



THE VILLAGE OF  
**N A K U S P**

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2018 Statement of Financial Information

(SOFI)

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THE VILLAGE OF  
**NAKUSP** Statement of Financial Information 2018

**FIR, Schedule 1, Section 5**

**SCHEDULE OF GURANTEE AND INDEMNITY AGREEMENTS**

This organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation during the 2018 fiscal year.

**FIR Schedule 1 Section 6**

**SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE**

**1. Elected Officials**

| Name                           | Position   | Remuneration Including taxable benefits | Expenses        | Total           |
|--------------------------------|------------|---|-----------------|-----------------|
| Susan DeSandoli                | Councillor | \$ 868                                  |                 | \$ 868          |
| Karen Hamling                  | Mayor      | \$11,423                                | \$ 936          | \$12,359        |
| Len Heppner                    | Councillor | \$ 5,711                                |                 | \$ 5,711        |
| Joseph Hughes                  | Councillor | \$ 868                                  |                 | \$ 868          |
| Aidan McLaren-Caux             | Councillor | \$ 868                                  |                 | \$ 868          |
| Ulli Mueller                   | Councillor | \$ 5,711                                | \$ 767          | \$ 6,478        |
| Janis Neufeld                  | Councillor | \$ 343                                  |                 | \$ 343          |
| Bill Tobey                     | Councillor | \$ 5,711                                |                 | \$ 5,711        |
| Tom Zeleznik                   | Mayor      | \$ 7,426                                |                 | \$ 7,426        |
| <b>Total Elected Officials</b> |            | <b>\$38,929</b>                         | <b>\$ 1,703</b> | <b>\$40,632</b> |

**2. Employees**

| Name  | Position   | Remuneration Including taxable benefits | Expenses        | Total              |
|---|------------|---|-----------------|--------------------|
| Over \$75,000:  |            |   |                 |                    |
| Bob Gresiuk   | PW Foreman | \$ 86,871                               |                 | \$ 86,871          |
| Laurie Taylor   | CAO        | \$ 125,948                              |                 | \$ 125,948         |
| Terry Warren  | Fire Chief | \$ 80,701                               | \$ 575          | \$ 81,276          |
| Consolidated Total of other employees with remuneration of \$75,000 or less |            | \$1,306,461                             | \$ 6,816        | \$1,313,277        |
| <b>Total Employees</b>  |            | <b>\$1,599,981</b>                      | <b>\$ 7,391</b> | <b>\$1,607,372</b> |



*Expenses above for both Elected Officials and Other Employees include, among other expenses, mileage reimbursement for the use of individuals' personal vehicles to attend required meetings outside of Nakusp.*

**FIR Schedule 1 Section 6 (continued)**

**SCHEDULE SHOWING THE REMUNERATION AND EXPENSES PAID TO OR ON BEHALF OF EACH EMPLOYEE**

**3. Reconciliation**

| <b>Reconciliation</b>                            |                    |
|--|--------------------|
| Total remuneration – elected officials           | \$ 38,929          |
| Total remuneration – employees                   | \$1,599,981        |
| <b>Subtotal</b>                                  | <b>\$1,638,910</b> |
| Reconciling Items:                               |                    |
| Benefits value included in note 10               | \$ 348,718         |
| Other individually insignificant amounts         | \$ 234             |
| <b>Total after reconciling items</b>             | <b>\$1,987,862</b> |
| <b>Total per note 10, expenditures by object</b> | <b>\$1,987,862</b> |

**FIR, Schedule 1, Section 6(7)**

**STATEMENT OF SEVERANCE AGREEMENTS**

There were no severance agreements made between The Village of Nakusp and its non-unionized employees during 2018.



THE VILLAGE OF  
**NAKUSP** Statement of Financial Information 2018

**FIR Schedule 1 Section 7**

**SCHEDULE SHOWING PAYMENTS TO SUPPLIERS**

| <b>SUPPLIER NAME</b>  | <b>AGGREGATE AMOUNT PAID</b> |
|---|------------------------------|
| ARROW LAKES READY MIX LTD.  | \$240,630.89                 |
| BC HYDRO  | \$305,714.13                 |
| BERG LEHMANN  | \$35,962.50                  |
| CAPRI INSURANCE   | \$50,358.00                  |
| CASTLE FUELS (2008) INC.  | \$63,355.80                  |
| CITYGREEN SYSTEMS LTD   | \$37,841.64                  |
| CRESCENT BAY CONSTRUCTION LTD.  | \$299,539.43                 |
| EMCO CORPORATION  | \$72,569.45                  |
| EQUIPARC MANUFACTURIER D'EQUIPEMENT DE PARCS  | \$52,993.50                  |
| KABATOFF SAND & GRAVEL LTD.   | \$36,691.20                  |
| KEMLEE EQUIPMENT LTD.   | \$45,255.94                  |
| KING LUMINAIRE COMPANY INC.   | \$51,340.80                  |
| KOOTENAY CARES  | \$58,827.30                  |
| MADDEN TIMBER CONSTRUCTION INC  | \$32,156.25                  |
| MINISTER OF FINANCE   | \$283,123.95                 |
| NAKUSP HOME BUILDING CENTER   | \$65,895.44                  |
| NOVA POLE INTERNATIONAL INC.  | \$44,419.20                  |
| ONE TIME ELECTRICAL   | \$65,000.00                  |
| PACIFIC BLUE CROSS  | \$103,594.69                 |
| RECEIVER GENERAL FOR CANADA   | \$376,762.07                 |
| REC TEC INDUSTRIES  | \$28,694.40                  |
| REGIONAL DISTRICT OF CENTRAL KOOTENAY   | \$580,947.16                 |
| TELUS COMMUNICATIONS INC.   | \$28,527.46                  |
| U.S. BANK NATIONAL ASSOCIATION (U.S. BANK VISA)   | \$90,636.30                  |
| WEST KOOTENAY- BOUNDARY REGIONAL HOSPITAL   | \$67,186.00                  |
| WOOD WYANT INC.   | \$37,639.27                  |
| WORK SAFE BC  | \$27,722.95                  |
| WSA ENGINEERING (2012) LTD.   | \$61,026.01                  |
| <b>Total payments to suppliers who received aggregate payments exceeding \$25,000</b>             | <b>\$3,244,411.73</b>        |
| <b>Consolidated total paid to suppliers who received aggregate payments of less than \$25,000</b> | <b>\$948,008.72</b>          |
| <b>Total Payments made during 2018</b>  | <b>\$4,192,420.45</b>        |



**Reconciliation of Payments to Suppliers of Goods and Services:**

The Village of Nakusp prepares the schedules of payments based on actual disbursements processed through its accounts payable system. This provides assurance on completeness as the reported amounts are reconciled to the financial system cheque register and electronic funds transfer records. The schedule of payments is recorded on a 'cash basis' and therefore this figure will differ significantly from the expenditures in the consolidated financial statements which are recorded on an 'accrual basis' resulting in timing differences. Furthermore, there are disbursements which are not considered expenditures, including payments made to other taxing authorities, employee payroll deductions, and debt principal repayments. Conversely, there are expenditures which do not involve an actual disbursement (in addition to accruals), such as holdbacks.

