

Consolidated Financial Statements of the

VILLAGE OF NAKUSP

December 31, 2014

VILLAGE OF NAKUSP
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December 31, 2014

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May 11, 2015

Responsibility For Financial Reporting

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Nakusp's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the 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, Berg Lehmann, Chartered Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Village of Nakusp's financial position, results of operations, and changes in financial position in accordance with Canadian public sector accounting standards. The report of Berg Lehmann, Chartered Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Clyde Bersky
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Village of Nakusp

We have audited the accompanying consolidated financial statements of Village of Nakusp, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

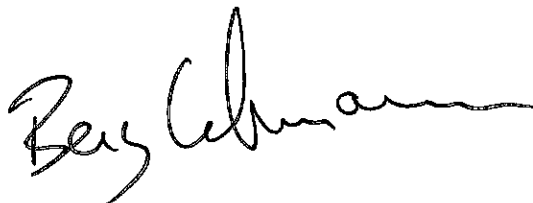
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INDEPENDENT AUDITORS' REPORT (continued)

To the Mayor and Council
Village of Nakusp

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Nakusp as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

May 11, 2015

Nelson, B.C.

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and equivalents	\$ 351,460	\$ 168,160
Investments (note 2)	1,082,599	1,274,347
Accounts receivable (note 3)	1,141,086	671,695
MFA debt reserve cash deposits (note 4)	21,792	20,200
Investment in NACFOR (2013) (note 5)	1,171,565	2,018,781
	3,768,502	4,153,183
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	427,071	533,583
Deferred revenue (note 7)	317,672	440,198
Deposits	1,665	2,148
Capital lease obligation (note 8)	3,088	21,577
Interim financing	185,000	-
Long-term debt (note 9)	1,315,843	1,288,456
	2,250,339	2,285,962
NET FINANCIAL ASSETS	1,518,163	1,867,221
NON-FINANCIAL ASSETS		
Prepaid expenses	69,646	59,539
Inventory of materials and supplies	41,646	57,860
Tangible capital assets (schedule)	19,882,721	19,874,521
	19,994,013	19,991,920
ACCUMULATED SURPLUS	\$21,512,176	\$21,859,141
Represented by:		
Unappropriated surplus (note 10)	\$ 666,243	\$ 777,721
Statutory reserves (note 10)	1,295,578	498,151
Equity in tangible capital assets (note 10)	18,378,790	18,564,488
Investment in NACFOR (note 5)	1,171,565	2,018,781
	\$21,512,176	\$21,859,141
CONTINGENCIES (note 15)		



 Clyde Berskey
 Chief Financial Officer

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2014

	2014 Budget (note 14)	2014 Actual	2013 Actual
REVENUE			
Municipal property taxes	\$ 923,202	\$ 927,685	\$ 898,036
Interest and penalties on taxes	20,000	25,860	28,369
Utility taxes and grants in lieu of taxes	74,264	74,463	76,352
General fees and charges	344,054	298,205	310,653
Hot Springs fees and other revenue	686,800	677,276	480,642
Sewer user fees and charges	321,987	320,548	304,994
Water user fees and charges	404,176	429,883	387,674
Permits and licences	21,350	23,689	22,512
Interest income	17,250	25,118	25,405
Conditional transfers from other governments	643,978	639,997	1,910,971
Unconditional transfer - Province of BC	233,759	232,304	233,759
Gain on sale of tangible capital assets	-	5,300	1,975
Contributed tangible capital assets	-	-	2,664,079
Equity income (loss) from NACFOR (2013) (note 5)	-	(212,513)	1,413,524
	3,690,820	3,467,815	8,758,945
EXPENDITURES (note 11)			
General government	652,158	620,380	580,946
Protective services	232,136	237,512	268,166
Transportation and public works	552,446	431,253	392,268
Waste disposal	84,700	70,159	59,786
Cemetery services	41,900	24,724	26,700
Economic development and promotion	77,950	117,919	33,482
Parks, recreation and cultural services	740,800	761,179	777,118
Hot Springs and Cedar Chalets	688,762	672,385	517,333
Sewer services	314,728	398,865	297,136
Water services	375,562	480,404	352,644
	3,761,142	3,814,780	3,305,579
ANNUAL SURPLUS (DEFICIT)	(70,322)	(346,965)	5,453,366
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,859,141	21,859,141	16,405,775
ACCUMULATED SURPLUS, END OF YEAR	\$21,788,819	\$21,512,176	\$21,859,141



