

*Consolidated Financial Statements of the*

**VILLAGE OF NAKUSP**

*December 31, 2013*

**VILLAGE OF NAKUSP**  
**Index to Financial Statements**  
**December 31, 2013**

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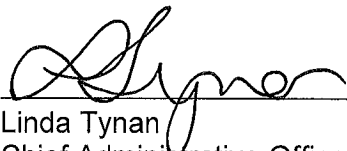
**April 14, 2014**

## **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.

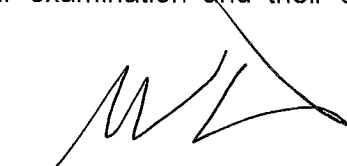
Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the Village of Nakusp's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation 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.



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Linda Tynan  
Chief Administrative Officer



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Robert Richards  
Chief Financial Officer

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## INDEPENDENT AUDITORS' REPORT

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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, 2013, 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)

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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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



**Chartered Accountants**

April 14, 2014

Nelson, B.C.

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2013**

|   | 2013                | 2012                |
|---|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                           |                     |                     |
| Cash and equivalents                              | \$ 168,160          | \$ 758,423          |
| Investments (note 2)                              | 1,274,347           | 1,260,864           |
| Accounts receivable (note 3)                      | 671,695             | 536,760             |
| MFA debt reserve cash deposits (note 4)           | 20,200              | 16,575              |
| Investment in NACFOR (note 5)                     | 2,018,781           | 605,257             |
|   | <b>4,153,183</b>    | <b>3,177,879</b>    |
| <b>LIABILITIES</b>                                |                     |                     |
| Accounts payable and accrued liabilities (note 6) | 533,583             | 337,977             |
| Deferred revenue (note 7)                         | 440,198             | 818,801             |
| Deposits  | 2,148               | 1,250               |
| Capital lease obligation (note 8)                 | 21,577              | 39,700              |
| Long-term debt (note 9)                           | 1,288,456           | 1,074,118           |
|   | <b>2,285,962</b>    | <b>2,271,846</b>    |
| <b>NET FINANCIAL ASSETS</b>                       | <b>1,867,221</b>    | <b>906,033</b>      |
| <b>NON-FINANCIAL ASSETS</b>                       |                     |                     |
| Prepaid expenses                                  | 59,539              | 44,331              |
| Inventory of materials and supplies               | 57,860              | 73,851              |
| Tangible capital assets (schedule)                | 19,874,521          | 15,381,560          |
|   | <b>19,991,920</b>   | <b>15,499,742</b>   |
| <b>ACCUMULATED SURPLUS</b>                        | <b>\$21,859,141</b> | <b>\$16,405,775</b> |
| <b>Represented by:</b>                            |                     |                     |
| Unappropriated surplus (note 10)                  | \$ 777,721          | \$ 1,057,532        |
| Statutory reserves (note 10)                      | 498,151             | 475,244             |
| Equity in tangible capital assets (note 10)       | 18,564,488          | 14,267,742          |
| Investment in NACFOR (note 5)                     | 2,018,781           | 605,257             |
|   | <b>\$21,859,141</b> | <b>\$16,405,775</b> |
| <b>CONTINGENCIES (note 16)</b>                    |                     |                     |

  
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 Linda Tynan  
 Chief Administrative Officer

  
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 Robert Richards  
 Chief Financial Officer

