Financial Statements of the

VILLAGE OF NAKUSP

December 31, 2023

VILLAGE OF NAKUSP
Index to Financial Statements
December 31, 2023

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 of the
Village of Nakusp

Opinion

We have audited the financial statements of the Village of Naksup (the "Village"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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.

Independent Auditor's Report (continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Grant Thornton LLP

Nelson, Canada
May 13, 2024

Chartered Professional Accountants

VILLAGE OF NAKUSP
STATEMENT OF FINANCIAL POSITION
As At December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents	**$ 7,302,267**	$ 6,498,987
Investments (note 4)	**1,734,508**	521,284
Accounts receivable (note 5)	**564,329**	603,969
MFA debt reserve cash deposits (note 6)	**24,535**	23,795
Investment in NACFOR (2013) (note 7)	**1,972,966**	1,528,975
	11,598,605	9,177,010
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	**520,337**	525,347
Deferred revenue (note 9)	**641,110**	500,690
Asset retirement obligations (note 10)	**666,061**	-
Deposits	**38,231**	37,746
MFA long-term debt (note 11)	**1,170,054**	1,269,284
	3,035,793	2,333,067
NET FINANCIAL ASSETS	**8,562,812**	6,843,943
NON-FINANCIAL ASSETS		
Prepaid expenses	**110,460**	99,178
Inventory	**30,594**	27,366
Tangible capital assets (schedule A)	**21,195,082**	20,951,534
	21,336,136	21,078,078
ACCUMULATED SURPLUS (note 12)	**$ 29,898,948**	$ 27,922,021

CONTINGENT LIABILITIES (note 15)
CEMETERY CARE TRUST FUND (note 18)

Mark Tennant
Director of Finance / Deputy Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

	2023 Budget (Note 17)	2023 Actual	2022 Actual
REVENUE			
Government transfers (note 16)	$ 4,477,627	$ 2,796,631	$ 2,177,334
Municipal property and parcel taxes	1,305,833	1,306,789	1,161,666
Hot Springs fees and other revenue	1,068,000	1,191,933	1,080,391
Water user fees and charges	631,048	605,931	588,514
General fees, charges, and other	508,260	576,814	509,624
Sewer user fees and charges	543,171	536,761	521,196
Interest and actuarial income	200,000	339,049	110,406
Utility taxes and grants-in-lieu of taxes	103,800	105,749	100,010
Gain on sale of tangible capital assets	-	-	50,000
Interest and penalties on taxes	26,950	39,231	29,145
Equity income from NACFOR (2013) (note 7)	-	443,991	25,917
	8,864,689	7,942,879	6,354,203
EXPENSES			
General government	1,285,002	1,401,406	1,034,765
Hot Springs and Chalets	975,512	956,044	831,315
Parks and recreation	858,534	896,269	927,501
Protective services	324,049	290,945	210,612
Public works and transportation	716,372	707,153	631,588
Sewer services	283,588	259,342	260,020
Water services	349,102	287,455	288,064
Interest on debt	48,338	57,592	46,181
Amortization	973,200	1,078,573	961,315
Accretion expense	-	31,173	-
	5,813,697	5,965,952	5,191,361
ANNUAL SURPLUS	3,050,992	1,976,927	1,162,842
ACCUMULATED SURPLUS, BEGINNING OF YEAR	27,922,021	27,922,021	26,759,179
ACCUMULATED SURPLUS, END OF YEAR	$ 30,973,013	$ 29,898,948	$ 27,922,021

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, 2023

	2023 Budget	2023 Actual	2022 Actual
ANNUAL SURPLUS	**$ 3,050,992**	**$ 1,976,927**	$ 1,162,842
Acquisition of tangible capital assets	**(2,618,305)**	**(687,233)**	(1,756,147)
Increase in tangible capital assets due to asset retirement obligations	**-**	**(634,888)**	-
Amortization of tangible capital assets	**919,000**	**1,078,573**	961,315
Gain on sale of tangible capital assets	**-**	**-**	(50,000)
Proceeds on sale of tangible capital assets	**-**	**-**	50,000
	1,351,687	**1,733,379**	368,010
Net change in inventory and prepaid expenses	**-**	**(14,510)**	(5,106)
INCREASE IN NET FINANCIAL ASSETS	**1,351,687**	**1,718,869**	362,904
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**6,843,943**	**6,843,943**	6,481,039
NET FINANCIAL ASSETS, END OF YEAR	**$ 8,195,630**	**$ 8,562,812**	$ 6,843,943