Clyde Bersky
Chief Financial Officer

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2014

	2014	2013
ANNUAL SURPLUS	\$(346,965)	\$ 5,453,366
Acquisition of tangible capital assets	(722,851)	(5,133,451)
Amortization of tangible capital assets	714,651	640,490
Gain on sale of tangible capital assets	(5,300)	(1,975)
Proceeds on sale of tangible capital assets	5,300	1,975
	(355,165)	960,405
Net change in inventory and prepaid expenses	6,107	783
INCREASE IN NET FINANCIAL ASSETS	(349,058)	961,188
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,867,221	906,033
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,518,163	\$ 1,867,221

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

	2014	2013
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$(346,965)	\$ 5,453,366
Non-cash items included in annual surplus		
Amortization	714,651	640,490
Actuarial gain on MFA long-term debt	(14,397)	(11,679)
Gain on sale of tangible capital assets	(5,300)	(1,975)
Investment loss (income) from NACFOR (2013)	212,513	(1,413,524)
Contributed tangible capital assets	-	(2,664,079)
Changes in non-cash operating balances		
Accounts receivable	(469,391)	(134,936)
MFA debt reserve cash deposits	(1,592)	(3,625)
Prepaid expenses and inventory	6,107	783
Dividends receivable from NACFOR (2013)	582,064	-
Accounts payable and accrued liabilities	(106,512)	195,607
Deferred revenue and deposits	(123,009)	(377,705)
Cash provided by operating transactions	448,169	1,682,723
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(722,851)	(2,469,372)
Proceeds from disposal of capital assets	5,300	1,975
Cash applied to capital transactions	(717,551)	(2,467,397)
FINANCING TRANSACTIONS		
Proceeds from long-term debt	285,000	275,000
Repayment of long-term debt	(76,705)	(67,106)
Cash received from financing transactions	208,295	207,894
INVESTING TRANSACTIONS		
Decrease (increase) in investments	191,748	(13,483)
Redemption of shares in NACFOR	23	-
Cash dividends received from NACFOR (2013)	52,616	-
Cash applied to (received from) investing transactions	244,387	(13,483)
INCREASE (DECREASE) IN CASH	183,300	(590,263)
CASH, BEGINNING OF YEAR	168,160	758,423
CASH, END OF YEAR	\$ 351,460	\$ 168,160

Village of Nakusp
 Consolidated Financial Statements Schedule - Tangible Capital Assets
 For the Year Ended December 31, 2014

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2014 Total	2013 Total
COST										
Opening Balance	1,368,606	357,549	8,328,442	2,208,365	3,214,046	5,297,418	4,173,903	4,904,819	29,853,148	24,758,647
Add: Additions	-	-	509,700	77,518	9,589	78,034	2,153,685	97,265	2,525,791	5,133,451
Less: Disposals	-	-	-	-	-	-	-	2,202,940	2,202,940	38,950
Closing Balance	1,368,606	357,549	8,838,142	2,285,883	3,223,635	5,375,452	6,327,588	2,799,144	30,575,999	29,853,148
ACCUMULATED AMORTIZATION										
Opening Balance		37,287	3,507,049	1,076,956	1,634,228	1,789,428	1,933,679		9,978,627	9,377,087
Add: Amortization		7,679	232,588	161,015	73,238	126,131	114,000		714,651	640,490
Less: Acc. Amortization on Disposals		-	-	-	-	-	-		-	38,950
Closing Balance		44,966	3,739,637	1,237,971	1,707,466	1,915,559	2,047,679		10,693,278	9,976,627
Net Book Value, year ended December 31, 2014	1,368,606	312,583	5,098,505	1,047,912	1,516,169	3,459,893	4,279,909	2,799,144	19,882,721	19,874,521
Net Book Value, year ended December 31, 2013	1,368,606	320,262	4,821,393	1,131,409	1,579,818	3,507,990	2,240,224	4,904,819	19,874,521	

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 Canadian Institute of Chartered Accountants.

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.

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.

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.

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2014, per bylaw #650 adopted March 10, 2014.

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.