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2013

|   | 2013<br>Budget<br>(note 15) | 2013<br>Actual      | 2012<br>Actual      |
|---|-----------------------------|---------------------|---------------------|
| <b>REVENUE</b>                                |                             |                     |                     |
| Municipal property taxes                      | \$ 899,105                  | \$ 898,036          | \$ 878,881          |
| Interest and penalties on taxes               | 26,500                      | 28,369              | 32,076              |
| Utility taxes and grants in lieu of taxes     | 75,500                      | 76,352              | 74,049              |
| General fees and charges                      | 311,920                     | 310,653             | 294,078             |
| Hot Springs fees and other revenue            | 479,313                     | 480,642             | 423,648             |
| Sewer user fees and charges                   | 294,894                     | 304,994             | 269,844             |
| Water user fees and charges                   | 377,014                     | 387,674             | 361,576             |
| Permits and licences                          | 21,350                      | 22,512              | 22,556              |
| Interest income                               | 8,750                       | 25,405              | 16,355              |
| Conditional transfers from other governments  | 1,968,818                   | 1,910,971           | 1,247,190           |
| Unconditional transfer - Province of BC       | 233,759                     | 233,759             | 500,152             |
| Gain on sale of tangible capital assets       | -                           | 1,975               | 3,400               |
| Contributed tangible capital assets (note 11) | -                           | 2,664,079           | 221,570             |
| Equity income from NACFOR (note 5)            | -                           | 1,413,524           | 325,726             |
|   | <u>4,696,923</u>            | <u>8,758,945</u>    | <u>4,671,101</u>    |
| <b>EXPENDITURES (note 12)</b>                 |                             |                     |                     |
| General government                            | 643,536                     | 580,946             | 592,662             |
| Protective services                           | 265,144                     | 268,166             | 247,434             |
| Transportation and public works               | 427,625                     | 392,268             | 438,077             |
| Waste disposal                                | 71,572                      | 59,786              | 65,481              |
| Cemetery services                             | 30,507                      | 26,700              | 25,999              |
| Economic development and promotion            | 67,300                      | 33,482              | 39,551              |
| Parks, recreation and cultural services       | 650,782                     | 777,118             | 671,965             |
| Hot Springs                                   | 510,722                     | 517,333             | 464,024             |
| Sewer services                                | 317,321                     | 297,136             | 295,322             |
| Water services                                | 369,560                     | 352,644             | 389,220             |
|   | <u>3,354,069</u>            | <u>3,305,579</u>    | <u>3,229,735</u>    |
| <b>ANNUAL SURPLUS</b>                         | 1,342,854                   | 5,453,366           | 1,441,366           |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b> | 16,405,775                  | 16,405,775          | 14,964,409          |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>       | <u>\$17,748,629</u>         | <u>\$21,859,141</u> | <u>\$16,405,775</u> |

  
Linda Tynan  
Chief Administrative Officer

  
Robert Richards  
Chief Financial Officer

**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2013

|  | 2013                | 2012                |
|--|---------------------|---------------------|
| <b>ANNUAL SURPLUS</b>                          | <b>\$ 5,453,366</b> | <b>\$ 1,441,366</b> |
| Acquisition of tangible capital assets         | ( 5,133,451)        | ( 1,503,449)        |
| Amortization of tangible capital assets        | 640,490             | 623,894             |
| Gain on sale of tangible capital assets        | ( 1,975)            | ( 3,400)            |
| Proceeds on sale of tangible capital assets    | 1,975               | 3,400               |
|  | <hr/>               | <hr/>               |
| Net change in inventory and prepaid expenses   | 960,405<br>783      | 561,811<br>31,784   |
|  | <hr/>               | <hr/>               |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>        | <b>961,188</b>      | <b>593,595</b>      |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b> | <b>906,033</b>      | <b>312,438</b>      |
|  | <hr/>               | <hr/>               |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>       | <b>\$ 1,867,221</b> | <b>\$ 906,033</b>   |
|  | <hr/>               | <hr/>               |



**VILLAGE OF NAKUSP**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2013

|   | 2013               | 2012               |
|---|--------------------|--------------------|
| <b>OPERATING TRANSACTIONS</b>                                 |                    |                    |
| Annual surplus  | \$ 5,453,366       | \$ 1,441,366       |
| Non-cash items included in annual surplus                     |                    |                    |
| Amortization  | 640,490            | 623,894            |
| Actuarial gain on MFA long-term debt                          | ( 11,679)          | ( 9,185)           |
| Gain on sale of tangible capital assets                       | ( 1,975)           | ( 3,400)           |
| Investment income from NACFOR                                 | (1,413,524)        | ( 325,726)         |
| Contributed tangible capital assets                           | (2,664,079)        | ( 221,570)         |
| Changes in non-cash operating balances                        |                    |                    |
| Accounts receivable   | ( 134,936)         | 617,461            |
| MFA debt reserve cash deposits                                | ( 3,625)           | ( 486)             |
| Prepaid expenses and inventory                                | 783                | 31,784             |
| Accounts payable and accrued liabilities                      | 195,607            | ( 201,858)         |
| Deferred revenue and deposits                                 | ( 377,705)         | 375,536            |
| <b>Cash provided by operating transactions</b>                | <b>1,682,723</b>   | <b>2,327,816</b>   |
| <b>CAPITAL TRANSACTIONS</b>                                   |                    |                    |
| Purchase of tangible capital assets                           | (2,469,372)        | (1,281,879)        |
| Proceeds from disposal of capital assets                      | 1,975              | 3,400              |
| <b>Cash applied to capital transactions</b>                   | <b>(2,467,397)</b> | <b>(1,278,479)</b> |
| <b>FINANCING TRANSACTIONS</b>                                 |                    |                    |
| Proceeds from long-term debt                                  | 275,000            | -                  |
| Repayment of long-term debt                                   | ( 67,106)          | ( 66,743)          |
| <b>Cash received from (applied to) financing transactions</b> | <b>207,894</b>     | <b>( 66,743)</b>   |
| <b>INVESTING TRANSACTIONS</b>                                 |                    |                    |
| Increase in investments                                       | ( 13,483)          | (1,205,352)        |
| <b>DECREASE IN CASH</b>                                       | <b>( 590,263)</b>  | <b>( 222,758)</b>  |
| <b>CASH, BEGINNING OF YEAR</b>                                | <b>758,423</b>     | <b>981,181</b>     |
| <b>CASH, END OF YEAR</b>                                      | <b>\$ 168,160</b>  | <b>\$ 758,423</b>  |

