

Financial Statements of the

VILLAGE OF NAKUSP

December 31, 2021

VILLAGE OF NAKUSP
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December 31, 2021

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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 2 to the financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Nakusp'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 Village of Nakusp's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Grant Thornton LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion as to whether the financial statements present fairly, in all material respects, the Village of Nakusp's financial position, results of operations, and changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards. The report of Grant Thornton LLP, Chartered Professional Accountants, follows and outlines the scope of their examination and their opinion on the financial statements.



Mark Tennant
Director of Finance / Deputy Chief Administrative Officer

Independent Auditor's Report

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To the Mayor and Council
Village of Nakusp

Opinion

We have audited the financial statements of the Village of Nakusp (the "Village"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village of Nakusp as at December 31, 2021, 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 Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nelson, Canada
May 9, 2022

Grant Thornton LLP

Chartered Professional Accountants

VILLAGE OF NAKUSP
STATEMENT OF FINANCIAL POSITION
As At December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 6,105,529	\$ 4,403,582
Investments (note 3)	517,432	1,180,948
Accounts receivable (note 4)	345,871	481,746
MFA debt reserve cash deposits (note 5)	23,276	22,887
Investment in NACFOR (2013) (note 6)	1,503,058	1,754,304
	8,495,166	7,843,467
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	385,322	321,171
Deferred revenue (note 8)	224,210	237,906
Deposits	28,714	6,936
MFA long-term debt (note 9)	1,375,881	1,484,342
	2,014,127	2,050,355
NET FINANCIAL ASSETS	6,481,039	5,793,112
NON-FINANCIAL ASSETS		
Prepaid expenses	82,838	59,370
Inventory	38,600	32,403
Tangible capital assets (schedule A)	20,156,702	20,556,500
	20,278,140	20,648,273
ACCUMULATED SURPLUS (note 10)	\$ 26,759,179	\$ 26,441,385
CONTINGENT LIABILITIES (note 13)		



Mark Tennant
Director of Finance / Deputy Chief Administrative Officer

VILLAGE OF NAKUSP
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2021

	2021 Budget (Note 15)	2021 Actual	2020 Actual
REVENUE			
Municipal property and parcel taxes	\$ 1,121,948	\$ 1,123,975	\$ 1,082,376
Interest and penalties on taxes	22,000	32,757	22,639
Utility taxes and grants-in-lieu of taxes	96,000	99,678	94,824
General fees, charges, and other	442,385	748,173	402,093
Hot Springs fees and other revenue	837,550	780,928	632,311
Interest and actuarial income	-	44,118	51,391
Sewer user fees and charges	494,509	486,605	478,988
Water user fees and charges	586,740	554,087	565,395
Government transfers (note 14)	1,980,774	1,291,401	1,973,229
Gain on sale of tangible capital assets	-	-	33,491
Equity (loss) income from NACFOR (2013) (note 6)	-	(151,246)	440,215
	5,581,906	5,010,476	5,776,952
EXPENSES			
General government	913,900	1,027,198	812,627
Hot Springs and Chalets	725,061	668,711	572,387
Parks and recreation	767,569	654,453	609,946
Protective services	231,005	227,633	212,528
Public works and transportation	644,759	636,658	654,738
Sewer services	275,060	215,605	189,866
Water services	318,605	271,242	330,558
Interest on debt	58,580	54,581	60,447
Amortization	919,000	936,601	924,867
	4,853,539	4,692,682	4,367,964
ANNUAL SURPLUS	728,367	317,794	1,408,988
ACCUMULATED SURPLUS, BEGINNING OF YEAR	26,441,385	26,441,385	25,032,397
ACCUMULATED SURPLUS, END OF YEAR	\$ 27,169,752	\$ 26,759,179	\$ 26,441,385

VILLAGE OF NAKUSP
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2021

	2021 Budget	2021 Actual	2020 Actual
ANNUAL SURPLUS	\$ 728,367	\$ 317,794	\$ 1,408,988
Acquisition of tangible capital assets	(2,618,305)	(536,803)	(1,064,879)
Amortization of tangible capital assets	919,000	936,601	924,867
Gain on sale of tangible capital assets	-	-	(33,491)
Proceeds on sale of tangible capital assets	-	-	33,491
	(970,938)	717,592	1,268,976
Net change in inventory and prepaid expenses	-	(29,665)	16,733
INCREASE IN NET FINANCIAL ASSETS	(970,938)	687,927	1,285,709
NET FINANCIAL ASSETS, BEGINNING OF YEAR	5,793,112	5,793,112	4,507,403
NET FINANCIAL ASSETS, END OF YEAR	\$ 4,822,174	\$ 6,481,039	\$ 5,793,112