**FIR Schedule 1 Section 7 (2)(b)**

**SCHEDULE SHOWING GRANT PAYMENTS**

| <b>Grant Payee</b>                          | <b>Total</b> |
|---|--------------|
| Nakusp Chamber of Commerce (Visitor Centre) | 10,000       |
| Invest Kootenay                             | 2,500        |
| Nakusp and Area Development Board           | 6,000        |



**FIR Schedule 1, Section 9**

**STATEMENT OF FINANCIAL INFORMATION APPROVAL**

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the *Financial Information Act*.

The Council of the Village of Nakusp, at the June 24, 2019 regular meeting, approved by resolution the schedule and statements included in this Statement of Financial Information, produced under *the Financial Information Act*.

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Cheryl Martens  
CAO, Village of Nakusp

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Tom Zeleznik  
Mayor, Village of Nakusp



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*Consolidated Financial Statements of the*

**VILLAGE OF NAKUSP**

*December 31, 2018*



**Consolidated Financial Statements**

|   |               |
|---|---------------|
| Independent Auditor's Report                              | - Pages 1 - 3 |
| Consolidated Statement of Financial Position              | - Page 4      |
| Consolidated Statement of Operations                      | - Page 5      |
| Consolidated Statement of Changes in Net Financial Assets | - Page 6      |
| Consolidated Statement of Cash Flows                      | - Page 7      |
| Consolidated Schedule of Tangible Capital Assets          | - Page 8      |

|   |                |
|---|----------------|
| <b>Notes to Consolidated Financial Statements</b> | - Pages 9 - 18 |
|---|----------------|

**Other Financial Information**

**General Fund**

|                                   |           |
|-----------------------------------|-----------|
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| Statement of Financial Activities | - Page 20 |

**Hot Springs Fund**

|                                   |           |
|-----------------------------------|-----------|
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| Statement of Financial Activities | - Page 22 |

**Water Utility Fund**

|                                   |           |
|-----------------------------------|-----------|
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| Statement of Financial Activities | - Page 24 |

**Sewer Utility Fund**

|                                   |           |
|-----------------------------------|-----------|
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| Statement of Financial Activities | - Page 26 |

**Reserve Fund**

|                                 |           |
|---------------------------------|-----------|
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| Statement of Transactions       | - Page 28 |

May 13, 2019

Nelson, B.C.



## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council  
Village of Nakusp

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Nelson, BC  
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### Opinion

We have audited the consolidated financial statements of the Village of Nakusp, ("the Village"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village of Nakusp as at December 31, 2018, and its results of operations, its changes in its net financial assets, and its cash flows 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 Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matters

The consolidated financial statements of the Village of Nakusp for the year ended December 31, 2017, were audited by Berg Lehmann Chartered Professional Accountants who expressed an unmodified opinion on those statements on April 23, 2018.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 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.

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## INDEPENDENT AUDITOR'S REPORT (continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated 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 consolidated 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 Village's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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## **INDEPENDENT AUDITOR'S REPORT** (continued)

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.

*Grant Thornton LLP*

Chartered Professional Accountants

May 13, 2019

Nelson, B.C.

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

|   | 2018                 | 2017                 |
|---|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                           |                      |                      |
| Cash and equivalents                              | \$ 2,482,376         | \$ 1,302,299         |
| Investments (note 2)                              | 1,123,419            | 1,106,849            |
| Accounts receivable (note 3)                      | 391,819              | 446,973              |
| MFA debt reserve cash deposits (note 4)           | 21,914               | 18,637               |
| Investment in NACFOR (2013) (note 5)              | 2,109,886            | 1,630,025            |
|   | <u>6,129,414</u>     | <u>4,504,783</u>     |
| <b>LIABILITIES</b>                                |                      |                      |
| Accounts payable and accrued liabilities (note 6) | 346,134              | 265,092              |
| Deferred revenue (note 7)                         | 275,692              | 317,374              |
| Deposits  | 4,303                | 4,656                |
| MFA interim financing                             | 37,000               | 74,000               |
| MFA long-term debt (note 8)                       | 1,731,605            | 1,531,840            |
|   | <u>2,394,734</u>     | <u>2,192,962</u>     |
| <b>NET FINANCIAL ASSETS</b>                       | <u>3,734,680</u>     | <u>2,311,821</u>     |
| <b>NON-FINANCIAL ASSETS</b>                       |                      |                      |
| Prepaid expenses                                  | 57,359               | 83,740               |
| Inventory   | 16,326               | 22,815               |
| Tangible capital assets (schedule)                | 20,815,087           | 20,453,427           |
|   | <u>20,888,772</u>    | <u>20,559,982</u>    |
| <b>ACCUMULATED SURPLUS</b>                        | <u>\$ 24,623,452</u> | <u>\$ 22,871,803</u> |
| <b>Represented by:</b>                            |                      |                      |
| Unappropriated surplus (note 9)                   | \$ 895,903           | \$ 485,110           |
| Reserves  | 2,571,181            | 1,909,081            |
| Equity in tangible capital assets (note 9)        | 19,046,482           | 18,847,587           |
| Investment in NACFOR (2013) (note 5)              | 2,109,886            | 1,630,025            |
|   | <u>\$ 24,623,452</u> | <u>\$ 22,871,803</u> |
| <b>CONTINGENT LIABILITIES</b> (note 14)           |                      |                      |

Mark Tennant  
Treasurer / Deputy Chief Administrative Officer

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2018

|   | 2018<br>Budget<br>(Note 13) | 2018<br>Actual       | 2017<br>Actual       |
|---|-----------------------------|----------------------|----------------------|
| <b>REVENUE</b>                                |                             |                      |                      |
| Municipal property taxes                      | \$ 1,033,640                | \$ 1,033,296         | \$ 1,017,431         |
| Interest and penalties on taxes               | 19,500                      | 21,510               | 19,085               |
| Utility taxes and grants-in-lieu of taxes     | 81,820                      | 90,592               | 85,672               |
| General fees, charges and other               | 288,500                     | 395,770              | 353,967              |
| Hot Springs fees and other revenue            | 853,100                     | 951,220              | 806,933              |
| Sewer user fees and charges                   | 433,760                     | 427,692              | 409,365              |
| Water user fees and charges                   | 528,730                     | 493,875              | 504,326              |
| Permits and licences                          | 21,600                      | 19,981               | 24,566               |
| Interest and actuarial income                 | 40,750                      | 34,259               | 25,680               |
| Conditional transfers from other governments  | 1,276,030                   | 1,305,964            | 1,076,875            |
| Unconditional transfers - Province of B.C.    | 380,000                     | 400,775              | 380,626              |
| Gain on sale of tangible capital assets       | -                           | 68,500               | 10,000               |
| Equity income from NACFOR (2013) (note 5)     | -                           | 829,861              | 753,935              |
|   | <b>4,957,430</b>            | <b>6,073,295</b>     | <b>5,468,461</b>     |
| <b>EXPENDITURES</b>                           |                             |                      |                      |
| General government                            | 721,100                     | 698,849              | 635,578              |
| Protective services                           | 197,850                     | 237,279              | 218,344              |
| Transportation and public works               | 495,650                     | 522,828              | 433,017              |
| Waste disposal                                | 70,000                      | 60,846               | 64,091               |
| Cemetery services                             | 26,300                      | 22,858               | 17,206               |
| Economic development and promotion            | 31,200                      | 29,429               | 186,742              |
| Parks, recreation and cultural services       | 693,910                     | 680,950              | 742,222              |
| Hot Springs and Cedar Chalets                 | 766,170                     | 727,286              | 676,091              |
| Sewer services                                | 250,000                     | 186,532              | 356,950              |
| Water services                                | 256,720                     | 237,841              | 215,641              |
| Amortization                                  | 800,000                     | 916,948              | 911,968              |
|   | <b>4,308,900</b>            | <b>4,321,646</b>     | <b>4,457,850</b>     |
| <b>ANNUAL SURPLUS</b>                         | <b>648,530</b>              | <b>1,751,649</b>     | <b>1,010,611</b>     |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> | <b>22,871,803</b>           | <b>22,871,803</b>    | <b>21,861,192</b>    |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>       | <b>\$ 23,520,333</b>        | <b>\$ 24,623,452</b> | <b>\$ 22,871,803</b> |