Village of Nakusp  
Consolidated Financial Statements Schedule - Tangible Capital Assets  
For the Year Ended December 31, 2013

|                                      | Land      | Park Improvements<br>& Other | Buildings | Equipment,<br>Furniture &<br>Vehicles | Transportation<br>System | Sewer System | Water System | Assets Under<br>Construction | 2013<br>Total | 2012<br>Total |
|--------------------------------------|-----------|------------------------------|-----------|---------------------------------------|--------------------------|--------------|--------------|------------------------------|---------------|---------------|
| <b>COST</b>                          |           |                              |           |                                       |                          |              |              |                              |               |               |
| Opening Balance                      | 1,368,606 | 357,549                      | 8,214,681 | 2,062,991                             | 2,767,577                | 3,666,516    | 3,640,594    | 2,680,133                    | 24,758,647    | 23,268,207    |
| Add: Additions                       | -         | -                            | 113,761   | 184,324                               | 446,469                  | 1,630,902    | 533,309      | 2,224,686                    | 5,133,451     | 1,525,671     |
| Less: Disposals                      | -         | -                            | -         | 38,950                                | -                        | -            | -            | -                            | 38,950        | 35,231        |
| Closing 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    |
| <b>ACCUMULATED AMORTIZATION</b>      |           |                              |           |                                       |                          |              |              |                              |               |               |
| Opening Balance                      |           | 29,608                       | 3,287,439 | 954,121                               | 1,563,428                | 1,694,328    | 1,848,163    |                              | 9,377,087     | 8,766,202     |
| Add: Amortization                    |           | 7,679                        | 219,610   | 161,785                               | 70,800                   | 95,100       | 85,516       |                              | 640,490       | 623,894       |
| Less: Acc. Amortization on Disposals |           | -                            | -         | 38,950                                | -                        | -            | -            |                              | 38,950        | 13,009        |
| Closing Balance                      |           | 37,287                       | 3,507,049 | 1,076,956                             | 1,634,228                | 1,789,428    | 1,933,679    |                              | 9,978,627     | 9,377,087     |
| <b>Net Book Value, year ended</b>    |           |                              |           |                                       |                          |              |              |                              |               |               |
| 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    | 15,381,560    |
| December 31, 2012                    | 1,368,606 | 327,941                      | 4,927,242 | 1,108,870                             | 1,204,149                | 1,972,188    | 1,792,431    | 2,680,133                    | 15,381,560    |               |

## **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 Inc. (NACFOR), 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 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, 2013**

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

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2013, per bylaw #646 adopted April 24, 2013.

Financial Instruments

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

Use of Estimates

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

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**2. INVESTMENTS**

|  | 2013                | 2012                |
|--|---------------------|---------------------|
| MFA Money Market and CIBC Flexible GIC Funds | \$ 1,268,913        | \$ 1,255,516        |
| MFA Intermediate Fund                        | 2,265               | 2,232               |
| MFA Short-term Bond Fund                     | <u>3,169</u>        | <u>3,116</u>        |
|  | <u>\$ 1,274,347</u> | <u>\$ 1,260,864</u> |

