

*Financial Statements of the*

**VILLAGE OF NAKUSP**

*December 31, 2022*

**VILLAGE OF NAKUSP**  
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**December 31, 2022**

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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.

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Mark Tennant  
Director of Finance / Deputy Chief Administrative Officer

# Independent Auditor's Report

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To the Mayor and Council of the  
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, 2022, and the statements of operations, change 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, 2022, 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.

## Other Matter

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

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

Management is responsible for the preparation and fair presentation of 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.

# Independent Auditor's Report (continued)

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users 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 11, 2023

*Grant Thornton LLP*

Chartered Professional Accountants

**VILLAGE OF NAKUSP**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 6,498,987	\$ 6,105,529
Investments (note 3)	521,284	517,432
Accounts receivable (note 4)	603,969	345,871
MFA debt reserve cash deposits (note 5)	23,795	23,276
Investment in NACFOR (2013) (note 6)	1,528,975	1,503,058
	<b>9,177,010</b>	<b>8,495,166</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 7)	525,347	385,322
Deferred revenue (note 8)	500,690	224,210
Deposits	37,746	28,714
MFA long-term debt (note 9)	1,269,284	1,375,881
	<b>2,333,067</b>	<b>2,014,127</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,843,943</b>	<b>6,481,039</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	99,178	82,838
Inventory	27,366	38,600
Tangible capital assets (schedule A)	20,951,534	20,156,702
	<b>21,078,078</b>	<b>20,278,140</b>
<b>ACCUMULATED SURPLUS</b> (note 10)	<b>\$ 27,922,021</b>	<b>\$ 26,759,179</b>
<b>CONTINGENT LIABILITIES</b> (note 13)		

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Mark Tennant  
Director of Finance / Deputy Chief Administrative Officer

*The accompanying notes are an integral part of these financial statements*

**VILLAGE OF NAKUSP**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2022

	2022 Budget (Note 15)	2022 Actual	2021 Actual
<b>REVENUE</b>			
Government transfers (note 14)	\$ 2,618,187	\$ 2,177,334	\$ 1,291,401
Municipal property and parcel taxes	1,160,536	1,161,666	1,123,975
Hot Springs fees and other revenue	926,000	1,080,391	780,928
Water user fees and charges	624,291	588,514	554,087
Sewer user fees and charges	520,054	521,196	486,605
General fees, charges, and other	639,600	509,624	748,173
Interest and actuarial income	-	110,406	44,118
Utility taxes and grants-in-lieu of taxes	102,701	100,010	99,678
Gain on sale of tangible capital assets	-	50,000	-
Interest and penalties on taxes	25,250	29,145	32,757
Equity income (loss) from NACFOR (2013) (note 6)	-	25,917	( 151,246)
	<b>6,616,619</b>	<b>6,354,203</b>	<b>5,010,476</b>
<b>EXPENSES</b>			
General government	1,400,714	1,034,765	1,027,198
Hot Springs and Chalets	838,367	831,315	668,711
Parks and recreation	787,038	927,501	654,453
Protective services	237,077	210,612	227,633
Public works and transportation	651,995	631,588	636,658
Sewer services	316,800	260,020	215,605
Water services	362,171	288,064	271,242
Interest on debt	43,088	46,181	54,581
Amortization	948,600	961,315	936,601
	<b>5,585,850</b>	<b>5,191,361</b>	<b>4,692,682</b>
<b>ANNUAL SURPLUS</b>	<b>1,030,769</b>	<b>1,162,842</b>	<b>317,794</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>26,759,179</b>	<b>26,759,179</b>	<b>26,441,385</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 27,789,948</b>	<b>\$ 27,922,021</b>	<b>\$ 26,759,179</b>

*The accompanying notes are an integral part of these financial statements*

**VILLAGE OF NAKUSP**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
<b>ANNUAL SURPLUS</b>	\$ 1,030,769	\$ 1,162,842	\$ 317,794
Acquisition of tangible capital assets	( 2,618,305)	( 1,756,147)	( 536,803)
Amortization of tangible capital assets	919,000	961,315	936,601
Gain on sale of tangible capital assets	-	( 50,000)	-
Proceeds on sale of tangible capital assets	-	50,000	-
	( 668,536)	368,010	717,592
Net change in inventory and prepaid expenses	-	( 5,106)	( 29,665)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	( 668,536)	362,904	687,927
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	6,481,039	6,481,039	5,793,112
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 5,812,503	\$ 6,843,943	\$ 6,481,039