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2018

|  | 2018<br>Budget      | 2018<br>Actual      | 2017<br>Actual      |
|--|---------------------|---------------------|---------------------|
| <b>ANNUAL SURPLUS</b>                              | <b>\$ 648,530</b>   | <b>\$ 1,751,649</b> | <b>\$ 1,010,611</b> |
| Acquisition of tangible capital assets             | ( 1,737,050)        | ( 1,278,607)        | ( 1,431,642)        |
| Amortization of tangible capital assets            | 800,000             | 916,948             | 911,968             |
| Gain on sale of tangible capital assets            | -                   | ( 68,500)           | ( 10,000)           |
| Proceeds on sale of tangible capital assets        | -                   | 68,500              | 10,000              |
|  | ( 288,520)          | 1,389,990           | 490,937             |
| Net change in inventory and prepaid expenses       | -                   | 32,869              | ( 35,011)           |
| <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b> | <b>( 288,520)</b>   | <b>1,422,859</b>    | <b>455,926</b>      |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>     | <b>2,311,821</b>    | <b>2,311,821</b>    | <b>1,855,895</b>    |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>           | <b>\$ 2,023,301</b> | <b>\$ 3,734,680</b> | <b>\$ 2,311,821</b> |

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2018

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>OPERATING TRANSACTIONS</b>                                 |                     |                     |
| Annual surplus  | \$ 1,751,649        | \$ 1,010,611        |
| Non-cash items included in annual surplus                     |                     |                     |
| Amortization  | 916,948             | 911,968             |
| Actuarial gain on MFA long-term debt                          | ( 14,809)           | ( 12,377)           |
| Gain on sale of tangible capital assets                       | ( 68,500)           | ( 10,000)           |
| Investment loss (income) from NACFOR (2013)                   | ( 829,861)          | ( 753,935)          |
| Changes in non-cash operating balances                        |                     |                     |
| Accounts receivable   | 55,154              | ( 89,696)           |
| MFA debt reserve cash deposits                                | ( 3,277)            | 3,521               |
| Prepaid expenses and inventory                                | 32,869              | ( 35,011)           |
| Accounts payable and accrued liabilities                      | 81,042              | ( 182,267)          |
| Deferred revenue and deposits                                 | ( 42,035)           | 34,235              |
| <b>Cash provided by operating transactions</b>                | <b>1,879,180</b>    | <b>877,049</b>      |
| <b>CAPITAL TRANSACTIONS</b>                                   |                     |                     |
| Purchase of tangible capital assets                           | ( 1,278,607)        | ( 1,431,642)        |
| Proceeds from disposal of capital assets                      | 68,500              | 10,000              |
| <b>Cash applied to capital transactions</b>                   | <b>( 1,210,107)</b> | <b>( 1,421,642)</b> |
| <b>FINANCING TRANSACTIONS</b>                                 |                     |                     |
| Proceeds from long-term debt                                  | 282,600             | 425,000             |
| Repayment of interim and long-term debt                       | ( 105,026)          | ( 96,860)           |
| <b>Cash received from financing transactions</b>              | <b>177,574</b>      | <b>328,140</b>      |
| <b>INVESTING TRANSACTIONS</b>                                 |                     |                     |
| Increase in investments                                       | ( 16,570)           | ( 11,385)           |
| Cash dividends received from NACFOR (2013)                    | 350,000             | -                   |
| <b>Cash received from (applied to) investing transactions</b> | <b>333,430</b>      | <b>( 11,385)</b>    |
| <b>INCREASE (DECREASE) IN CASH</b>                            | <b>1,180,077</b>    | <b>( 227,838)</b>   |
| <b>CASH, BEGINNING OF YEAR</b>                                | <b>1,302,299</b>    | <b>1,530,137</b>    |
| <b>CASH, END OF YEAR</b>                                      | <b>\$ 2,482,376</b> | <b>\$ 1,302,299</b> |

**VILLAGE OF WAKUSP  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
As At December 31, 2018**

|   | Land               | Park<br>Improvements<br>& Other | Buildings          | Equipment,<br>Furniture &<br>Vehicles | Transportation<br>System | Sewer System       | Water System       | Assets Under<br>Construction | 2018<br>Total       | 2017<br>Total       |
|---|--------------------|---------------------------------|--------------------|---------------------------------------|--------------------------|--------------------|--------------------|------------------------------|---------------------|---------------------|
| <b>COST</b>   |                    |                                 |                    |                                       |                          |                    |                    |                              |                     |                     |
| Opening Balance   | \$1,368,606        | \$2,895,214                     | \$10,026,548       | \$3,227,616                           | \$3,239,518              | \$5,433,863        | \$6,768,019        | \$599,314                    | \$33,558,698        | \$32,142,516        |
| Add: Additions  |                    | 35,708                          | 24,827             | 63,731                                |                          | 85,032             | 916,614            | 686,586                      | 1,812,498           | 1,431,642           |
| Less: Disposals   |                    |                                 |                    |                                       |                          |                    |                    | 533,890                      | 533,890             | 15,460              |
| Closing Balance   | 1,368,606          | 2,930,922                       | 10,051,375         | 3,291,347                             | 3,239,518                | 5,518,895          | 7,684,633          | 752,010                      | 34,837,306          | 33,558,698          |
| <b>ACCUMULATED AMORTIZATION</b>                         |                    |                                 |                    |                                       |                          |                    |                    |                              |                     |                     |
| Opening Balance   |                    | 219,665                         | 4,574,309          | 1,647,643                             | 1,879,699                | 2,307,825          | 2,476,130          |                              | 13,105,271          | 12,208,763          |
| Add: Amortization                                       |                    | 62,622                          | 300,493            | 207,484                               | 47,478                   | 135,452            | 163,419            |                              | 916,948             | 911,968             |
| Less: Acc. Amortization on Disposals                    |                    |                                 |                    |                                       |                          |                    |                    |                              |                     | 15,460              |
| Closing Balance   |                    | 282,287                         | 4,874,802          | 1,855,127                             | 1,927,177                | 2,443,277          | 2,639,549          |                              | 14,022,219          | 13,105,271          |
| <b>Net Book Value, year ended<br/>December 31, 2018</b> | <b>\$1,368,606</b> | <b>\$2,648,635</b>              | <b>\$5,176,573</b> | <b>\$1,436,220</b>                    | <b>\$1,312,341</b>       | <b>\$3,075,618</b> | <b>\$5,045,084</b> | <b>\$752,010</b>             | <b>\$20,815,087</b> | <b>\$20,453,427</b> |



**1. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of the Village of Nakusp.

**Basis of Presentation**

The consolidated financial statements of the Village of Nakusp (the Village) are the representations and responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Budget information has been aggregated to comply with these reporting standards.