2. INVESTMENTS

	2014	2013
MFA Money Market and CIBC Flexible GIC Funds	\$ 1,077,036	\$ 1,268,913
MFA Intermediate Fund	2,294	2,265
MFA Short-term Bond Fund	<u>3,269</u>	<u>3,169</u>
	<u>\$ 1,082,599</u>	<u>\$ 1,274,347</u>

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

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

3. ACCOUNTS RECEIVABLE

	2014	2013
Municipal property taxes	\$ 173,247	\$ 169,395
Government and agency grants	250,117	244,367
Sewer user fees	37,662	39,255
Water user fees	41,044	47,279
GST rebate	20,536	139,087
Other	<u>618,480</u>	<u>32,312</u>
	<u>\$ 1,141,086</u>	<u>\$ 671,695</u>

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; this event has not occurred since the inception of MFA in 1970. If this occurs, the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund 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	2014	2013
General Fund	\$ 34,267	\$ 13,843	\$ 48,110	\$ 44,563
Sewer Fund	<u>14,181</u>	<u>7,949</u>	<u>22,130</u>	<u>21,906</u>
	<u>\$ 48,448</u>	<u>\$ 21,792</u>	<u>\$ 70,240</u>	<u>\$ 66,469</u>

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, 2014

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 original subsidiary, Nakusp & Area Community Forest Inc., was incorporated under the laws of the Province of British Columbia on November 15, 2007. On November 5, 2013, in order for the Village of Nakusp, to satisfy certain Municipal requirements, the Nakusp & Area Community Forest (2013) Inc. was incorporated. The Community Forest Agreement with the Ministry of Forests, Lands and Natural Resource Operations was amended to modify the licence holder's name to Nakusp & Area Community Forest (2013) Inc. All operations presented in the current year in the financial statements were carried out under NACFOR (2013) with the prior year comparatives under the original incorporated entity which has subsequently dissolved.

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, 2014 with comparative figures for December 31, 2013 are as follows:

	December 31, 2014	December 31, 2013
Assets		
Current assets	\$ 2,016,011	\$ 2,408,365
Long-term assets (logging roads and map data)	126,336	-
	<u>2,142,347</u>	<u>2,408,365</u>
Liabilities		
Current liabilities (including dividends payable \$582,064)	691,982	30,784
Silviculture accrual	278,800	358,800
	<u>970,782</u>	<u>389,584</u>
	1,171,565	2,018,781
Dividends declared in the year	<u>634,680</u>	-
Shareholder equity	<u>\$ 536,885</u>	<u>\$ 2,018,781</u>
Results of operations, net income (loss) for the year	<u>\$ (212,513)</u>	<u>\$ 1,413,524</u>

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Payroll related	\$ 131,133	\$ 83,837
Trade accounts payable	259,329	367,258
Accrued liabilities	<u>36,609</u>	<u>82,488</u>
	<u>\$ 427,071</u>	<u>\$ 533,583</u>

7. DEFERRED REVENUE

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

	Balance Beginning of Year	Contributions Received	Transferred to Reserve	Eligible Expenditures	Balance End of Year
Federal Gas Tax Grant	\$ 108,460	\$ 114,822	\$(223,282)	\$ -	\$ -
Parkland acquisition	13,272	-	-	-	13,272
BC Hydro - wharf fund	100,000	-	-	-	100,000
Columbia Basin Trust grants	10,000	5,000	-	(15,000)	-
RDCK grants	94,602	-	-	(6,900)	87,702
Other miscellaneous	-	2,694	-	-	2,694
Prepaid taxes	<u>113,864</u>	<u>114,004</u>	<u>-</u>	<u>(113,864)</u>	<u>114,004</u>
	<u>\$ 440,198</u>	<u>\$ 236,520</u>	<u>\$(223,282)</u>	<u>\$(135,764)</u>	<u>\$ 317,672</u>

Federal gas tax funding is provided by the Government of Canada and use of the funding is restricted by the terms of the funding agreement between the local government and the Union of British Columbia municipalities. During the year, the Village and the UBCM signed a new agreement which removed some of the stipulations included in the previous agreement. The funds previously deferred and the unspent funds received in the current year are no longer deemed to be liabilities under section PSAB 3410 Government Transfers, and have been recognized as revenue in the current year and transferred into the Village's Community Works Gas Tax Reserve Fund.