The accompanying notes are an integral part of these financial statements

VILLAGE OF NAKUSP
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	2023	2022
OPERATING TRANSACTIONS		
Annual surplus	**$ 1,976,927**	$ 1,162,842
Non-cash items included in annual surplus		
Amortization	**1,078,573**	961,315
Accretion	**31,173**	-
Actuarial gain on MFA long-term debt	**(28,091)**	(24,927)
Gain on sale of tangible capital assets	**-**	(50,000)
Equity (income) loss from NACFOR (2013)	**(443,991)**	(25,917)
Changes in non-cash operating balances		
Accounts receivable	**39,640**	(258,098)
MFA debt reserve cash deposits	**(740)**	(519)
Prepaid expenses and inventory	**(14,510)**	(5,106)
Accounts payable and accrued liabilities	**(5,010)**	140,025
Deferred revenue and deposits	**140,905**	285,512
Cash Provided by Operating Transactions	**2,774,876**	2,185,127
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	**(687,233)**	(1,756,147)
Proceeds from disposal of capital assets	**-**	50,000
Cash Applied to Capital Transactions	**(687,233)**	(1,706,147)
FINANCING TRANSACTIONS		
Repayment of interim and long-term debt	**(71,139)**	(81,670)
Cash Applied to Financing Transactions	**(71,139)**	(81,670)
INVESTING TRANSACTIONS		
Net change in investments	**(1,213,224)**	(3,852)
Cash (Applied to) Provided by Investing Transactions	**(1,213,224)**	(3,852)
INCREASE IN CASH	**803,280**	393,458
CASH, BEGINNING OF YEAR	**6,498,987**	6,105,529
CASH, END OF YEAR	**$ 7,302,267**	$ 6,498,987

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.

Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the Village will be required to settle. The Village recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occured, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

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 trusteed 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2023 and 2022.

Financial Instruments
The Village's financial instruments consist of cash and cash equivalents, accounts receivable, investments MFA debt reserve cash deposits, accounts payable and accrued liabilities, deposits, and MFA long-term debt are recorded at cost/amortized cost.

Budget Figures

The budget figures are based on the Five-Year Financial Plan for 2023 - 2027 per Bylaw no. 726, 2023 was adopted May 8, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2023, the Village adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with this standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recongized for the same amount as the liability.

As a result of the adoption on this new accounting policy, an increase in the buildings tangible capital asset of $424,712, an increase in the water system tangible capital asset of $210,175, an increase in the asset retirement obligation of $666,061 and an asset retirement obligation accretion expense of $31,173 were recognized in the financial statements as at December 31, 2023.

Effective January 1, 2023, the Village adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performace of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated. The Village does not have any financial assets or liabilities that are recorded at fair value. The adoption of this standard has no impact on the financial statements of the Village.

4. INVESTMENTS

	2023	2022
MFA Money Market and CIBC Flexible GIC Funds	**$ 1,728,026**	$ 515,118
MFA Intermediate Fund	**2,639**	2,518
MFA Short-term Bond Fund	**3,843**	3,648
	$ 1,734,508	$ 521,284

5. ACCOUNTS RECEIVABLE

	2023	2022
Municipal property taxes	**$ 225,805**	$ 230,666
Government and agency grants	**85,436**	152,698
Sewer user fees	**35,329**	34,456
Water user fees	**35,707**	34,695
GST rebate	**12,831**	29,484
Other	**169,221**	121,970
	$ 564,329	$ 603,969

6. 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**	**2023**	2022
General and Hot Springs Funds	**$ 28,234**	**$ 16,137**	**$ 44,371**	$ 43,885
Sewer and Water Funds	**14,432**	**8,398**	**22,830**	22,577
	$ 42,666	**$ 24,535**	**$ 67,201**	$ 66,462

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.

7. 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, 2023 with comparative figures for December 31, 2022 are as follows:

	2023	2022
Assets		
Current assets	$ 1,275,796	$ 1,614,898
Long-term assets	1,665,439	1,398,883
	2,941,235	3,013,781
Liabilities		
Current liabilities	336,398	237,806
Silviculture accrual	289,000	387,000
Other long term liabilities	342,871	860,000
	968,269	1,484,806
Shareholder equity	$ 1,972,966	$ 1,528,975
Results of operations, net income for the year	$ 443,991	$ 25,917

During the year, the Village received $nil in dividends (2022 - $nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Wages and benefits payable	$ 158,797	$ 161,350
Trade accounts payable and accrued liabilities	361,540	363,997
	$ 520,337	$ 525,347

