100,845        | \$ 105,339        |
| Utility billings            | 39,705            | 46,075            |
| Other governments           | 15,893            | 30,194            |
| Trade and other receivables | <u>38,299</u>     | <u>69,200</u>     |
|                             | <u>\$ 194,742</u> | <u>\$ 250,808</u> |

**5. 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, 2024, the total of the Debt Reserve and Demand Note balances are as follows:

|              | <u>2024</u>      | <u>2024</u>      | <u>2023</u>      | <u>2023</u>      |
|--------------|------------------|------------------|------------------|------------------|
|              | Cash Deposit     | Demand Note      | Cash Deposit     | Demand Note      |
| General fund | \$ <u>15,638</u> | \$ <u>22,711</u> | \$ <u>15,112</u> | \$ <u>22,711</u> |

**6. Accounts Payable and Accrued Liabilities**

|                            | <u>2024</u>       | <u>2023</u>       |
|----------------------------|-------------------|-------------------|
| Trades payable             | \$ 242,584        | \$ 153,153        |
| Accrued wages and benefits | <u>24,379</u>     | <u>21,029</u>     |
|                            | <u>\$ 266,963</u> | <u>\$ 174,182</u> |

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2024

**7. Deferred Revenue**

|                                 | Opening<br>Balance | Contributions<br>Received | Revenue<br>Recognized | Ending<br>Balance |
|---------------------------------|--------------------|---------------------------|-----------------------|-------------------|
| Federal Gas tax grant*          | \$ -               | \$ 115,320                | \$ (115,320)          | \$ -              |
| Other grants and contributions  | 204,254            | 333,308                   | (123,124)             | 414,438           |
| Prepaid taxes, licenses, & fees | <u>29,075</u>      | <u>26,523</u>             | <u>(23,450)</u>       | <u>32,148</u>     |
|                                 | <u>\$ 233,329</u>  | <u>\$ 475,151</u>         | <u>\$ (261,894)</u>   | <u>\$ 446,586</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.

**8. Accrued Future Payroll Benefits**

|                 | 2024             | 2023             |
|-----------------|------------------|------------------|
| Holiday Pay     | \$ 12,612        | \$ 10,581        |
| Sick Leave      | 17,741           | 15,667           |
| Banked Overtime | <u>6,247</u>     | <u>3,361</u>     |
|                 | <u>\$ 36,600</u> | <u>\$ 29,609</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.

**9. Debt**

| Debt<br>Bylaw #          | Purpose of Bylaw  | Interest<br>rate % | Year of<br>Maturity | Original<br>Issue | 2024<br>Balance | 2023<br>Balance |
|--------------------------|-------------------|--------------------|---------------------|-------------------|-----------------|-----------------|
| <b>General Purposes:</b> |                   |                    |                     |                   |                 |                 |
| 311                      | John Deere loader | 2.60%              | 2023                | \$ 137,000        | \$ -            | \$ -            |
| 549                      | Wellness centre   | 2.25%              | 2039                | 885,000           | 569,035         | 596,360         |
| 610                      | Public works shop | 1.47%              | 2026                | <u>150,000</u>    | <u>25,270</u>   | <u>37,268</u>   |

Total Debt \$ 594,305 \$ 633,628

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

|            | Total             |
|------------|-------------------|
| 2025       | \$ 40,836         |
| 2026       | 42,407            |
| 2027       | 30,737            |
| 2028       | 31,967            |
| 2029       | 33,245            |
| Thereafter | <u>415,113</u>    |
|            | <u>\$ 594,305</u> |

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2024

**10. 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. Asset retirement obligations related to buildings, sewer, and storm sewer infrastructure capital assets, are amortized over the remaining expected useful life of the related assets.