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

8. CAPITAL LEASE OBLIGATION

	2014	2013
Municipal Finance Authority lease obligation for dump truck, with blended monthly payments of \$1,563 including interest of 1.25% per annum, secured by the leased asset, maturing January, 2015.	<u>\$ 3,088</u>	<u>\$ 21,577</u>

9. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
General Capital Fund					
MFA issue 117 bylaw 637	\$ 660,934	\$ -	\$ 23,843	\$ 2,172	\$ 634,919
MFA issue 117 bylaw 638	102,398	-	3,694	336	98,368
MFA issue 110 bylaw 573	24,774	-	11,244	1,774	11,756
MFA issue 126 bylaw 648	275,000	-	9,235	97	265,668
MFA issue 186 bylaw 648	-	100,000	-	-	100,000
	<u>1,063,106</u>	<u>100,000</u>	<u>48,016</u>	<u>4,379</u>	<u>1,110,711</u>
Sewer System Capital Fund					
MFA issue 63 bylaw 419	29,593	-	4,573	6,214	18,806
MFA issue 79 bylaw 546	195,757	-	5,627	3,804	186,326
	<u>225,350</u>	<u>-</u>	<u>10,200</u>	<u>10,018</u>	<u>205,132</u>
Total Long-term Debt	<u>\$1,288,456</u>	<u>\$ 100,000</u>	<u>\$ 58,216</u>	<u>\$ 14,397</u>	<u>\$1,315,843</u>

Interest rates range from 1.5% to 5.49%. 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.

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

9. LONG-TERM DEBT (continued)

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 Capital	Sewer Capital	Total
2015	\$ 51,900	\$ 10,200	\$ 62,100
2016	\$ 40,130	\$ 19,900	\$ 60,030
2017	\$ 40,130	\$ 5,640	\$ 45,770
2018	\$ 40,130	\$ 5,640	\$ 45,770
2019	\$ 40,130	\$ 5,640	\$ 45,770

10. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2014	2013
Unappropriated Surplus		
General Operating Fund	\$ 290,929	\$ 153,250
Water Operating Fund	220,997	455,345
Sewer Operating Fund	154,317	169,126
	666,243	777,721
Reserve Funds		
Operations equipment	360,261	293,753
NACFOR (2013) Legacy Fund	582,218	-
Community Works Gas Tax fund	171,465	-
General Capital	31,836	76,391
Fire services equipment	149,798	128,007
	1,295,578	498,151
Investment in NACFOR (2013)	1,171,565	2,018,781
Equity in Tangible Capital Assets		
General Capital Fund	10,838,419	11,228,657
Water Capital Fund	4,279,909	4,013,078
Sewer Capital Fund	3,260,462	3,322,753
	18,378,790	18,564,488
Total Accumulated Surplus	\$ 21,512,176	\$ 21,859,141

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances (see below). 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.

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

10. ACCUMULATED SURPLUS (continued)

The Statutory Reserves are Accumulated Surplus that has been set-aside by decision of Council for a specified purpose. The Statutory Reserves have been established by bylaw in accordance with the Community Charter and their use is restricted by the legislation. 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.

11. EXPENDITURES BY OBJECT

	2014	2013
Interest and bank charges	\$ 57,065	\$ 58,986
Goods and services	1,339,909	1,052,624
Wages and benefits	1,703,155	1,553,479
Amortization of tangible capital assets	<u>714,651</u>	<u>640,490</u>
Total operating expenditures	<u>\$ 3,814,780</u>	<u>\$ 3,305,579</u>

12. 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 pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2014

12. PENSION LIABILITY (continued)

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Village paid \$97,402 (2013 - \$102,456) for employer contributions to the Plan in fiscal 2014.

13. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	\$ 644,160
Provincial Government - Police Tax Levy	78,244
Regional District Central Kootenay	389,360
Regional Hospital District	67,100
British Columbia Assessment Authority	14,979
Municipal Finance Authority	<u>45</u>
	<u>\$ 1,193,888</u>

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

14. BUDGET RECONCILIATION

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the budget as presented in bylaw #650 adopted March 10, 2014.

Budgeted surplus as presented	\$(70,322)
Proposed borrowing proceeds	285,928
Budgeted transfers from reserves	506,843
Budgeted transfers to reserves	(57,798)
Amortization	690,000
Budgeted debt principal payments	(128,703)
Budgeted capital expenditures	<u>(1,225,948)</u>
	<u>\$ -</u>

15. CONTINGENT LIABILITIES

Regional District Debt

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.