VILLAGE OF NAKUSP
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021	2020
OPERATING TRANSACTIONS		
Annual surplus	\$ 317,794	\$ 1,408,988
Non-cash items included in annual surplus		
Amortization	936,601	924,867
Actuarial gain on MFA long-term debt	(23,377)	(20,301)
Gain on sale of tangible capital assets	-	(33,491)
Equity income from NACFOR (2013)	151,246	(440,215)
Changes in non-cash operating balances		
Accounts receivable	135,875	(170,697)
MFA debt reserve cash deposits	(389)	(463)
Prepaid expenses and inventory	(29,665)	16,733
Accounts payable and accrued liabilities	64,151	42,692
Deferred revenue and deposits	8,082	(105,096)
Cash Provided by Operating Transactions	1,560,318	1,623,017
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(536,803)	(1,064,879)
Proceeds from disposal of capital assets	-	33,491
Cash Applied to Capital Transactions	(536,803)	(1,031,388)
FINANCING TRANSACTIONS		
Repayment of interim and long-term debt	(85,084)	(82,418)
Cash Applied to Financing Transactions	(85,084)	(82,418)
INVESTING TRANSACTIONS		
Net change in investments	663,516	1,014,137
Cash dividends received from NACFOR (2013)	100,000	400,000
Cash Provided by (Applied to) Investing Transactions	763,516	1,414,137
INCREASE (DECREASE) IN CASH	1,701,947	1,923,348
CASH, BEGINNING OF YEAR	4,403,582	2,480,234
CASH, END OF YEAR	\$ 6,105,529	\$ 4,403,582

The notes to the financial statements are an integral part of the statements. They explain the significant accounting and reporting policies underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the financial statements alone.

1. NATURE OF THE ENTITY

The Village of Nakusp (the "Village") is incorporated under the Local Government Act of British Columbia and is subject to the provisions of the Community Charter and legislation under the Province. The Village's principal activities include the provision of local government services to residents of the incorporated area.

The financial statements are the responsibility of management and prepared in accordance with Canadian public sector accounting standards ("PSAS"). The preparation of these financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

The Financial Statements of the Village comprise the Village's Operating, Capital, and Reserve funds. All inter-fund balances have been eliminated.

- i) **Operating Funds:** These funds include the General, Hot Springs, Waterworks Utility, and Sewer Utility operations of the Village. They are used to record the operating costs of the services provided by the Village.
- ii) **Capital Funds:** These funds include the General, Hot Springs, Waterworks Utility and Sewer Utility Capital funds. They are used to record the acquisition and disposal of property and equipment and their related financing.
- iii) **Reserve Funds:** Reserve funds include statutory reserves restricted by the Community Charter and associated Municipal bylaws and reserves set aside by Council for future expenditures.

Basis of accounting

The Village's financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the year which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the the creation of a legal obligation to pay.

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 statements of operations and the investment in NACFOR (2013) is adjusted accordingly.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and equivalents

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

Investments

Investments are recorded at cost. Investment income is recorded on the accrual basis and recognized when earned.

Tangible capital assets

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 into service. Estimated useful lives are as follows:

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

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

Inventories consist of supplies for the Village's own use and recorded at the lower of cost or net replacement value.

Municipal pension plan

The Village's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Village 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 assets and administration of benefits. The plan is a multi-employer defined benefit plan.

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 statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

General Fees and Charges

General Fees and charges are recognized as revenue when the service or product is provided by the Village. These include charges for garbage collection, rentals, permits, licenses, campground and arena fees, and other recoveries.

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.

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, 2021 and 2020.

Budget Figures

The budget figures are based on the Five-Year Financial Plan per Bylaw no. 698, 2021 adopted May 10, 2021.

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.

VILLAGE OF NAKUSP
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2021

3. INVESTMENTS

	2021	2020
MFA Money Market and CIBC Flexible GIC Funds	\$ 511,135	\$ 1,174,620
MFA Intermediate Fund	2,522	2,522
MFA Short-term Bond Fund	3,775	3,806
	\$ 517,432	\$ 1,180,948

4. ACCOUNTS RECEIVABLE

	2021	2020
Municipal property taxes	\$ 166,391	\$ 143,976
Government and agency grants	35,994	100,399
Sewer user fees	39,049	55,161
Water user fees	31,425	51,909
GST rebate	7,083	14,720
Other	65,929	115,581
	\$ 345,871	\$ 481,746

5. 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 Notes	Cash Deposits	2021	2020
General and Hot Springs Funds	\$ 28,234	\$ 15,309	\$ 43,543	\$ 43,287
Sewer and Water Funds	14,432	7,967	22,399	22,266
	\$ 42,666	\$ 23,276	\$ 65,942	\$ 65,553

The cash portion of the Debt Reserve Fund is recognized as an asset in the financial statements. The demand notes are contingent liabilities and are not recorded in the financial statements.