**Basis of Accounting**

The resources and operations of the Village are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The Village has general, water and sewer operating and capital funds. The Village also has reserve funds that have been established for specific future requirements. The use of these funds is governed by the Community Charter and Municipal resolutions and by-laws. All interfund transfers have been eliminated. Supplementary statements for each fund on a segregated basis have been presented under "Other Financial Information".

Items recognized in the financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost.

**Investment in Government Business Enterprise**

The Village's wholly owned subsidiary, the Nakusp & Area Community Forest (2013) Inc. ("NACFOR (2013)"), is a government business enterprise, accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform with those of the Village. The equity income for the year is recorded as revenue in the Village's consolidated statements of operations and the investment in NACFOR (2013) is adjusted accordingly.

**Cash and Equivalents**

Cash and equivalents include liquid investments with maturities of three months or less at acquisition.

**Investments**

Investments are recorded at cost with the exception that Municipal Finance Authority ("MFA") Pooled Investment Funds are recorded at market value. The carrying value of investments is reduced to their net realizable value if in management's opinion there is a permanent decline in value.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. Non-financial assets include tangible capital assets, inventory and prepaid expenses.

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization 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. Estimated useful lives are as follows:

|                                   |                |
|-----------------------------------|----------------|
| Land                              | not amortized  |
| Buildings and building components | 15 to 50 years |
| Machinery and equipment           | 5 to 20 years  |
| Furniture and equipment           | 5 to 20 years  |
| Information technology            | 3 to 5 years   |
| Vehicles and mobile equipment     | 5 to 25 years  |
| Infrastructure                    | 15 to 50 years |

Contributed tangible capital assets are reported at fair value at the time of donation and are also recorded as revenue.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Revenue Recognition

Municipal Property Taxation

Taxation levies for Village services are recognized as revenue at the time of issuing the property tax notices for the fiscal year. Taxation levies imposed by other taxing authorities are not included in these statements.

Fees and Charges (including permits and licences)

Fees and charges are recognized as revenue when the service or product is provided by the Village. Fees include charges for water and sewer usage and Hot Springs admissions.

Government Transfers (conditional and unconditional grants)

Unconditional transfer revenue is recognized when it has been authorized by the transferor. Conditional transfer revenue is recognized when the transfer has been authorized by the transferor and the Village has met all the eligibility criteria, unless the transfer creates a liability (conditions on the use of the funds that have not yet been fulfilled by the Village). Conditional transfers for capital expenditures revenue are recognized when eligible expenditures are incurred by the Village.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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 future economic benefits will be up; and
- a reasonable estimate of the amount can be made.

The liability is recognized at management's estimate of the cost of post remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for the contaminated site. The Village has no liabilities under this standard as at December 31, 2018 and 2017.

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2018, per bylaw no. 673 adopted May 3, 2018.

Financial Instruments

The Village's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, capital lease obligation, and long-term debt. It is management's opinion that the Village is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles, 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 amounts of revenues and expenditures during the reporting period. Significant areas requiring estimates include the useful life of tangible capital assets for amortization, the determination of accrued liabilities and the provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**2. INVESTMENTS**

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| MFA Money Market and CIBC Flexible GIC Funds | \$ 1,117,536        | \$ 1,101,071        |
| MFA Intermediate Fund                        | 2,416               | 2,371               |
| MFA Short-term Bond Fund                     | 3,467               | 3,407               |
|  | <b>\$ 1,123,419</b> | <b>\$ 1,106,849</b> |

All funds bear interest at variable rates and can be accessed on demand.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

**3. ACCOUNTS RECEIVABLE**

|                              | 2018              | 2017              |
|------------------------------|-------------------|-------------------|
| Municipal property taxes     | \$ 151,767        | \$ 161,754        |
| Government and agency grants | 82,656            | 137,767           |
| Sewer user fees              | 35,918            | 29,046            |
| Water user fees              | 33,809            | 32,038            |
| GST rebate                   | 26,449            | 33,789            |
| Other                        | 61,220            | 52,579            |
|                              | <b>\$ 391,819</b> | <b>\$ 446,973</b> |

**4. MUNICIPAL FINANCE AUTHORITY (MFA) DEBT RESERVE DEPOSITS**

The Municipal Finance Authority of British Columbia ("MFA") provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund Cash Deposit, less administrative expenses, becomes an obligation of MFA to the member municipalities through the regional districts. Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the municipality, including interest earned. Use of the Cash Deposit is restricted by legislation. The detail of the cash deposits and demand notes at year-end are as follows:

|                               | Demand<br>Notes  | Cash<br>Deposits | 2018             | 2017             |
|-------------------------------|------------------|------------------|------------------|------------------|
| General and Hot Springs Funds | \$ 28,234        | \$ 14,413        | \$ 42,647        | \$ 42,341        |
| Sewer and Water Funds         | 14,432           | 7,501            | 21,933           | 18,711           |
|                               | <b>\$ 42,666</b> | <b>\$ 21,914</b> | <b>\$ 64,580</b> | <b>\$ 61,052</b> |

Only the cash portion of the Debt Reserve Fund is reported in the financial statements.

**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

**5. INVESTMENT IN NACFOR (2013)**

Nakusp & Area Community Forest (2013) Inc. ("NACFOR (2013)") is a wholly owned subsidiary that was created for the purpose of managing a timber license in the Nakusp area.

The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2018 with comparative figures for December 31, 2017 are as follows:

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| <b>Assets</b>                                  |                     |                     |
| Current assets                                 | \$ 2,777,687        | \$ 2,327,593        |
| Long-term assets (logging roads and map data)  | <u>86,139</u>       | <u>220,217</u>      |
|  | <u>2,863,826</u>    | <u>2,547,810</u>    |
| <b>Liabilities</b>                             |                     |                     |
| Current liabilities                            | 105,940             | 421,585             |
| Silviculture accrual                           | <u>648,000</u>      | <u>496,200</u>      |
|  | <u>753,940</u>      | <u>917,785</u>      |
| Shareholder equity                             | <u>\$ 2,109,886</u> | <u>\$ 1,630,025</u> |
| Results of operations, net income for the year | <u>\$ 829,861</u>   | <u>\$ 753,935</u>   |

During the year, the Village received \$350,000 dividends from NACFOR (2013) (2017 - \$nil).