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 period ended December 31, 2014 with 2013 comparative figures are as follows:

	2014	2013
Assets		
Short-term investments	\$ 31,468	\$ 29,146
Accrued interest	18	215
Equity	\$ 31,486	\$ 29,361
Operations		
Contributions	\$ 1,775	\$ 600
Interest	350	300
Change in equity	\$ 2,125	\$ 900

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

VILLAGE OF NAKUSP
GENERAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2014

FINANCIAL ASSETS	2014	2013
ASSETS		
Cash	\$ 351,460	\$ 168,160
Investments	1,082,599	1,274,347
Investment in NACFOR (2013)	1,171,565	2,018,781
Accounts receivable	639,016	171,399
Taxes receivable	173,247	169,395
MFA debt reserve cash deposits	13,843	12,475
Due from Water Fund	70,164	-
	3,501,894	3,814,557
LIABILITIES		
Accounts payable and accrued liabilities	427,071	533,583
Deferred revenue	304,400	426,925
Deposits	1,665	2,148
Capital lease obligation	3,088	21,577
Long-term debt	1,110,711	1,063,106
Interim financing	185,000	-
Due to Sewer Fund	108,706	122,146
Due to Water Fund	-	163,699
Due to Reserve Funds	1,308,850	511,423
	3,449,491	2,844,607
NET FINANCIAL ASSETS	52,403	969,950
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	69,646	59,539
Inventory of materials and supplies	41,646	57,860
Tangible capital assets	12,137,218	12,313,339
	12,248,510	12,430,738
ACCUMULATED SURPLUS	\$12,300,913	\$13,400,688
Represented by:		
Unappropriated surplus	\$ 290,929	\$ 153,250
Equity in tangible capital assets	10,838,419	11,228,657
Equity in NACFOR (2013)	1,171,565	2,018,781
	\$12,300,913	\$13,400,688

VILLAGE OF NAKUSP
GENERAL OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2014

	2014	2013
REVENUE		
General taxation	\$ 917,897	\$ 888,248
Interest and penalties on taxes	25,860	28,369
Utility taxes and grants-in-lieu of taxes	74,463	76,352
General fees and charges	298,205	310,651
Hot Springs fees and other revenue	677,276	480,642
Permits and licences	23,689	22,512
Conditional transfers from other governments	634,247	806,590
Unconditional transfer - Province of BC	232,304	233,759
Investment interest	9,300	11,957
Equity income (deficit) in NACFOR	(212,513)	1,413,524
Proceeds on sale of tangible capital assets	-	1,975
Contributed tangible capital assets	-	2,664,079
	2,680,728	6,938,658
EXPENDITURES		
General government	594,987	568,706
Protective services	156,513	184,771
Transportation services	264,495	231,322
Waste disposal services	60,122	49,748
Cemetery services	21,315	23,290
Economic development and promotion	117,919	33,482
Parks, recreation and cultural services	593,554	607,597
Hot Springs	652,060	497,008
Amortization	474,520	459,874
	2,935,485	2,655,798
TOTAL REVENUES OVER (UNDER) EXPENDITURES	(254,757)	4,282,860
Transfers from Reserve Funds	222,313	234,352
Transfers to Reserve Funds	(432,624)	(253,223)
General Capital expenditures	(199,567)	(3,318,441)
General Capital debt principal repayments	(70,884)	(59,530)
Decrease (increase) in NACFOR transferred to equity in NACFOR	212,513	(1,413,524)
Interim financing proceeds transferred from capital fund	185,000	-
MFA debt reserve and finance fees financed by the capital fund	1,165	-
Amortization transferred to equity in tangible capital assets	474,520	459,874
	392,436	(4,350,492)
ANNUAL SURPLUS (DEFICIT)	137,679	(67,632)
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	153,250	220,882
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 290,929	\$ 153,250

VILLAGE OF NAKUSP
WATER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2014

FINANCIAL ASSETS	2014	2013
ASSETS		
Water fees receivable	\$ 41,044	\$ 47,279
Grants receivable	250,117	244,367
Due from General Fund	-	163,699
	291,161	455,345
LIABILITIES		
Due to General Operating Fund	70,164	-
NET FINANCIAL ASSETS	220,997	455,345
TANGIBLE CAPITAL ASSETS	4,279,909	4,013,078
ACCUMULATED SURPLUS	\$ 4,500,906	\$ 4,468,423
Represented by:		
Unappropriated surplus	\$ 220,997	\$ 455,345
Equity in tangible capital assets	4,279,909	4,013,078
	\$ 4,500,906	\$ 4,468,423