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

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**3. ACCOUNTS RECEIVABLE**

|                              | 2013              | 2012              |
|------------------------------|-------------------|-------------------|
| Municipal property taxes     | \$ 169,395        | \$ 217,890        |
| Government and agency grants | 244,367           | 171,733           |
| Sewer user fees              | 39,255            | 26,420            |
| Water user fees              | 47,279            | 29,605            |
| GST / HST rebate             | 139,087           | 29,400            |
| Other                        | <u>32,312</u>     | <u>61,712</u>     |
|                              | <u>\$ 671,695</u> | <u>\$ 536,760</u> |

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2013**

**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    | 2013             | 2012             |
|--------------|------------------|------------------|------------------|------------------|
| General Fund | \$ 32,088        | \$ 12,475        | \$ 44,563        | \$ 34,136        |
| Sewer Fund   | 14,181           | 7,725            | 21,906           | 21,547           |
|              | <u>\$ 46,269</u> | <u>\$ 20,200</u> | <u>\$ 66,469</u> | <u>\$ 55,683</u> |

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

**5. INVESTMENT IN NAKUSP & AREA COMMUNITY FOREST INC. (NACFOR)**

NACFOR is a wholly owned subsidiary that was created for the purpose of managing a timber license in the Nakusp area. The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2013 with comparative figures for December 31, 2012 are as follows:

|  | December 31,<br>2013 | December 31,<br>2012 |
|--|----------------------|----------------------|
| Assets                                     |                      |                      |
| Current assets                             | <u>\$ 2,407,729</u>  | <u>\$ 1,043,584</u>  |
| Current liabilities                        | 30,148               | 246,327              |
| Silviculture accrual                       | <u>358,800</u>       | <u>192,000</u>       |
|  | <u>388,948</u>       | <u>438,327</u>       |
| Shareholder's equity                       | <u>\$ 2,018,781</u>  | <u>\$ 605,257</u>    |
| Results of operations, net income for year | <u>\$ 1,413,524</u>  | <u>\$ 325,726</u>    |

**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
As At December 31, 2013

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                        | 2013              | 2012              |
|------------------------|-------------------|-------------------|
| Payroll related        | \$ 83,837         | \$ 78,829         |
| Trade accounts payable | 367,258           | 168,639           |
| Accrued liabilities    | <u>82,488</u>     | <u>90,509</u>     |
|                        | <u>\$ 533,583</u> | <u>\$ 337,977</u> |

**7. DEFERRED REVENUE**

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

|                               | Balance,<br>Beginning<br>of Year | Contributions<br>Received | Interest      | Eligible<br>Expenditures | Balance,<br>End of Year |
|-------------------------------|----------------------------------|---------------------------|---------------|--------------------------|-------------------------|
| Federal Gas Tax Grant         | \$ 113,321                       | \$ 111,406                | \$ 884        | \$( 117,151)             | \$ 108,460              |
| Provincial grant - water      | 205,607                          | -                         | -             | ( 205,607)               | -                       |
| Provincial grant - recreation | 313,116                          | -                         | -             | ( 313,116)               | -                       |
| BC Hydro - wharf fund         | -                                | 100,000                   | -             | -                        | 100,000                 |
| Columbia Basin Trust grants   | 51,506                           | 10,000                    | -             | ( 51,506)                | 10,000                  |
| RDCK grants                   | 20,120                           | 119,270                   | -             | ( 44,788)                | 94,602                  |
| Parkland acquisition          | 13,272                           | -                         | -             | -                        | 13,272                  |
| Prepaid taxes                 | 101,859                          | 113,864                   | -             | ( 101,859)               | 113,864                 |
|                               | <u>\$ 818,801</u>                | <u>\$ 454,540</u>         | <u>\$ 884</u> | <u>\$( 834,027)</u>      | <u>\$ 440,198</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. Gas tax funding may be used towards certain public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2013**

**8. CAPITAL LEASE OBLIGATION**

|   | 2013             | 2012             |
|---|------------------|------------------|
| 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>\$ 21,577</u> | <u>\$ 39,700</u> |

The required minimum lease payments over the next two years are as follows:

|                                   |    |                  |  |
|-----------------------------------|----|------------------|--|
| 2014                              | \$ | 18,751           |  |
| 2015                              |    | <u>3,093</u>     |  |
| Total minimum lease payments      |    | 21,844           |  |
| Less amount representing interest |    | <u>267</u>       |  |
|                                   |    | <u>\$ 21,577</u> |  |