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                        | 2018              | 2017              |
|------------------------|-------------------|-------------------|
| Payroll related        | \$ 114,567        | \$ 70,728         |
| Trade accounts payable | 138,713           | 138,713           |
| Accrued liabilities    | <u>92,854</u>     | <u>55,651</u>     |
|                        | <u>\$ 346,134</u> | <u>\$ 265,092</u> |

**7. DEFERRED REVENUE**

These funds are externally restricted for the purposes for which they were collected.

|                                   | Balance,<br>Beginning<br>of Year | Contributions<br>Received | Eligible<br>Expenditures | Balance,<br>End of<br>Year |
|-----------------------------------|----------------------------------|---------------------------|--------------------------|----------------------------|
| BC Hydro - wharf fund             | \$ 100,000                       | \$ -                      | \$ -                     | \$ 100,000                 |
| Provincial grant - rural dividend | 54,578                           | -                         | ( 54,578)                | -                          |
| Parkland acquisition              | 13,272                           | -                         | -                        | 13,272                     |
| Other miscellaneous               | 6,960                            | 7,975                     | ( 6,960)                 | 7,975                      |
| Prepaid taxes and utility fees    | <u>142,564</u>                   | <u>154,445</u>            | <u>( 142,564)</u>        | <u>154,445</u>             |
|                                   | <u>\$ 317,374</u>                | <u>\$ 162,420</u>         | <u>\$ ( 204,102)</u>     | <u>\$ 275,692</u>          |

**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

**8. LONG-TERM DEBT**

|                             | Balance,<br>Beginning<br>of Year | Additions         | Principal        | Actuarial<br>Adjustment | Balance,<br>End of Year |
|-----------------------------|----------------------------------|-------------------|------------------|-------------------------|-------------------------|
| <b>General Fund</b>         |                                  |                   |                  |                         |                         |
| MFA issue 126<br>bylaw 648  | \$ 235,784                       | \$ -              | \$ 9,235         | \$ 1,569                | \$ 224,980              |
| MFA issue 186<br>bylaw 648  | 89,518                           | -                 | 3,359            | 419                     | 85,740                  |
| MFA issue 117<br>bylaw 638  | 85,498                           | -                 | 3,694            | 980                     | 80,824                  |
| MFA equipment loan          | 410,897                          | -                 | 22,288           | -                       | 388,609                 |
|                             | <u>821,697</u>                   | <u>-</u>          | <u>38,576</u>    | <u>2,968</u>            | <u>780,153</u>          |
| <b>Hot Springs Fund</b>     |                                  |                   |                  |                         |                         |
| MFA issue 117<br>bylaw 637  | 551,849                          | -                 | 23,843           | 6,326                   | 521,680                 |
| <b>Sewer Utility Fund</b>   |                                  |                   |                  |                         |                         |
| MFA issue 145<br>bylaw 671  | -                                | 66,187            | -                | -                       | 66,187                  |
| MFA issue 79<br>bylaw 546   | 158,294                          | -                 | 5,627            | 5,515                   | 147,152                 |
|                             | <u>158,294</u>                   | <u>66,187</u>     | <u>5,627</u>     | <u>5,515</u>            | <u>213,339</u>          |
| <b>Water Utility Fund</b>   |                                  |                   |                  |                         |                         |
| MFA issue 145<br>bylaw 671  | -                                | 216,433           | -                | -                       | 216,433                 |
| <b>Total Long-term Debt</b> | <u>\$ 1,531,840</u>              | <u>\$ 282,620</u> | <u>\$ 68,046</u> | <u>\$ 14,809</u>        | <u>\$ 1,731,605</u>     |

Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

The Village's requirements for future repayments of principal on existing debt for the next five years excluding any actuarial gains that may be realized are as follows:

|      | General<br>Fund | Hot Springs<br>Fund | Sewer Utility<br>Fund | Water Utility<br>Fund | Total     |
|------|-----------------|---------------------|-----------------------|-----------------------|-----------|
| 2019 | \$ 37,300       | \$ 23,843           | \$ 8,091              | \$ 8,055              | \$ 77,289 |
| 2020 | \$ 37,800       | \$ 23,843           | \$ 8,091              | \$ 8,055              | \$ 77,789 |
| 2021 | \$ 38,500       | \$ 23,843           | \$ 8,091              | \$ 8,055              | \$ 78,489 |
| 2022 | \$ 39,100       | \$ 23,843           | \$ 8,091              | \$ 8,055              | \$ 79,089 |
| 2023 | \$ 39,700       | \$ 23,843           | \$ 8,091              | \$ 8,055              | \$ 79,689 |

**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**9. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

|                                       | 2018                     | 2017                     |
|---------------------------------------|--------------------------|--------------------------|
| Unappropriated Surplus                |                          |                          |
| General Operating Fund                | \$ 389,610               | \$ 282,781               |
| Hot Springs Operating Fund            | 533                      | ( 121,655)               |
| Water Operating Fund                  | 505,760                  | 394,314                  |
| Sewer Operating Fund                  | -                        | ( 70,330)                |
|                                       | <b>895,903</b>           | <b>485,110</b>           |
| <br>Reserve Fund                      | <br><b>2,571,181</b>     | <br><b>1,909,081</b>     |
| <br>Equity in Tangible Capital Assets |                          |                          |
| General Capital Fund                  | 10,847,330               | 10,589,152               |
| Hot Springs Capital Fund              | 508,221                  | 466,912                  |
| Water Capital Fund                    | 4,828,650                | 4,784,172                |
| Sewer Capital Fund                    | 2,862,281                | 3,007,351                |
|                                       | <b>19,046,482</b>        | <b>18,847,587</b>        |
| <br>Investment in NACFOR (2013)       | <br><b>2,109,886</b>     | <br><b>1,630,025</b>     |
| <br><b>Total Accumulated Surplus</b>  | <br><b>\$ 24,623,452</b> | <br><b>\$ 22,871,803</b> |

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances. It is available to temporarily finance operations until planned revenues (i.e. property taxes, grants etc.) are received, or for other operating or capital purposes as determined by Council.

The Reserve Fund is Accumulated Surplus that has been set-aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

The Investment in NACFOR (2013) is equal to the NACFOR (2013) investment value on an equity basis. In the normal course of operations this investment will not be available to finance operations, but will be maintained in support of the purposes of the investment.

Investment in Tangible Capital Assets is equal to the tangible capital assets less related long-term debt. In the normal course of operations the non-financial assets will not be available to finance operations, but will be used to provide services, and the debt will be repaid by future period revenues.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**10. EXPENDITURES BY OBJECT**

|   | 2018                    | 2017                    |
|---|-------------------------|-------------------------|
| Interest on debt                        | \$ 60,638               | \$ 51,942               |
| Goods and services                      | 1,356,198               | 1,728,675               |
| Wages, benefits and Council stipends    | 1,987,862               | 1,765,265               |
| Amortization of tangible capital assets | <u>916,948</u>          | <u>911,968</u>          |
| <br>Total operating expenditures        | <br><u>\$ 4,321,646</u> | <br><u>\$ 4,457,850</u> |

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**11. PENSION LIABILITY**

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the Plan had about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

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 actuarial funding surplus and will be adjusted for the amortization of any funded actuarial liability.