VILLAGE OF NAKUSP
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2021

6. 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 ended December 31, 2021 with comparative figures for December 31, 2020 are as follows:

	2021	2020
Assets		
Current assets	\$ 1,730,053	\$ 2,275,560
Long-term assets	<u>1,307,416</u>	<u>230,502</u>
	<u>3,037,469</u>	<u>2,506,062</u>
Liabilities		
Current liabilities	178,411	250,758
Silviculture accrual	496,000	501,000
Other long term liabilities	<u>860,000</u>	<u>-</u>
	<u>1,534,411</u>	<u>751,758</u>
Shareholder equity	<u>\$ 1,503,058</u>	<u>\$ 1,754,304</u>
Results of operations, net(loss) income for the year	<u>\$(151,246)</u>	<u>\$ 440,215</u>

During the year, the Village received \$100,000 in dividends (2020 - \$400,000).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Wages and benefits payable	\$ 157,670	\$ 99,157
Trade accounts payable and accrued liabilities	<u>227,652</u>	<u>222,014</u>
	<u>\$ 385,322</u>	<u>\$ 321,171</u>

8. DEFERRED REVENUE

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

	Balance, Beginning of Year	Contributions Received	Transfers Eligible Expenditures /	Balance, End of Year
Federal Gas Tax Fund	\$ -	\$ 251,234	\$(251,234)	\$ -
Provincial Grant - Rural Dividend	30,274	-	(30,274)	-
Columbia Basin Trust Grants	-	15,200	(15,200)	-
UBCM Grants	13,600	29,500	(24,600)	18,500
RDCK Grants	-	509,136	(509,136)	-
Other Miscellaneous	8,234	31,186	(28,790)	10,630
Prepaid Taxes and Utility Fees	<u>185,798</u>	<u>170,150</u>	<u>(160,868)</u>	<u>195,080</u>
	<u>\$ 237,906</u>	<u>\$ 1,006,406</u>	<u>\$(1,020,102)</u>	<u>\$ 224,210</u>

VILLAGE OF NAKUSP
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2021

9. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal Payments	Actuarial Adjustment	Balance, End of Year
General Fund					
MFA issue 126 bylaw 648	\$ 202,059	\$ -	\$ 9,235	\$ 2,918	\$ 189,906
MFA issue 130 bylaw 648	77,724	-	3,358	891	73,475
MFA issue 117 bylaw 638	70,908	-	3,694	1,563	65,651
MFA equipment loan	291,541	-	28,808	-	262,733
	642,232	-	45,095	5,372	591,765
Hot Springs Fund					
MFA issue 117 bylaw 637	457,674	-	23,843	10,093	423,738
Sewer Utility Fund					
MFA issue 145 bylaw 671	61,187	-	2,463	150	58,574
MFA issue 79 bylaw 546	123,167	-	5,628	7,271	110,268
	184,354	-	8,091	7,421	168,842
Water Utility Fund					
MFA issue 145 bylaw 671	200,082	-	8,055	491	191,536
Total Long-term Debt	\$ 1,484,342	\$ -	\$ 85,084	\$ 23,377	\$ 1,375,881

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 Fund	Hot Springs Fund	Sewer Utility Fund	Water Utility Fund	Total
2022	\$ 44,113	\$ 26,101	\$ 8,091	\$ 8,054	\$ 86,359
2023	\$ 44,485	\$ 26,101	\$ 8,091	\$ 8,054	\$ 86,731
2024	\$ 44,864	\$ 26,101	\$ 8,091	\$ 8,054	\$ 87,110
2025	\$ 45,248	\$ 26,101	\$ 8,091	\$ 8,054	\$ 87,494
2026	\$ 45,636	\$ 26,101	\$ 8,091	\$ 8,054	\$ 87,882