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 2025 and 2048 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

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

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| Opening asset retirement obligation                   | \$ 699,691        | \$ -              |
| Initial recognition of expected discounted cash flows | -                 | 668,090           |
| Increase due to accretion                             | <u>33,095</u>     | <u>31,601</u>     |
| Closing asset retirement obligation                   | <u>\$ 732,786</u> | <u>\$ 699,691</u> |

**11. Tangible Capital Assets**

|                                 | <u>Cost</u>          | <u>Accumulated<br/>Amortization</u> | <u>2024 Net<br/>Book Value</u> | <u>2023 Net<br/>Book Value</u> |
|---------------------------------|----------------------|-------------------------------------|--------------------------------|--------------------------------|
| Land                            | \$ 1,256,899         | \$ -                                | \$ 1,256,899                   | \$ 1,256,899                   |
| Buildings                       | 3,473,821            | 1,380,577                           | 2,093,244                      | 2,091,355                      |
| Vehicles, equipment & furniture | 2,526,904            | 1,915,998                           | 610,906                        | 672,742                        |
| Transportation infrastructure   | 3,845,603            | 2,045,702                           | 1,799,901                      | 1,821,464                      |
| Water infrastructure            | 2,599,309            | 1,062,326                           | 1,536,983                      | 1,548,522                      |
| Sewer infrastructure            | <u>4,051,326</u>     | <u>1,714,886</u>                    | <u>2,336,440</u>               | <u>2,345,574</u>               |
|                                 | <u>\$ 17,753,862</u> | <u>\$ 8,119,489</u>                 | <u>\$ 9,634,373</u>            | <u>\$ 9,736,556</u>            |

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

**12. Other Assets**

|                             | <u>2024</u>      | <u>2023</u>      |
|-----------------------------|------------------|------------------|
| Property acquired for taxes | <u>\$ 17,317</u> | <u>\$ 17,317</u> |

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

13. **Accumulated Surplus**

|  | 2024                 | 2023                 |
|--|----------------------|----------------------|
| <b>Reserves</b>                            |                      |                      |
| Ambulance service                          | \$ 12,953            | \$ 12,728            |
| Community works fund                       | 472,450              | 416,906              |
| Curling rink                               | 19,176               | 18,858               |
| Employee sick leave                        | 10,000               | 10,000               |
| Fire department equipment                  | 185,012              | 138,857              |
| Growing communities reserve                | 703,596              | 829,098              |
| Jaws of life                               | 272,254              | 243,069              |
| Machinery & equipment                      | 218,630              | 160,899              |
| Parks                                      | 17,984               | 15,848               |
| Sewer infrastructure                       | 51,305               | 3,605                |
| Water infrastructure                       | 343,408              | 332,731              |
| Wellness centre                            | <u>134,921</u>       | <u>123,257</u>       |
|  | 2,441,689            | 2,305,856            |
| <b>Operating surplus</b>                   | 952,746              | 913,846              |
| <b>Invested in tangible capital assets</b> | <u>8,306,479</u>     | <u>8,403,236</u>     |
| <b>Total Accumulated Surplus</b>           | <u>\$ 11,700,914</u> | <u>\$ 11,622,938</u> |

14. **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:

|                             | 2024             | 2023             |
|-----------------------------|------------------|------------------|
| Balances, beginning of year | \$ 26,925        | \$ 26,034        |
| Contributions received      | 455              | 445              |
| Interest earned             | <u>456</u>       | <u>446</u>       |
| Balances, end of year       | <u>\$ 27,836</u> | <u>\$ 26,925</u> |

15. **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.

|  | 2024              | 2023              |
|--|-------------------|-------------------|
| Provincial Government - School taxes     | \$ 395,630        | \$ 380,846        |
| Provincial Government - Police taxes     | 69,835            | 65,595            |
| Regional District of Central Kootenay    | 366,022           | 337,295           |
| West Kootenay Boundary Hospital District | 37,449            | 37,727            |
| British Columbia Assessment Authority    | 9,362             | 8,982             |
| Municipal Finance Authority              | <u>48</u>         | <u>47</u>         |
|  | <u>\$ 878,346</u> | <u>\$ 830,492</u> |

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# THE CORPORATION OF THE VILLAGE OF SALMO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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### 16. 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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.

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 \$47,860 (2023 - \$39,143) for employer contributions to the plan in fiscal 2024.