The most recent valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required rates remained unchanged. The next valuation will be as at December 31, 2018 with results available later in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the 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 paid \$121,122 (2017 - \$118,157) for employer contributions to the Plan in fiscal 2018.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**12. COLLECTION FOR OTHER GOVERNMENTS**

The Village collected and remitted the following taxes on behalf of other Governments.

|   |                     |
|---|---------------------|
| Provincial Government - School Taxes    | \$ 602,442          |
| Provincial Government - Police Tax Levy | 81,213              |
| Regional District of Central Kootenay   | 484,659             |
| Regional Hospital District              | 68,113              |
| British Columbia Assessment Authority   | 10,946              |
| Municipal Finance Authority             | <u>50</u>           |
|   | <u>\$ 1,247,423</u> |

These amounts are not included in the Village's revenues and expenditures in the financial statements.

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**13. BUDGET RECONCILIATION**

The following reconciles the budgeted annual deficit as shown on the consolidated statement of operations to the budget as presented in bylaw no. 673 adopted May 3, 2018.

|                                      |                     |
|--------------------------------------|---------------------|
| Annual budgeted deficit as presented | \$ 648,530          |
| Borrowing proceeds                   | 167,180             |
| Transfers from reserves              | 935,780             |
| Transfers to reserves                | ( 721,130)          |
| Amortization                         | 800,000             |
| Debt principal payments              | ( 93,310)           |
| Capital expenditures                 | <u>( 1,737,050)</u> |
|                                      | <u>\$ -</u>         |

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**14. CONTINGENT LIABILITIES**

The Village, as a member of the Regional District of Central Kootenay, is jointly and severally liable for the future capital liabilities of the Regional District. The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the Village and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

In the normal course of a year, the Village is faced with claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined, and no amounts are accrued in the financial statements.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2018**

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**15. CEMETERY CARE TRUST FUND**

The Village operates the Catholic, Hillcrest, Women's Institute, Glenbank, and Legion cemeteries and maintains a Cemetery Care Fund in accordance with the Cremation, Interment and Funeral Services Act and related Regulations. In accordance with Act and Regulations, the Village must transfer a specified minimum percentage of certain cemetery fees into the Cemetery Care Fund. The resulting equity balance in the fund is restricted in use; interest earnings are available to the Village to fund ongoing maintenance of the cemetery as required. The condensed financial information for the period ended December 31, 2018 with 2017 comparative figures are as follows:

|                         | <b>2018</b>      | <b>2017</b>      |
|-------------------------|------------------|------------------|
| <b>Assets</b>           |                  |                  |
| Short-term investments  | \$ 38,620        | \$ 35,757        |
| Accrued interest        | -                | 144              |
|                         | <b>\$ 38,620</b> | <b>\$ 35,901</b> |
| <b>Equity</b>           |                  |                  |
|                         | <b>\$ 38,620</b> | <b>\$ 35,901</b> |
| <b>Operations</b>       |                  |                  |
| Contributions           | \$ 2,465         | \$ 1,500         |
| Interest                | 254              | 122              |
|                         | <b>\$ 2,719</b>  | <b>\$ 1,622</b>  |
| <b>Change in equity</b> |                  |                  |
|                         | <b>\$ 2,719</b>  | <b>\$ 1,622</b>  |

The Cemetery Trust Fund is not included in the Village's financial statements.

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**VILLAGE OF NAKUSP**  
**GENERAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

| <b>FINANCIAL ASSETS</b>                  | <b>2018</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>                            |                      |                      |
| Cash                                     | \$ 1,590,465         | \$ 1,121,666         |
| Investments                              | 1,123,419            | 1,106,849            |
| Investment in NACFOR (2013)              | 2,109,886            | 1,630,025            |
| Accounts receivable                      | 87,669               | 86,368               |
| Grants receivable                        | -                    | 21,845               |
| Taxes receivable                         | 151,767              | 161,754              |
| MFA debt reserve cash deposits           | 5,647                | 5,527                |
| Due from Hot Springs Fund                | 776,649              | 195,118              |
|  | <b>5,845,502</b>     | <b>4,329,152</b>     |
| <b>LIABILITIES</b>                       |                      |                      |
| Accounts payable and accrued liabilities | 346,134              | 265,092              |
| Deferred revenue                         | 262,420              | 304,102              |
| Deposits                                 | 4,303                | 4,656                |
| MFA equipment finance loan               | 388,609              | 410,897              |
| Long-term debt                           | 391,544              | 410,799              |
| Due to Sewer Fund                        | 405,982              | 181,161              |
| Due to Water Fund                        | 774,481              | 434,344              |
| Due to Reserve Fund                      | 1,613,872            | 1,317,546            |
|  | <b>4,187,345</b>     | <b>3,328,597</b>     |
| <b>NET FINANCIAL ASSETS</b>              | <b>1,658,157</b>     | <b>1,000,555</b>     |
| <b>NON-FINANCIAL ASSETS</b>              |                      |                      |
| Prepaid expenses and deposits            | 57,359               | 83,740               |
| Inventory of materials and supplies      | 3,827                | 6,815                |
| Tangible capital assets                  | 11,627,483           | 11,410,848           |
|  | <b>11,688,669</b>    | <b>11,501,403</b>    |
| <b>ACCUMULATED SURPLUS</b>               | <b>\$ 13,346,826</b> | <b>\$ 12,501,958</b> |
| <b>Represented by:</b>                   |                      |                      |
| Unappropriated surplus                   | \$ 389,610           | \$ 282,781           |
| Equity in tangible capital assets        | 10,847,330           | 10,589,152           |
| Equity in NACFOR (2013)                  | 2,109,886            | 1,630,025            |
|  | <b>\$ 13,346,826</b> | <b>\$ 12,501,958</b> |

**VILLAGE OF NAKUSP**  
**GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2018**

|   | 2018                | 2017              |
|---|---------------------|-------------------|
| <b>REVENUE</b>  |                     |                   |
| General taxation  | \$ 1,033,296        | \$ 1,017,431      |
| Interest and penalties on taxes   | 21,510              | 19,085            |
| Utility taxes and grants-in-lieu of taxes                                   | 90,592              | 85,672            |
| General fees and charges  | 395,770             | 353,967           |
| Permits and licences  | 19,981              | 24,566            |
| Conditional transfers from other governments                                | 1,073,334           | 790,778           |
| Unconditional transfer - Province of B.C.                                   | 400,775             | 380,626           |
| Investment interest and MFA actuarial gain                                  | 3,088               | 2,497             |
| Equity income in NACFOR (2013)  | 829,861             | 753,935           |
| Proceeds on sale of tangible capital assets                                 | 68,500              | 10,000            |
|   | <b>3,936,707</b>    | <b>3,438,557</b>  |
| <b>EXPENDITURES</b>   |                     |                   |
| General government  | 698,849             | 635,578           |
| Protective services   | 237,279             | 218,344           |
| Transportation services   | 522,828             | 433,017           |
| Waste disposal services   | 60,846              | 64,091            |
| Cemetery services   | 22,858              | 17,206            |
| Economic development and promotion  | 29,429              | 186,742           |
| Parks, recreation and cultural services                                     | 680,950             | 742,222           |
| Amortization  | 569,389             | 570,463           |
|   | <b>2,822,428</b>    | <b>2,867,663</b>  |
| <b>TOTAL REVENUES OVER EXPENDITURES</b>                                     | <b>1,114,279</b>    | <b>570,894</b>    |
| Transfers from Reserve Fund   | 401,243             | 576,758           |
| Transfers to Reserve Fund   | ( 685,654)          | ( 411,511)        |
| Transfer from Hot Springs Fund  | 15,000              | -                 |
| Transfer to Water Utility Fund  | -                   | ( 75,000)         |
| Amortization transferred to equity in capital assets                        | 569,389             | 570,463           |
| General Capital expenditures  | ( 786,024)          | ( 440,879)        |
| General Capital debt principal repayments                                   | ( 41,543)           | ( 32,618)         |
| Increase in NACFOR (2013) investment transferred to equity in NACFOR (2013) | ( 829,861)          | ( 753,935)        |
| NACFOR (2013) dividend received in the year                                 | 350,000             | -                 |
|   | <b>( 1,007,450)</b> | <b>( 566,722)</b> |
| <b>ANNUAL SURPLUS</b>   | <b>106,829</b>      | <b>4,172</b>      |
| <b>UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR</b>                            | <b>282,781</b>      | <b>278,609</b>    |
| <b>UNAPPROPRIATED SURPLUS, END OF YEAR</b>                                  | <b>\$ 389,610</b>   | <b>\$ 282,781</b> |