9. 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
Provincial Ministry Grant	55,082	1,234,582	(1,188,855)	100,809
Columbia Basin Trust Grants	197,800	209,330	(181,243)	225,887
UBCM Grants	-	264,781	(264,781)	-
RDCK Grants	17,750	567,079	(534,586)	50,243
Other Miscellaneous	31,485	138,636	(98,495)	71,626
Prepaid Taxes and Utility Fees	198,573	171,931	(177,959)	192,545
	$ 500,690	$ 2,586,339	$(2,445,919)	$ 641,110

10. ASSET RETIREMENT OBLIGATIONS

The Village has recognized asset retirement obligations related to remediating asbestos-containing buildings, remediating asbestos-containing water pipes and decomissioning its wells. The recognition of the asset retirement obligations involved an accompanying increase to buildings, water and hot springs tangible capital assets. The increase in capital assets is amortized on a straight-line basis over the remaning expected useful life of the related assets.

A reconciliation of the aggregate carrying amount of the liability is as follows:

	2023	2022
Opening balance	$ -	$ -
Initial recognition of expected discounted cash flows	$ 634,888	$ -
Increase due to accretion	$ 31,173	$ -
Closing balance	$ 666,061	$ -

The liability is estimated using a present value technique that discounts future expenditures. The discount rate used was based on long-term financing rates with MFA of 4.91%. The total undiscounted expenditures and the time period over which they are expected to be incurred is as follows:

	2023
2024	$ 13,390
2025	$ 60,471
2026	$ 13,113
2027	$ 13,506
2028	$ 13,911
thereafter	$ 981,591
	$ 1,095,982

11. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal Payments	Actuarial Adjustment	Balance, End of Year
General Fund					
MFA issue 126 bylaw 648	$ 177,267	$ -	$ 9,235	$ 3,909	$ 164,123
MFA issue 130 bylaw 648	69,056	-	3,358	1,238	64,460
MFA issue 117 bylaw 638	60,055	-	4,044	1,748	54,263
MFA equipment loan	239,947	-	12,255	-	227,692
	546,325	-	28,892	6,895	510,538
Hot Springs Fund					
MFA issue 117 bylaw 637	387,618	-	26,101	11,283	350,234
Sewer Utility Fund					
MFA issue 145 bylaw 671	55,883	-	2,463	309	53,111
MFA issue 79 bylaw 546	96,724	-	5,628	8,593	82,503
	152,607	-	8,091	8,902	135,614
Water Utility Fund					
MFA issue 145 bylaw 671	182,734	-	8,055	1,011	173,668
Total Long-Term Debt	$ 1,269,284	$ -	$ 71,139	$ 28,091	$ 1,170,054

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
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
2028	$ 46,429	$ 26,101	$ 8,091	$ 8,054	$ 88,675

12. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2023	2022
Unappropriated Surplus		
General Operating Fund	**$ 1,419,817**	$ 1,516,652
Hot Springs Operating Fund	**596,178**	450,427
Water Operating Fund	**587,883**	543,688
Sewer Operating Fund	**128,068**	58,048
	2,731,946	2,568,815
Reserve Fund		
Equipment Reserve	**470,696**	315,347
Fire Equipment Reserve	**389,307**	334,989
NACFOR (2013) Legacy Fund	**564,025**	654,762
Community Works Gas Tax Reserve	**565,669**	495,867
Growing Communities Reserve	**1,164,315**	-
Sewer Reserve	**1,439,405**	1,163,088
Water Reserve	**644,521**	694,319
Parkland Acquisition Reserve	**14,303**	13,612
Land Sale Reserve	**187,513**	178,449
Hot Springs and Chalet Reserve	**105,264**	100,176
Other Reserves	**290,051**	191,371
	5,835,069	4,141,981
Equity in Tangible Capital Assets		
General Capital Fund	**11,117,581**	11,581,665
Hot Springs Capital Fund	**628,403**	580,594
Water Capital Fund	**5,171,619**	5,002,834
Sewer Capital Fund	**2,441,364**	2,517,157
	19,358,967	19,682,250
Investment in NACFOR (2013)	**1,972,966**	1,528,975
TOTAL ACCUMULATED SURPLUS	**$ 29,898,948**	$ 27,922,021

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 and asset retirement obligations. 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.

13. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed 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, 2023, the Plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 unfunded 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 $142,282 (2022 - $131,686) for employer contributions to the plan in fiscal 2023

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.

14. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	$ 770,361
Provincial Government - Police Tax Levy	108,684
Regional District of Central Kootenay	625,041
Regional Hospital District	69,907
British Columbia Assessment Authority	15,342
Municipal Finance Authority	87
	$ 1,589,422

15. 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.

16. GOVERNMENT TRANSFERS

Government Transfers - Unconditional	2023	2022
Provincial	414,000	538,000
Government Transfers - Conditional		
Provincial	2,332,631	1,635,634
Other	50,000	3,700
	$ 2,796,631	$ 2,177,334

17. BUDGET RECONCILIATION

The following reconciles the budgeted annual deficit as shown on the statement of operations to the budget as presented in bylaw no. 726 adopted May 8, 2023.

Annual budgeted surplus as presented	$ 3,050,992
Transfers from reserves	1,339,500
Transfers to reserves	(2,322,129)
Amortization	973,200
Debt principal payments	(77,384)
Capital expenditures	(3,220,500)
Budgeted use of prior year surplus	283,600
Interfund transfers	(27,279)
	$ -

18. 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, 2023 with 2022 comparative figures are as follows:

	2023	2022
ASSETS		
Short-term investments	$ 46,996	$ 45,131
EQUITY	$ 46,996	$ 45,131
OPERATIONS		
Contributions	$ 1,100	$ 1,650
Interest	765	128
CHANGE IN EQUITY	$ 1,865	$ 1,778

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

19. GROWING COMMUNITIES FUND

Information about the Growing Communities Fund (GCF), when deposited into a reserve fund established by bylaw:

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of $1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The Village of Nakusp received $1,161,000 of GCF Funding in March 2023.

	2023	2022
Opening balance of unspent funds	**-**	-
Amount received during the year	**$ 1,161,000**	-
Amount spent	**-**	-
Closing balance of unspent funds	**$ 1,161,000**	-

20. 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.

20. SEGMENTED INFORMATION (continued)

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.

21. FINANCIAL INSTRUMENTS

Credit risk exposure

Credit risk is the risk of financial loss to the Village if a debtor fails to discharge their obligation (e.g. pay property taxes to the Village). The Village is exposed to this risk arising from its accounts receivable.

The Village's investment policy operates within the constraints of the investment guidelines laid out in Section 183 of the Community Charter, which puts limits on the types of investments the Village may invest in. The Section permits the Village's funds to be invested in securities of the Municipal Finance Authority; specified pool investments; securities issued by the Government of Canada, a Canadian province, municipality, or regional district; investments guaranteed by a chartered bank; and deposits in savings institutions or non-equity or membership shares of a credit union

Accounts receivable is primarily amounts due from government (grants receivable) and Village residents. The Village mitigates credit risk by regular submission of reporting requirements for grant installments to be paid within six months to a year of the grant approval. Property tax receivable risk is mitigated by regular notification to the residents of outstanding amounts and ultimately tax sale for recovery, if necessary. If an accounts receivable is held for a long period of time, an impairment allowance is setup to offset the receivable. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

2023

	Current	31-60 days	91-120 days	Over 120 days	Total
Due from other governments	98,267	-	-	-	98,267
Taxes receivable	-	-	-	296,841	296,841
Other recevables	169,221	-	-	-	169,221
Total receivables	$ 267,488	$ -	$ -	$ 296,841	$ 564,329

2022

	Current	31-60 days	91-120 days	Over 120 days	Total
Due from other governments	182,182	-	-	-	182,182
Taxes receivable	-	-	-	299,817	299,817
Other recevables	121,970	-	-	-	121,970
Total receivables	$ 304,152	$ -	$ -	$ 299,817	$ 603,969

21. FINANCIAL INSTRUMENTS (continued)

Liquidity risk exposure

Liquidity risk is the risk that the Village will not be able to meet all cash outflow obligations as they come due. The Village mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	2024	2025	2026	Thereafter	Total
Accounts payable and accrued liabilities	520,337	-	-	-	520,337
Long-term debt	87,110	87,494	87,882	907,568	1,170,054
Asset retirement obligation	$ 13,390	$ 60,471	$ 13,113	$ 1,009,008	1,095,982
Total	$ 620,837	$ 147,965	100,995	$ 1,916,576	$ 2,786,373

Market risk exposure

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Village operates with constraints of the investment guidelines in Section 183 of the Community Charter.