### 17. 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.

**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 December 31, 2024

**18. 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>2024</u>        |
|---|--------------------|
| Budget surplus per Statement of Operations      | \$ (201,112)       |
| Less: Capital expenditures                      | 363,650            |
| Debt principal repayments                       | 23,832             |
| Budgeted transfers to reserves                  | 339,199            |
| Add: Budgeted transfers from surplus & reserves | 519,251            |
| Amortization                                    | 408,542            |
| Debt proceeds                                   | -                  |
| Net annual budget                               | <u><u>\$ -</u></u> |

**19. 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.

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

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19. **Segmented Information** (continued)

**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, 2024

|                                 | Opening<br>Balance   | Additions<br>& Reallocation<br>of Assets Under<br>Construction |             | Disposals   | Closing<br>Balance   | Accumulated<br>Amortization<br>Opening<br>Balance | Amortization<br>Expense | Reduction<br>on Disposals | Accumulated<br>Amortization<br>Closing<br>Balance | Net Carrying<br>Amount<br>End of year |
|---------------------------------|----------------------|--|-------------|-------------|----------------------|---|-------------------------|---------------------------|---|---------------------------------------|
|                                 |                      | \$   |             |             |                      |   |                         |                           |   |                                       |
| <b>Tangible Capital Assets</b>  |                      |  |             |             |                      |   |                         |                           |   |                                       |
| Land                            | \$ 1,256,899         | \$ -   | \$ -        | \$ -        | \$ 1,256,899         | \$ -  | \$ -                    | \$ -                      | \$ -  | \$ 1,256,899                          |
| Buildings                       | 3,377,002            | 96,819   | -           | -           | 3,473,821            | 1,285,647   | 94,930                  | -                         | 1,380,577   | 2,093,244                             |
| Vehicles, equipment & furniture | 2,495,318            | 31,586   | -           | -           | 2,526,904            | 1,822,576   | 93,422                  | -                         | 1,915,998   | 610,906                               |
| Transportation infrastructure   | 3,777,039            | 68,564   | -           | -           | 3,845,603            | 1,955,575   | 90,127                  | -                         | 2,045,702   | 1,799,901                             |
| Water infrastructure            | 2,551,320            | 47,989   | -           | -           | 2,599,309            | 1,002,798   | 59,528                  | -                         | 1,062,326   | 1,536,983                             |
| Sewer infrastructure            | 3,952,885            | 98,441   | -           | -           | 4,051,326            | 1,607,311   | 107,575                 | -                         | 1,714,886   | 2,336,440                             |
| <b>Total</b>                    | <b>\$ 17,410,463</b> | <b>\$ 343,399</b>  | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 17,753,862</b> | <b>\$ 7,673,907</b>                               | <b>\$ 445,582</b>       | <b>\$ -</b>               | <b>\$ 8,119,489</b>                               | <b>\$ 9,634,373</b>                   |