**VILLAGE OF NAKUSP**  
**HOT SPRINGS FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

| <b>FINANCIAL ASSETS</b>           | <b>2018</b>       | <b>2017</b>       |
|-----------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                     |                   |                   |
| Cash                              | \$ 891,911        | \$ 180,633        |
| MFA debt reserve cash deposits    | 8,767             | 8,580             |
|                                   | <u>900,678</u>    | <u>189,213</u>    |
| <b>LIABILITIES</b>                |                   |                   |
| Due to General Fund               | 776,649           | 195,118           |
| Due to Reserve Fund               | 135,996           | 131,750           |
| Interim borrowing                 | 37,000            | 74,000            |
| Long-term debt                    | 521,681           | 551,850           |
|                                   | <u>1,471,326</u>  | <u>952,718</u>    |
| <b>NET DEBT</b>                   | <u>( 570,648)</u> | <u>( 763,505)</u> |
| <b>NON-FINANCIAL ASSETS</b>       |                   |                   |
| Inventory                         | 12,500            | 16,000            |
| Tangible capital assets           | 1,066,902         | 1,092,762         |
|                                   | <u>1,079,402</u>  | <u>1,108,762</u>  |
| <b>ACCUMULATED SURPLUS</b>        | <u>\$ 508,754</u> | <u>\$ 345,257</u> |
| <b>Represented by:</b>            |                   |                   |
| Unappropriated surplus (deficit)  | \$ 533            | \$( 121,655)      |
| Equity in tangible capital assets | 508,221           | 466,912           |
|                                   | <u>\$ 508,754</u> | <u>\$ 345,257</u> |

**VILLAGE OF NAKUSP**  
**HOT SPRINGS OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2018**

|  | 2018              | 2017                 |
|--|-------------------|----------------------|
| <b>REVENUE</b>   |                   |                      |
| Facility admissions  | \$ 444,226        | \$ 358,605           |
| Chalet rentals   | 284,224           | 247,091              |
| Campsite rentals   | 128,925           | 103,228              |
| Merchandise sales  | 93,845            | 98,009               |
| Conditional grants   | -                 | 7,600                |
| Interest revenue - MFA actuarial gain                      | 6,513             | 5,166                |
|  | <b>957,733</b>    | <b>819,699</b>       |
| <b>EXPENDITURES</b>  |                   |                      |
| Facility direct costs                                      | 335,783           | 351,579              |
| General expenses   | 183,312           | 145,713              |
| Chalet rental expenses                                     | 131,524           | 126,422              |
| Campsite rental expenses                                   | 21,139            | 18,640               |
| Cost of merchandise  | 55,528            | 33,737               |
| Amortization   | 48,687            | 54,044               |
|  | <b>775,973</b>    | <b>730,135</b>       |
| <b>TOTAL REVENUE OVER EXPENDITURES</b>                     | <b>181,760</b>    | <b>89,564</b>        |
| Hot Springs capital expenditures                           | ( 22,827)         | ( 21,550)            |
| Hot Springs capital debt principal repayments              | ( 67,169)         | ( 66,009)            |
| Amortization transferred to equity in capital assets       | 48,687            | 54,044               |
| Transfers from Reserve Fund                                | 22,827            | 21,550               |
| Transfers to Reserve Fund                                  | ( 26,090)         | ( 38,000)            |
| Transfer to General Operating Fund                         | ( 15,000)         | -                    |
|  | <b>( 59,572)</b>  | <b>( 49,965)</b>     |
| <b>ANNUAL SURPLUS</b>                                      | <b>122,188</b>    | <b>39,599</b>        |
| <b>UNAPPROPRIATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b> | <b>( 121,655)</b> | <b>( 161,254)</b>    |
| <b>UNAPPROPRIATED SURPLUS (DEFICIT), END OF YEAR</b>       | <b>\$ 533</b>     | <b>\$ ( 121,655)</b> |

**VILLAGE OF NAKUSP**  
**WATER UTILITY FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

| <b>FINANCIAL ASSETS</b>           | <b>2018</b>         | <b>2017</b>         |
|-----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                     |                     |                     |
| Water fees receivable             | \$ 33,809           | \$ 32,038           |
| Grants receivable                 | 82,656              | 115,922             |
| Due from General Fund             | 774,481             | 434,344             |
| MFA debt reserve cash deposits    | 2,200               | -                   |
|                                   | <u>893,146</u>      | <u>582,304</u>      |
| <b>LIABILITIES</b>                |                     |                     |
| Due to Reserve Fund               | 387,386             | 187,990             |
| Long-term debt                    | 216,433             | -                   |
|                                   | <u>603,819</u>      | <u>187,990</u>      |
| <b>NET FINANCIAL ASSETS</b>       | <b>289,327</b>      | <b>394,314</b>      |
| <b>TANGIBLE CAPITAL ASSETS</b>    | <b>5,045,083</b>    | <b>4,784,172</b>    |
| <b>ACCUMULATED SURPLUS</b>        | <b>\$ 5,334,410</b> | <b>\$ 5,178,486</b> |
| <b>Represented by:</b>            |                     |                     |
| Unappropriated surplus            | \$ 505,760          | \$ 394,314          |
| Equity in tangible capital assets | 4,828,650           | 4,784,172           |
|                                   | <u>\$ 5,334,410</u> | <u>\$ 5,178,486</u> |

**VILLAGE OF NAKUSP**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2018**

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>REVENUE</b>                                       |                   |                   |
| User fees  | \$ 493,875        | \$ 504,326        |
| Conditional transfers from other governments         | 232,630           | 278,497           |
|  | <u>726,505</u>    | <u>782,823</u>    |
| <b>EXPENDITURES</b>                                  |                   |                   |
| Water services                                       | 237,841           | 215,641           |
| Amortization   | 163,419           | 147,457           |
|  | <u>325,245</u>    | <u>419,725</u>    |
| <b>NET OPERATING REVENUES OVER EXPENDITURES</b>      | <b>325,245</b>    | <b>419,725</b>    |
| Water capital expenditures net of debt proceeds      | ( 207,897)        | ( 504,605)        |
| Amortization transferred to equity in capital assets | 163,419           | 147,457           |
| Transfer from General Operating Fund                 | -                 | 75,000            |
| Transfer to Water Reserve Fund                       | ( 196,601)        | ( 175,000)        |
| Transfer from Sewer Utility Fund                     | 27,280            | 27,280            |
|  | <u>111,446</u>    | <u>( 10,143)</u>  |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                      | <b>111,446</b>    | <b>( 10,143)</b>  |
| <b>UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR</b>     | <b>394,314</b>    | <b>404,457</b>    |
| <b>UNAPPROPRIATED SURPLUS, END OF YEAR</b>           | <b>\$ 505,760</b> | <b>\$ 394,314</b> |