Currency risk

Currency risk arises from the change in price of one currency in relation to another. The Village is not exposed to this risk as it does not transact in foreign currencies.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Village is exposed to this risk through its investments and MFA long-term debt. The Village mitigates this risk by ensuring that they have sufficient cash to meet the outstanding debt obligation if interest rates should rise. The Village monitors expected cash outflow through budgeting and maintenance of loans payable. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial statement will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Village is not exposed to other price risk as the Village does not have any investments or equity instruments

	Land	Park Improvements and Other	Buildings	Equipment, Furniture, and Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2023 Total	2022 Total
COST										
Opening Balance	$ 1,342,412	$ 3,433,587	$ 10,343,069	$ 3,781,603	$ 5,348,764	$ 5,661,207	$ 7,930,513	$ 695,570	38,536,725	$ 36,780,576
Add: Additions	-	-	33,000	36,501	133,034	-	902,562	571,613	1,676,710	2,129,052
Add: Additions due to ARO recognition	-	-	424,712	-	-	-	210,175	-	634,887	-
Less: Disposals/Transfers	-	-	-	-	-	-	-	(989,477)	(989,477)	(372,905)
Closing Balance	1,342,412	3,433,587	10,800,781	3,818,104	5,481,798	5,661,207	9,043,250	277,706	39,858,845	38,536,723
ACCUMULATED AMORTIZATION										
Opening Balance	-	577,082	6,084,914	2,400,314	2,234,881	2,991,443	3,296,557	-	17,585,191	16,623,874
Add: Amortization	-	81,112	375,224	189,708	101,221	139,249	192,058	-	1,078,572	961,315
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	658,194	6,460,138	2,590,022	2,336,102	3,130,692	3,488,615	-	18,663,763	17,585,189
Net Book Value, year ended December 31, 2023	**$ 1,342,412**	**$ 2,775,393**	**$ 4,340,643**	**$ 1,228,082**	**$ 3,145,696**	**$ 2,530,515**	**$ 5,554,635**	**$ 277,706**	**$ 21,195,082**	**$ 20,951,534**

	General Government	Hot Springs and Chalets	Parks and Recreation	Protective Services	Public Works and Transportation	Sewer Services	Water Services	Total
REVENUE								
Conditional transfers from other governments	$ 1,379,582	$ 2,054	$ 563,758	$ 382,366	$ 20,800	$ -	$ 34,071	**$ 2,382,631**
Unconditional transfer - Province of B.C.	414,000	-	-	-	-	-	-	**414,000**
Municipal property and parcel taxes	1,287,369	-	-	-	-	4,548	14,872	**1,306,789**
Hot Springs fees and other revenue	-	1,191,933	-	-	-	-	-	**1,191,933**
Water user fees and charges	-	-	-	-		-	605,931	**605,931**
General fees and charges	154,641	-	260,577	16,050	145,546	-	-	**576,814**
Sewer user fees and charges	-	-	-	-	-	536,761	-	**536,761**
Investment interest and MFA actuarial gain	317,304	11,579	-	-	-	9,081	1,085	**339,049**
Utility taxes and grant-in-lieu of taxes	105,749	-	-	-	-	-	-	**105,749**
Interest and penalties on taxes	39,231	-	-	-	-	-	-	**39,231**
Equity income (loss) in NACFOR (2013)	443,991	-	-	-	-	-	-	**443,991**
	4,141,867	1,205,566	824,335	398,416	166,346	550,390	655,959	**7,942,879**
EXPENSES								
Interest on debt	-	10,437	14,072	15,582	-	10,683	6,818	**57,592**
Goods and services	758,105	320,437	534,656	211,493	309,360	160,720	173,207	**2,467,978**
Wages, benefits and Council stipends	643,301	635,607	361,613	79,452	397,793	98,622	114,248	**2,330,636**
Accretion	17,939	10,320	-	-	-	-	2,914	**31,173**
Amortization of tangible capital assets	31,214	50,618	352,621	87,377	225,435	139,249	192,059	**1,078,573**
	1,450,559	1,027,419	1,262,962	393,904	932,588	409,274	489,246	**5,965,952**
Annual Surplus/Deficit	**$ 2,691,308**	**$ 178,147**	**$ (438,627)**	**$ 4,512**	**$ (766,242)**	**$ 141,116**	**$ 166,713**	**$ 1,976,927**

SCHEDULE C - COVID-19 PROVINCE OF BC RESTART GRANT

As At December 31, 2023

		2023		2022
OPENING BALANCE	$	**396,546**	$	**461,756**
EXPENDITURES				
Addressing revenue shortfalls		**13,823**		**12,385**
Facility reopening and operating costs		**38,814**		**52,825**
Computer and other electronic technology costs		**15,994**		**-**
CLOSING BALANCE	$	**327,915**	$	**396,546**