VILLAGE OF NAKUSP
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2021

10. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2021	2020
Unappropriated Surplus		
General Operating Fund	\$ 1,348,594	\$ 1,127,649
Hot Springs Operating Fund	301,650	232,133
Water Operating Fund	505,760	505,760
Sewer Operating Fund	-	-
	2,156,004	1,865,542
Reserve Fund		
Equipment Reserve	531,130	405,679
Fire Equipment Reserve	394,142	360,867
NACFOR (2013) Legacy Fund	770,397	831,448
Community Works Gas Tax Reserve	500,196	301,625
Sewer Reserve	976,591	806,461
Water Reserve	785,559	724,080
Parkland Acquisition Reserve	13,335	13,272
Land Sale Reserve	124,814	124,231
Hot Springs and Chalet Reserve	117,402	116,853
Other Reserves	105,730	64,865
	4,319,296	3,749,381
Equity in Tangible Capital Assets		
General Capital Fund	10,802,963	11,033,507
Hot Springs Capital Fund	557,542	568,035
Water Capital Fund	4,779,972	4,723,014
Sewer Capital Fund	2,640,344	2,747,602
	18,780,821	19,072,158
Investment in NACFOR (2013)	1,503,058	1,754,304
TOTAL ACCUMULATED SURPLUS	\$ 26,759,179	\$ 26,441,385

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.

Equity 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.

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, 2020, the Plan had about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021 with results available later in 2022.

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 \$114,512 (2020 - \$115,960) for employer contributions to the Plan in fiscal 2021.

12. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	\$ 688,566
Provincial Government - Police Tax Levy	92,979
Regional District of Central Kootenay	561,338
Regional Hospital District	67,943
British Columbia Assessment Authority	13,152
Municipal Finance Authority	61
	\$ 1,424,039

13. 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.

VILLAGE OF NAKUSP
NOTES TO FINANCIAL STATEMENTS (Continued)
As At December 31, 2021

14. GOVERNMENT TRANSFERS

	2021	2020
Government Transfers - Unconditional		
Provincial	<u>434,974</u>	<u>435,879</u>
Government Transfers - Conditional		
Provincial	852,627	1,522,645
Other	<u>3,800</u>	<u>14,705</u>
	<u>\$ 1,291,401</u>	<u>\$ 1,973,229</u>

15. BUDGET RECONCILIATION

The following reconciles the budgeted annual deficit as shown on the statement of operations to the budget as presented in bylaw no. 698 adopted May 10, 2021.

Annual budgeted deficit as presented	\$ 728,367
Transfers from reserves	1,422,533
Transfers to reserves	(783,491)
Amortization	919,000
Debt principal payments	(84,286)
Capital expenditures	(2,618,305)
Budgeted use of prior year surplus	443,462
Interfund transfers	<u>(27,280)</u>
	<u>\$ -</u>

16. 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 year ended December 31, 2021 with 2020 comparative figures are as follows:

	2021	2020
ASSETS		
Short-term investments	<u>\$ 43,353</u>	<u>\$ 41,509</u>
EQUITY	<u>\$ 43,353</u>	<u>\$ 41,509</u>
OPERATIONS		
Contributions	\$ 2,000	\$ 1,250
Interest	<u>87</u>	<u>389</u>
CHANGE IN EQUITY	<u>\$ 2,087</u>	<u>\$ 1,639</u>

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

17. SEGMENTED INFORMATION

The Village of Nakusp is a diversified municipal government that provides a wide range of services to its citizens. The Village's operations and activities are organized and reported by funds and departments. The general fund reports on operations funded primarily by property taxes and government transfers which include services provided by the Village such as general government services, protective services, public works and parks and recreation. The utility operations are comprised of the water and sewer system each accounting for its own operations and programs within its own fund. The Hot Springs and Chalets fund reports the revenues and expenses specific to the Hot Springs operations. Operating results reported by the following segments are included in Schedule B.

General government

General government is primarily funded by property taxation and unconditional government transfers. The expenses within the segment are for legislative, general administration and finance functions as well as all operations and maintenance costs relating to the municipal buildings, economic development and promotion and grants to community organizations.

Protective services

Protective services is comprised of the Village's fire protection and emergency services and the operating and maintenance costs of the related buildings, vehicles and equipment.

Public works

Public works and transportation is a broad function comprised of crews engaged in the maintenance and improvements to the road systems, drainage, waste disposal, snow removal, cemetery, works yard, and other planning and maintenance activities.

Parks and recreation

Parks and recreation services contribute to the quality of life and personal wellness through the maintenance of the parks and boulevards, as well as the maintenance and operations of the arena and campground.

Water services

The water utility provides safe drinking water to the Village. Revenue and expenses represent the amounts that are directly attributable to the function of the water utility.

Sewer services

The sewer utility operates the sanitary sewer system networks and treatment plant. Revenue and expenses represent the amounts that are directly attributable to the function of the sewer utility.