*The accompanying notes are an integral part of these financial statements*



**VILLAGE OF NAKUSP**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2022

	2022	2021
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 1,162,842	\$ 317,794
Non-cash items included in annual surplus		
Amortization	961,315	936,601
Actuarial gain on MFA long-term debt	( 24,927)	( 23,377)
Gain on sale of tangible capital assets	( 50,000)	-
Equity (income) loss from NACFOR (2013)	( 25,917)	151,246
Changes in non-cash operating balances		
Accounts receivable	( 258,098)	135,875
MFA debt reserve cash deposits	( 519)	( 389)
Prepaid expenses and inventory	( 5,106)	( 29,665)
Accounts payable and accrued liabilities	140,025	64,151
Deferred revenue and deposits	285,512	8,082
Cash Provided by Operating Transactions	2,185,127	1,560,318
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	( 1,756,147)	( 536,803)
Proceeds from disposal of capital assets	50,000	-
Cash Applied to Capital Transactions	( 1,706,147)	( 536,803)
<b>FINANCING TRANSACTIONS</b>		
Repayment of interim and long-term debt	( 81,670)	( 85,084)
Cash Applied to Financing Transactions	( 81,670)	( 85,084)
<b>INVESTING TRANSACTIONS</b>		
Net change in investments	( 3,852)	663,516
Cash dividends received from NACFOR (2013)	-	100,000
Cash (Applied to) Provided by Investing Transactions	( 3,852)	763,516
<b>INCREASE IN CASH</b>	<b>393,458</b>	<b>1,701,947</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>6,105,529</b>	<b>4,403,582</b>
<b>CASH, END OF YEAR</b>	<b>\$ 6,498,987</b>	<b>\$ 6,105,529</b>

The accompanying notes are an integral part of these financial statements

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.

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## **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, 2022 and 2021.

Budget Figures

The budget figures are based on the Five-Year Financial Plan for 2022 - 2026 per Bylaw no. 707, 2022 was adopted May 9, 2022

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, 2022**

**3. INVESTMENTS**

	2022	2021
MFA Money Market and CIBC Flexible GIC Funds	\$ 515,118	\$ 511,135
MFA Intermediate Fund	2,518	2,522
MFA Short-term Bond Fund	3,648	3,775
	<b>\$ 521,284</b>	<b>\$ 517,432</b>

**4. ACCOUNTS RECEIVABLE**

	2022	2021
Municipal property taxes	\$ 230,666	\$ 166,391
Government and agency grants	152,698	35,994
Sewer user fees	34,456	39,049
Water user fees	34,695	31,425
GST rebate	29,484	7,083
Other	121,970	65,929
	<b>\$ 603,969</b>	<b>\$ 345,871</b>

**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	2022	2021
General and Hot Springs Funds	\$ 28,234	\$ 15,651	\$ 43,885	\$ 43,543
Sewer and Water Funds	14,432	8,145	22,577	22,399
	<b>\$ 42,666</b>	<b>\$ 23,796</b>	<b>\$ 66,462</b>	<b>\$ 65,942</b>

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, 2022**

**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, 2022 with comparative figures for December 31, 2021 are as follows:

	2022	2021
<b>Assets</b>		
Current assets	\$ 1,614,898	\$ 1,730,053
Long-term assets	<u>1,398,883</u>	<u>1,307,416</u>
	<u>3,013,781</u>	<u>3,037,469</u>
<b>Liabilities</b>		
Current liabilities	237,806	178,411
Silviculture accrual	387,000	496,000
Other long term liabilities	<u>860,000</u>	<u>860,000</u>
	<u>1,484,806</u>	<u>1,534,411</u>
Shareholder equity	<u>\$ 1,528,975</u>	<u>\$ 1,503,058</u>
Results of operations, net (loss) income for the year	<u>\$ 25,917</u>	<u>\$ ( 151,246)</u>

During the year, the Village received \$nil in dividends (2021 - \$100,000).

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2022	2021
Wages and benefits payable	\$ 161,350	\$ 157,670
Trade accounts payable and accrued liabilities	<u>363,997</u>	<u>227,652</u>
	<u>\$ 525,347</u>	<u>\$ 385,322</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	\$ -	\$ 128,519	\$( 128,519)	\$ -
Provincial Ministry Grant	-	455,484	( 400,402)	55,082
Columbia Basin Trust Grants	-	559,800	( 362,000)	197,800
UBCM Grants	18,500	-	( 18,500)	-
RDCK Grants	-	548,996	( 531,246)	17,750
Other Miscellaneous	10,630	55,987	( 35,132)	31,485
Prepaid Taxes and Utility Fees	<u>195,080</u>	<u>175,801</u>	<u>( 172,308)</u>	<u>198,573</u>
	<u>\$ 224,210</u>	<u>\$ 1,924,587</u>	<u>\$( 1,648,107)</u>	<u>\$ 500,690</u>