**VILLAGE OF NAKUSP**  
**SEWER UTILITY FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

| <b>FINANCIAL ASSETS</b>           | <b>2018</b>         | <b>2017</b>         |
|-----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                     |                     |                     |
| Sewer fees receivable             | \$ 35,918           | \$ 29,046           |
| Due from General Fund             | 405,982             | 181,161             |
| MFA debt reserve cash deposits    | 5,301               | 4,530               |
|                                   | <u>447,201</u>      | <u>214,737</u>      |
| <b>LIABILITIES</b>                |                     |                     |
| Due to Sewer Reserve Fund         | 447,201             | 285,067             |
| Long-term debt                    | 213,338             | 158,294             |
|                                   | <u>660,539</u>      | <u>443,361</u>      |
| <b>NET DEBT</b>                   | <b>( 213,338)</b>   | <b>( 228,624)</b>   |
| <b>TANGIBLE CAPITAL ASSETS</b>    | <b>3,075,619</b>    | <b>3,165,645</b>    |
| <b>ACCUMULATED SURPLUS</b>        | <b>\$ 2,862,281</b> | <b>\$ 2,937,021</b> |
| <b>Represented by:</b>            |                     |                     |
| Unappropriated surplus (deficit)  | \$ -                | \$( 70,330)         |
| Equity in tangible capital assets | 2,862,281           | 3,007,351           |
|                                   | <u>\$ 2,862,281</u> | <u>\$ 2,937,021</u> |

**VILLAGE OF NAKUSP**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2018**

|  | 2018             | 2017                |
|--|------------------|---------------------|
| <b>REVENUE</b>   |                  |                     |
| User fees  | \$ 427,692       | \$ 409,365          |
| Interest and MFA actuarial gain                            | 5,624            | 5,071               |
|  | <b>433,316</b>   | <b>414,436</b>      |
| <b>EXPENDITURES</b>  |                  |                     |
| Sewer service  | 186,532          | 356,950             |
| Amortization   | 135,452          | 133,638             |
|  | <b>111,332</b>   | <b>( 76,152)</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>    |                  |                     |
| Sewer capital expenditures, net of debt proceeds           | 20,760           | ( 39,606)           |
| Sewer capital debt principal repayments                    | ( 11,142)        | ( 10,612)           |
| Amortization transferred to equity in capital assets       | 135,452          | 133,638             |
| Transfer to Water Utility Fund                             | ( 27,280)        | ( 27,280)           |
| Transfer to Sewer Reserve Fund                             | ( 158,792)       | ( 175,000)          |
|  | <b>( 41,002)</b> | <b>( 118,860)</b>   |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                            | <b>70,330</b>    | <b>( 195,012)</b>   |
| <b>UNAPPROPRIATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b> | <b>( 70,330)</b> | <b>124,682</b>      |
| <b>UNAPPROPRIATED SURPLUS (DEFICIT), END OF YEAR</b>       | <b>\$ -</b>      | <b>\$ ( 70,330)</b> |

**VILLAGE OF NAKUSP**  
**RESERVE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2018**

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                 |                     |                     |
| Due from Operating Funds                | \$ 2,584,453        | \$ 1,922,353        |
| <b>LIABILITIES</b>                      |                     |                     |
| Deferred revenue - parkland acquisition | 13,272              | 13,272              |
|   | <b>\$ 2,571,181</b> | <b>\$ 1,909,081</b> |
| <b>RESERVES</b>                         |                     |                     |
| Equipment Reserve                       | \$ 293,716          | \$ 225,233          |
| Fire Equipment Reserve                  | 343,170             | 308,028             |
| General Capital Reserve                 | 34,872              | 79,413              |
| Community Works Gas Tax Reserve         | 405,359             | 284,904             |
| Land Sales Reserve                      | 51,371              | -                   |
| NACFOR (2013) Legacy Fund               | 454,846             | 385,524             |
| Sewer Reserve                           | 447,201             | 285,067             |
| Cemetery Reserve                        | 12,174              | 10,086              |
| Elections Reserve                       | -                   | 6,033               |
| Water Reserve                           | 387,387             | 187,990             |
| Donations Reserve                       | 5,090               | 5,053               |
| Hot Springs Reserve                     | 71,139              | 93,452              |
| Hot Springs - Chalets Reserve           | 64,856              | 38,298              |
|   | <b>\$ 2,571,181</b> | <b>\$ 1,909,081</b> |

**VILLAGE OF NAKUSP**  
**RESERVE FUND**  
**STATEMENT OF TRANSACTIONS**  
**For the Year Ended December 31, 2018**

|                            | Balance,<br>Beginning<br>of Year | Contributions       | Transfers<br>to Other<br>Funds | Interest<br>Earned | Balance,<br>End of<br>Year |
|----------------------------|----------------------------------|---------------------|--------------------------------|--------------------|----------------------------|
| Equipment Reserve          | \$ 225,233                       | \$ 123,170          | \$( 56,807)                    | \$ 2,120           | \$ 293,716                 |
| Fire Equipment Reserve     | 308,028                          | 35,030              | ( 2,365)                       | 2,477              | 343,170                    |
| General Capital Reserve    | 79,413                           | -                   | ( 45,154)                      | 613                | 34,872                     |
| Community Works            |                                  |                     |                                |                    |                            |
| Gas Tax Reserve            | 284,904                          | 124,453             | ( 6,924)                       | 2,926              | 405,359                    |
| Land Sale Reserve          | -                                | 51,000              | -                              | 371                | 51,371                     |
| NACFOR (2013)              |                                  |                     |                                |                    |                            |
| Legacy Fund                | 385,524                          | 350,000             | ( 283,960)                     | 3,282              | 454,846                    |
| Sewer Reserve              | 285,067                          | 158,792             | -                              | 3,342              | 447,201                    |
| Cemetery Reserve           | 10,086                           | 2,000               | -                              | 88                 | 12,174                     |
| Election Reserve           | 6,033                            | -                   | ( 6,033)                       | -                  | -                          |
| Water Reserve              | 187,990                          | 272,010             | ( 75,409)                      | 2,796              | 387,387                    |
| Donations Reserve          | 5,053                            | -                   | -                              | 37                 | 5,090                      |
| Hot Springs Reserve        | 93,452                           | -                   | ( 22,827)                      | 514                | 71,139                     |
| Hot Springs Chalet Reserve | 38,298                           | 26,090              | -                              | 468                | 64,856                     |
|                            | <u>\$ 1,909,081</u>              | <u>\$ 1,142,545</u> | <u>\$( 499,479)</u>            | <u>\$ 19,034</u>   | <u>\$ 2,571,181</u>        |