VILLAGE OF NAKUSP
WATER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2014

	2014	2013
REVENUE		
User fees	\$ 429,883	\$ 387,674
Conditional transfers from other governments	5,750	856,156
	<u>435,633</u>	<u>1,243,830</u>
EXPENSES		
Water services	366,404	267,128
Amortization	114,000	85,516
	<u>480,404</u>	<u>352,644</u>
NET OPERATING REVENUES OVER (UNDER) EXPENDITURES	(44,771)	891,186
Amortization to equity in tangible capital assets	114,000	85,516
Water capital expenditures	(380,830)	(996,331)
Transfer from Community Works Gas Tax reserve fund	51,500	-
Transfer from (to) sewer utility fund	25,753	(350,000)
ANNUAL DEFICIT	(234,348)	(369,629)
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	455,345	824,974
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 220,997	\$ 455,345

VILLAGE OF NAKUSP
SEWER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2014

FINANCIAL ASSETS	2014	2013
ASSETS		
Sewer fees receivable	\$ 37,662	\$ 39,255
Due from General Fund	108,706	122,146
MFA debt reserve cash deposits	7,949	7,725
	<u>154,317</u>	<u>169,126</u>
LIABILITIES		
Long-term debt	205,132	225,350
	<u>154,317</u>	<u>169,126</u>
NET DEBT	(50,815)	(56,224)
TANGIBLE CAPITAL ASSETS	3,465,594	3,548,103
ACCUMULATED SURPLUS	\$ 3,414,779	\$ 3,491,879
Represented by:		
Unappropriated surplus	\$ 154,317	\$ 169,126
Equity in tangible capital assets	3,260,462	3,322,753
	<u>\$ 3,414,779</u>	<u>\$ 3,491,879</u>

VILLAGE OF NAKUSP
SEWER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2014

	2014	2013
REVENUE		
Parcel and specified area taxes	\$ 9,788	\$ 9,788
User fees	320,548	304,994
Interest income	10,242	9,412
Conditional transfers from other governments	-	248,225
Gain on sale of tangible capital assets	5,300	-
	345,878	572,419
EXPENSES		
Sewer service	272,734	202,036
Amortization	126,131	95,100
	398,865	297,136
TOTAL REVENUES OVER (UNDER) EXPENSES	(52,987)	275,283
Amortization to equity in tangible capital assets	126,131	95,100
Sewer capital expenditures	(43,622)	(543,680)
Sewer capital debt principal repayments	(20,218)	(19,253)
Transfer from Community Works Gas Tax Reserve fund	1,640	-
Transfer from (to) water utility fund	(25,753)	350,000
	38,178	(117,833)
ANNUAL SURPLUS (DEFICIT)	(14,809)	157,450
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	169,126	11,676
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 154,317	\$ 169,126

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Due from General Operating Fund	\$ 726,786	\$ 511,423
Dividends receivable - NACFOR (2013)	582,064	-
	1,308,850	511,423
LIABILITIES		
Deferred revenue - parkland acquisition	13,272	13,272
	\$ 1,295,578	\$ 498,151
RESERVES		
Equipment Reserve	\$ 360,261	\$ 293,753
Fire Equipment Reserve	149,798	128,007
General Capital Reserve	31,836	76,391
Community Works Gas Tax Reserve	171,465	-
NACFOR Legacy Fund	582,218	-
	\$ 1,295,578	\$ 498,151

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF TRANSACTIONS
For the Year Ended December 31, 2014

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of Year
Equipment Reserve	\$ 293,753	\$ 117,785	\$(53,882)	\$ 2,605	\$ 360,261
Fire Equipment Reserve	128,007	40,000	(19,316)	1,107	149,798
General Capital Reserve	76,391	51,557	(96,653)	541	31,836
Community Works					
Gas Tax Reserve	-	223,282	(53,140)	1,323	171,465
NACFOR (2013) Legacy Fund	-	634,680	(52,462)	-	582,218
	\$ 498,151	\$ 1,067,304	\$(275,453)	\$ 5,576	\$ 1,295,578