**VILLAGE OF NAKUSP**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
As At December 31, 2022

**9. LONG-TERM DEBT**

	Balance, Beginning of Year	Additions	Principal Payments	Actuarial Adjustment	Balance, End of Year
<b>General Fund</b>					
MFA issue 126 bylaw 648	\$ 189,906	\$ -	\$ 9,235	\$ 3,404	\$ 177,267
MFA issue 130 bylaw 648	73,475	-	3,358	1,061	69,056
MFA issue 117 bylaw 638	65,651	-	4,044	1,552	60,055
MFA equipment loan	262,733	-	22,786	-	239,947
	<b>591,765</b>	<b>-</b>	<b>39,423</b>	<b>6,017</b>	<b>546,325</b>
<b>Hot Springs Fund</b>					
MFA issue 117 bylaw 637	423,738	-	26,101	10,019	387,618
<b>Sewer Utility Fund</b>					
MFA issue 145 bylaw 671	58,574	-	2,463	228	55,883
MFA issue 79 bylaw 546	110,268	-	5,628	7,916	96,724
	<b>168,842</b>	<b>-</b>	<b>8,091</b>	<b>8,144</b>	<b>152,607</b>
<b>Water Utility Fund</b>					
MFA issue 145 bylaw 671	191,536	-	8,055	747	182,734
<b>Total Long-term Debt</b>	<b>\$ 1,375,881</b>	<b>\$ -</b>	<b>\$ 81,670</b>	<b>\$ 24,927</b>	<b>\$ 1,269,284</b>

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
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
2027	46,030	26,101	8,091	8,054	88,276

**VILLAGE OF NAKUSP**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2022**

**10. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

	2022	2021
Unappropriated Surplus		
General Operating Fund	\$ 1,516,652	\$ 1,348,594
Hot Springs Operating Fund	450,427	301,650
Water Operating Fund	543,688	505,760
Sewer Operating Fund	58,048	-
	<b>2,568,815</b>	<b>2,156,004</b>
Reserve Fund		
Equipment Reserve	315,347	531,130
Fire Equipment Reserve	334,989	394,142
NACFOR (2013) Legacy Fund	654,762	770,397
Community Works Gas Tax Reserve	495,867	500,196
Sewer Reserve	1,163,088	976,591
Water Reserve	694,319	785,559
Parkland Acquisition Reserve	13,612	13,335
Land Sale Reserve	178,449	124,814
Hot Springs and Chalet Reserve	100,176	117,402
Other Reserves	191,371	105,730
	<b>4,141,981</b>	<b>4,319,296</b>
Equity in Tangible Capital Assets		
General Capital Fund	11,581,665	10,802,963
Hot Springs Capital Fund	580,594	557,542
Water Capital Fund	5,002,834	4,779,972
Sewer Capital Fund	2,517,157	2,640,344
	<b>19,682,250</b>	<b>18,780,821</b>
Investment in NACFOR (2013)	<b>1,528,975</b>	<b>1,503,058</b>
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>\$ 27,922,021</b>	<b>\$ 26,759,179</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.

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, 2021, the Plan has about 227,000 active members and approximately 118,000 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, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$131,686 (2021 - \$114,512) for employer contributions to the plan in fiscal 2022

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

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the 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.

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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	\$ 717,187
Provincial Government - Police Tax Levy	90,621
Regional District of Central Kootenay	600,637
Regional Hospital District	69,324
British Columbia Assessment Authority	14,110
Municipal Finance Authority	<u>76</u>
	<b><u>\$ 1,491,955</u></b>

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**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, 2022**

**14. GOVERNMENT TRANSFERS**

	2022	2021
Government Transfers - Unconditional		
Provincial	<u>538,000</u>	<u>434,974</u>
Government Transfers - Conditional		
Provincial	1,635,634	852,627
Other	<u>3,700</u>	<u>3,800</u>
	<u>\$ 2,177,334</u>	<u>\$ 1,291,401</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. 707 adopted May 9, 2022.

Annual budgeted deficit as presented	\$ 1,030,769
Transfers from reserves	1,858,600
Transfers to reserves	( 913,230)
Amortization	948,600
Debt principal payments	( 87,784)
Capital expenditures	( 3,130,100)
Budgeted use of prior year surplus	320,500
Interfund transfers	<u>( 27,355)</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, 2022 with 2021 comparative figures are as follows:

	2022	2021
<b>ASSETS</b>		
Short-term investments	<u>\$ 45,131</u>	<u>\$ 43,353</u>
<b>EQUITY</b>	<u>\$ 45,131</u>	<u>\$ 43,353</u>
<b>OPERATIONS</b>		
Contributions	\$ 1,650	\$ 2,000
Interest	<u>128</u>	<u>87</u>
<b>CHANGE IN EQUITY</b>	<u>\$ 1,778</u>	<u>\$ 2,087</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, 2022**