Hot Springs and Chalets

The Hot Springs and Chalets segment is comprised of the revenues earned and the expenses incurred from the operations and maintenance of the Nakusp Hot Springs which includes the facility, chalets and campground.

VILLAGE OF NAKUSP
SCHEDULE A - TANGIBLE CAPITAL ASSETS
As At December 31, 2021

	Land	Park Improvements and Other	Buildings	Equipment, Furniture, and Transportation Vehicles	System	Sewer System	Water System	Assets Under Construction	2021 Total	2020 Total
COST										
Opening Balance	\$ 1,342,412	\$ 3,274,845	\$ 10,091,718	\$ 3,347,367	\$ 4,604,175	\$ 5,523,895	\$ 7,782,560	\$ 276,801	36,243,773	\$ 35,291,513
Add: Additions	-	158,742	51,083	53,428	26,277	137,312	30,238	263,147	720,227	1,065,789
Less: Disposals/Transfers	-	-	-	-	-	-	-	(183,424)	(183,424)	(113,529)
Closing Balance	1,342,412	3,433,587	10,142,801	3,400,795	4,630,452	5,661,207	7,812,798	356,524	36,780,576	36,243,773
ACCUMULATED AMORTIZATION										
Opening Balance	-	418,462	5,476,341	2,046,348	2,062,475	2,714,322	2,969,325	-	15,687,273	14,875,024
Add: Amortization	-	77,508	301,974	175,994	81,515	137,699	161,911	-	936,601	924,867
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	112,618
Closing Balance	-	495,970	5,778,315	2,222,342	2,143,990	2,852,021	3,131,236	-	16,623,874	15,687,273
Net Book Value, year ended December 31, 2021	\$ 1,342,412	\$ 2,937,617	\$ 4,364,486	\$ 1,178,453	\$ 2,486,462	\$ 2,809,186	\$ 4,681,562	\$ 356,524	\$ 20,156,702	\$ 20,556,500

VILLAGE OF NAKUSP
SCHEDULE B - SEGMENTED INFORMATION
As At December 31, 2021

	General Government	Protective Services	Public Works	Parks and Recreation	Water Services	Sewer Services	Hot Springs and Chalets	Total
REVENUE								
General taxation	\$ 1,104,555	\$ -	\$ -	\$ -	\$ 14,872	\$ 4,548	\$ -	\$ 1,123,975
Interest and penalties on taxes	32,757	-	-	-	-	-	-	32,757
Utility taxes and grant-in-lieu of taxes	99,678	-	-	-	-	-	-	99,678
General fees and charges	351,893	19,804	121,131	255,345	-	-	-	748,173
Hot Springs fees and other revenue	-	-	-	-	-	-	780,928	780,928
Conditional transfers from other government	338,504	87,123	20,800	410,000	-	-	-	856,427
Unconditional transfer - Province of B.C.	434,974	-	-	-	-	-	-	434,974
Investment interest and MFA actuarial gain	25,825	-	-	-	530	7,515	10,248	44,118
Sewer user fees and charges	-	-	-	-	-	486,605	-	486,605
Water user fees and charges	-	-	-	-	554,087	-	-	554,087
Equity loss in NACFOR (2013)	(151,246)	-	-	-	-	-	-	(151,246)
	2,236,940	106,927	141,931	665,345	569,489	498,668	791,176	5,010,476
EXPENSES								
Interest on debt	-	5,743	-	13,587	6,818	8,128	20,305	54,581
Goods and services	611,558	133,967	272,678	322,811	154,210	131,562	217,861	1,844,647
Wages, benefits and Council stipends	415,640	93,666	363,980	331,642	117,032	84,043	450,850	1,856,853
Amortization of tangible capital assets	30,999	86,555	184,299	290,709	161,911	137,699	44,429	936,601
	1,058,197	319,931	820,957	958,749	439,971	361,432	733,445	4,692,682
Annual Surplus/Deficit	\$ 1,178,743	\$ (213,004)	\$ (679,026)	\$ (293,404)	\$ 129,518	\$ 137,236	\$ 57,731	\$ 317,794

VILLAGE OF NAKUSP
SCHEDULE C - COVID-19 PROVINCE OF BC RESTART GRANT
As At December 31, 2021

OPENING BALANCE	\$ 596,662
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EXPENDITURES	
Addressing revenue shortfalls	79,170
Facility reopening and operating costs	39,772
Computer and other electronic technology costs	15,964
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CLOSING BALANCE	\$ 461,756