**9. LONG-TERM DEBT**

|                                  | Balance,<br>Beginning<br>of Year | Additions         | Principal        | Actuarial<br>Adjustment | Balance,<br>End of Year |
|----------------------------------|----------------------------------|-------------------|------------------|-------------------------|-------------------------|
| <b>General Capital Fund</b>      |                                  |                   |                  |                         |                         |
| MFA issue 117 bylaw 637          | \$ 685,948                       | \$ -              | \$ 23,843        | \$ 1,171                | \$ 660,934              |
| MFA issue 117 bylaw 638          | 106,274                          | -                 | 3,694            | 182                     | 102,398                 |
| MFA issue 110 bylaw 573          | 37,291                           | -                 | 11,244           | 1,273                   | 24,774                  |
| MFA issue 126 bylaw 648          | -                                | 275,000           | -                | -                       | 275,000                 |
|                                  | <u>829,513</u>                   | <u>275,000</u>    | <u>38,781</u>    | <u>2,626</u>            | <u>1,063,106</u>        |
| <b>Sewer System Capital Fund</b> |                                  |                   |                  |                         |                         |
| MFA issue 63 bylaw 419           | 39,865                           | -                 | 4,573            | 5,699                   | 29,593                  |
| MFA issue 79 bylaw 546           | 204,740                          | -                 | 5,627            | 3,356                   | 195,757                 |
|                                  | <u>244,605</u>                   | <u>-</u>          | <u>10,200</u>    | <u>9,055</u>            | <u>225,350</u>          |
| <b>Total Long-term Debt</b>      | <u>\$1,074,118</u>               | <u>\$ 275,000</u> | <u>\$ 48,981</u> | <u>\$ 11,681</u>        | <u>\$1,288,456</u>      |

Interest rates range from 3.0% 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, 2013**

**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<br>Capital | Sewer<br>Capital | Total     |
|------|--------------------|------------------|-----------|
| 2014 | \$ 48,016          | \$ 10,200        | \$ 58,216 |
| 2015 | \$ 48,016          | \$ 10,200        | \$ 58,216 |
| 2016 | \$ 36,772          | \$ 10,200        | \$ 46,972 |
| 2017 | \$ 36,772          | \$ 5,628         | \$ 42,400 |
| 2018 | \$ 36,772          | \$ 5,628         | \$ 42,400 |

**10. ACCUMULATED SURPLUS**

Accumulated surplus is represented by:

|                                   | 2013                        | 2012                        |
|-----------------------------------|-----------------------------|-----------------------------|
| Unappropriated Surplus            |                             |                             |
| General Operating Fund            | \$ 153,250                  | \$ 220,882                  |
| Water Operating Fund              | 455,345                     | 824,974                     |
| Sewer Operating Fund              | <u>169,126</u>              | <u>11,676</u>               |
|                                   | <u>777,721</u>              | <u>1,057,532</u>            |
| Reserve Funds                     |                             |                             |
| Operations equipment              | 293,753                     | 351,227                     |
| General Capital                   | 76,391                      | 13,852                      |
| Fire services equipment           | <u>128,007</u>              | <u>110,165</u>              |
|                                   | <u>498,151</u>              | <u>475,244</u>              |
| Investment in NACFOR              | <u>2,018,781</u>            | <u>605,257</u>              |
| Equity in Tangible Capital Assets |                             |                             |
| General Capital Fund              | 11,228,657                  | 8,310,560                   |
| Water Capital Fund                | 4,013,078                   | 3,102,264                   |
| Sewer Capital Fund                | <u>3,322,753</u>            | <u>2,854,918</u>            |
|                                   | <u>18,564,488</u>           | <u>14,267,742</u>           |
| <b>Total Accumulated Surplus</b>  | <u><b>\$ 21,859,141</b></u> | <u><b>\$ 16,405,775</b></u> |

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, 2013**

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

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

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**11. CONTRIBUTED TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2013, the Village's work-in-progress tangible capital assets include contributions with a total cost of \$389,971 for the expansion of the Centennial Building. These contributed tangible capital assets are made through the fund raising efforts of the Arrow Lakes Historical Society, a tenant of the building. Also included in the Village's work-in-progress tangible capital assets are \$2,495,678 in additions contributed by BC Hydro for the Nakusp launch replacement.