	Land	Park Improvements and Other	Buildings	Equipment, Furniture, and Transportation Vehicles	System	Sewer System	Water System	Assets Under Construction	2022 Total	2021 Total
<b>COST</b>										
Opening 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
Add: Additions	-	-	200,269	380,808	718,312	-	117,715	711,948	2,129,052	720,227
Less: Disposals/Transfers	-	-	-	-	-	-	-	(372,905)	(372,905)	(183,424)
Closing Balance	1,342,412	3,433,587	10,343,070	3,781,603	5,348,764	5,661,207	7,930,513	695,567	38,536,723	36,780,576
<b>ACCUMULATED AMORTIZATION</b>										
Opening Balance	-	495,970	5,778,315	2,222,342	2,143,990	2,852,021	3,131,236	-	16,623,874	15,687,273
Add: Amortization	-	81,112	306,600	177,969	90,891	139,422	165,321	-	961,315	936,601
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	577,082	6,084,915	2,400,311	2,234,881	2,991,443	3,296,557	-	17,585,189	16,623,874
<b>Net Book Value, year ended</b>										
<b>December 31, 2021</b>	<b>\$ 1,342,412</b>	<b>\$ 2,856,505</b>	<b>\$ 4,258,155</b>	<b>\$ 1,381,292</b>	<b>\$ 3,113,883</b>	<b>\$ 2,669,764</b>	<b>\$ 4,633,956</b>	<b>\$ 695,567</b>	<b>\$ 20,951,534</b>	<b>\$ 20,156,702</b>

**VILLAGE OF NAKUSP**  
**SCHEDULE B - SEGMENTED INFORMATION**  
**As At December 31, 2022**

	<b>General Government</b>	<b>Protective Services</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Water Services</b>	<b>Sewer Services</b>	<b>Hot Springs and Chalets</b>	<b>Total</b>
<b>REVENUE</b>								
General taxation	\$ 1,142,246	\$ -	\$ -	\$ -	\$ 14,872	\$ 4,548	\$ -	\$ 1,161,666
Interest and penalties on taxes	29,145	-	-	-	-	-	-	29,145
Utility taxes and grant-in-lieu of taxes	100,010	-	-	-	-	-	-	100,010
General fees and charges	146,648	16,856	110,458	235,662	-	-	-	509,624
Hot Springs fees and other revenue	-	-	-	-	-	-	1,080,391	1,080,391
Conditional transfers from other governments	827,788	199,746	20,800	591,000	-	-	-	1,639,334
Unconditional transfer - Province of B.C.	538,000	-	-	-	-	-	-	538,000
Investment interest and MFA actuarial gain	91,110	-	-	-	799	8,270	10,227	110,406
Sewer user fees and charges	-	-	-	-	-	521,196	-	521,196
Water user fees and charges	-	-	-	-	588,514	-	-	588,514
Gain on sale of tangible capital asset	-	-	50,000	-	-	-	-	50,000
Equity gain in NACFOR (2013)	25,917	-	-	-	-	-	-	25,917
	<u>2,900,864</u>	<u>216,602</u>	<u>181,258</u>	<u>826,662</u>	<u>604,185</u>	<u>534,014</u>	<u>1,090,618</u>	<u>6,354,203</u>
<b>EXPENSES</b>								
Interest on debt	-	7,210	-	13,588	6,818	8,128	10,437	46,181
Goods and services	473,033	124,050	265,965	579,309	155,586	168,402	317,833	2,084,178
Wages, benefits and Council stipends	561,732	86,562	365,623	348,192	132,478	91,618	513,482	2,099,687
Amortization of tangible capital assets	31,773	82,300	201,890	295,400	165,321	139,422	45,209	961,315
	<u>1,066,538</u>	<u>300,122</u>	<u>833,478</u>	<u>1,236,489</u>	<u>460,203</u>	<u>407,570</u>	<u>886,961</u>	<u>5,191,361</u>
<b>Annual Surplus/Deficit</b>	<u><b>\$ 1,834,326</b></u>	<u><b>\$ (83,520)</b></u>	<u><b>\$ (652,220)</b></u>	<u><b>\$ (409,827)</b></u>	<u><b>\$ 143,982</b></u>	<u><b>\$ 126,444</b></u>	<u><b>\$ 203,657</b></u>	<u><b>\$ 1,162,842</b></u>

**VILLAGE OF NAKUSP**  
**SCHEDULE C - COVID-19 PROVINCE OF BC RESTART GRANT**  
**As At December 31, 2022**

	2022	2021
<b>OPENING BALANCE</b>	<b>\$ 461,756</b>	<b>\$ 596,662</b>
<b>EXPENDITURES</b>		
Addressing revenue shortfalls	12,385	79,170
Facility reopening and operating costs	52,825	39,772
Computer and other electronic technology costs	-	15,964
<b>CLOSING BALANCE</b>	<b>\$ 396,546</b>	<b>\$ 461,756</b>