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

For the Year Ended December 31, 2024

|  | General<br>Government | Protective<br>Services | Transportation<br>Services | Environmental<br>Health<br>Services | Public<br>Health<br>Services | Parks &<br>Recreation | Water<br>Utility  | Sewer<br>Utility   | 2024<br>Total    |
|--|-----------------------|------------------------|----------------------------|-------------------------------------|------------------------------|-----------------------|-------------------|--------------------|------------------|
| <b>Revenues</b>                        |                       |                        |                            |                                     |                              |                       |                   |                    |                  |
| Taxes                                  | \$ 504,983            | \$ -                   | \$ -                       | \$ -                                | \$ -                         | \$ -                  | \$ -              | \$ -               | \$ 504,983       |
| Sales of Service                       | -                     | -                      | -                          | 103,771                             | 2,307                        | -                     | 14,797            | 13,670             | 134,545          |
| Other revenue from own services        | 31,238                | 20,973                 | 6,242                      | -                                   | 55,152                       | 14,658                | -                 | -                  | 128,263          |
| Investment income                      | 86,442                | -                      | -                          | -                                   | -                            | -                     | -                 | -                  | 86,442           |
| Government transfers-<br>unconditional | 498,600               | -                      | -                          | -                                   | -                            | -                     | -                 | -                  | 498,600          |
| Government transfers-conditional       | 268,731               | 106,666                | 17,236                     | 6,802                               | 10,000                       | 7,560                 | -                 | -                  | 416,995          |
| Water user fees                        | -                     | -                      | -                          | -                                   | -                            | -                     | 203,766           | -                  | 203,766          |
| Sewer user fees                        | -                     | -                      | -                          | -                                   | -                            | -                     | -                 | 341,681            | 341,681          |
|  | <u>1,389,994</u>      | <u>127,639</u>         | <u>23,478</u>              | <u>110,573</u>                      | <u>67,459</u>                | <u>22,218</u>         | <u>218,563</u>    | <u>355,351</u>     | <u>2,315,275</u> |
| <b>Expenditures</b>                    |                       |                        |                            |                                     |                              |                       |                   |                    |                  |
| Wages and benefits                     | 407,493               | 15,987                 | 146,080                    | 6,792                               | 4,603                        | 17,480                | 77,985            | 162,369            | 838,789          |
| Supplies and services                  | 283,552               | 97,958                 | 120,906                    | 106,711                             | 8,400                        | 33,633                | 72,439            | 174,114            | 897,713          |
| Interest and other debt charges        | -                     | -                      | 2,208                      | -                                   | 19,912                       | -                     | -                 | -                  | 22,120           |
| Amortization                           | 31,868                | 59,047                 | 123,185                    | 507                                 | 39,059                       | 24,813                | 59,528            | 107,575            | 445,582          |
| Accretion                              | <u>21,344</u>         | <u>-</u>               | <u>-</u>                   | <u>-</u>                            | <u>-</u>                     | <u>-</u>              | <u>10,996</u>     | <u>755</u>         | <u>33,095</u>    |
|  | <u>744,257</u>        | <u>172,992</u>         | <u>392,379</u>             | <u>114,010</u>                      | <u>71,974</u>                | <u>75,926</u>         | <u>220,948</u>    | <u>444,813</u>     | <u>2,237,299</u> |
| <b>Annual Surplus (Deficit)</b>        | \$ <u>645,737</u>     | \$ <u>(45,353)</u>     | \$ <u>(368,901)</u>        | \$ <u>(3,437)</u>                   | \$ <u>(4,515)</u>            | \$ <u>(53,708)</u>    | \$ <u>(2,385)</u> | \$ <u>(89,462)</u> | \$ <u>77,976</u> |

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**SCHEDULE C - GROWING COMMUNITIES FUND RECONCILIATION**

December 31, 2024

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**Province of BC Growing Communities Fund reconciliation**

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

|  | <u>2024</u>       |
|--|-------------------|
| Growing Communities Fund opening balance | \$ 829,731        |
| Interest earned during the year          | 14,904            |
| Less: Eligible use of funds              | 140,406           |
| Remaining grant                          | \$ <u>704,229</u> |

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**SCHEDULE D - CAPACITY FUNDING RECONCILIATION**  
December 31, 2024

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**Province of BC Capacity Funding for Local Government Housing Initiatives reconciliation**

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

|                                 | <u>2024</u>       |
|---------------------------------|-------------------|
| Capacity Fund opening balance   | \$ -              |
| Initial funds                   | 156,221           |
| Interest earned during the year | -                 |
| Less: Eligible use of funds     | 5,736             |
| Remaining grant                 | <u>\$ 150,485</u> |

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**THE CORPORATION OF THE VILLAGE OF SALMO**  
**EXHIBIT 1 - PROVINCE OF BC GRANT RECONCILIATIONS (UNAUDITED)**  
December 31, 2024

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**Province of BC COVID-19 Restart Grant reconciliation**

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

|   | <u>2024</u>       |
|---|-------------------|
| COVID-19 Restart Grant received opening Balance | \$ 120,467        |
| Less grant recognition:                         |                   |
| Revenue shortfalls                              | -                 |
| Facility reopening & operating costs            | 3,779             |
| Emergency planning & response costs             | -                 |
| Computer & other electronic technology costs    | <u>14,747</u>     |
| Remaining grant                                 | <u>\$ 101,941</u> |