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**12. EXPENDITURES BY OBJECT**

|   | <b>2013</b>                | <b>2012</b>         |
|---|----------------------------|---------------------|
| Interest and bank charges               | \$ <b>58,986</b>           | \$ 48,980           |
| Goods and services                      | <b>1,052,624</b>           | 1,082,095           |
| Wages and benefits                      | <b>1,553,479</b>           | 1,474,766           |
| Amortization of tangible capital assets | <u><b>640,490</b></u>      | <u>623,894</u>      |
| Total operating expenditures            | <u><b>\$ 3,305,579</b></u> | <u>\$ 3,229,735</u> |

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**13. 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 179,000 active members and approximately 71,000 retired members. Active members include approximately 22 contributors from the Village.

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**VILLAGE OF NAKUSP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**As At December 31, 2013**

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**13. PENSION LIABILITY (continued)**

The most recent actuarial valuation as at December 31, 2012 indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 \$102,456 (2012 - \$93,208) for employer contributions to the Plan in fiscal 2013.

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**14. COLLECTION FOR OTHER GOVERNMENTS**

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

|   |                     |
|---|---------------------|
| Provincial Government - School Taxes    | \$ 644,302          |
| Provincial Government - Police Tax Levy | 74,197              |
| Regional District Central Kootenay      | 378,816             |
| Regional Hospital District              | 78,547              |
| British Columbia Assessment Authority   | 14,960              |
| Municipal Finance Authority             | <u>46</u>           |
|   | <u>\$ 1,190,868</u> |

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

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**15. BUDGET RECONCILIATION**

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the budget as presented in bylaw #646 adopted April 24, 2013.

|                                    |                |
|------------------------------------|----------------|
| Budgeted surplus as presented      | \$ 1,342,854   |
| Proposed borrowing proceeds        | 425,000        |
| Budgeted transfers from reserves   | 283,300        |
| Budgeted transfers to reserves     | ( 233,559)     |
| Amortization                       | 626,000        |
| Budgeted debt principal payments   | ( 63,662)      |
| Budgeted capital expenditures      | ( 2,966,990)   |
| Budgeted use of prior year surplus | <u>587,057</u> |
|                                    | <u>\$ -</u>    |

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**16. 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.

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**17. 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, 2013 with 2012 comparative figures are as follows:

|                         | <b>2013</b>      | <b>2012</b>      |
|-------------------------|------------------|------------------|
| <b>Assets</b>           |                  |                  |
| Short-term investments  | \$ 29,146        | \$ 28,443        |
| Accrued interest        | 215              | 18               |
| <b>Equity</b>           | <b>\$ 29,361</b> | <b>\$ 28,461</b> |
| <b>Operations</b>       |                  |                  |
| Contributions           | \$ 600           | \$ 1,550         |
| Interest                | 300              | 365              |
| <b>Change in equity</b> | <b>\$ 900</b>    | <b>\$ 1,915</b>  |

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

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**VILLAGE OF NAKUSP**  
**GENERAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2013**

| <b>FINANCIAL ASSETS</b>                  | <b>2013</b>         | <b>2012</b>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                            |                     |                     |
| Cash                                     | \$ 168,160          | \$ 758,423          |
| Investments - MFA                        | 1,274,347           | 1,260,864           |
| Investment in NACFOR                     | 2,018,781           | 605,257             |
| Accounts receivable                      | 171,399             | 91,111              |
| Government and other grants receivable   | -                   | 9,353               |
| Taxes receivable                         | 169,395             | 217,890             |
| MFA debt reserve cash deposits           | 12,475              | 9,209               |
| Due from Sewer Fund                      | -                   | 124,537             |
|  | <b>3,814,557</b>    | <b>3,076,644</b>    |
| <b>LIABILITIES</b>                       |                     |                     |
| Accounts payable and accrued liabilities | 533,583             | 337,978             |
| Deferred revenue                         | 426,925             | 805,528             |
| Deposits                                 | 2,148               | 1,250               |
| Capital lease obligation                 | 21,577              | 39,700              |
| Long-term debt                           | 1,063,106           | 829,513             |
| Due to Sewer Fund                        | 122,146             | -                   |
| Due to Water Fund                        | 163,699             | 735,415             |
| Due to Reserve Funds                     | 511,423             | 488,516             |
|  | <b>2,844,607</b>    | <b>3,237,900</b>    |
| <b>NET FINANCIAL ASSETS (DEBT)</b>       | <b>969,950</b>      | <b>( 161,256)</b>   |
| <b>NON-FINANCIAL ASSETS</b>              |                     |                     |
| Prepaid expenses and deposits            | 57,860              | 73,851              |
| Inventory of materials and supplies      | 59,539              | 44,331              |
| Tangible capital assets                  | 12,313,339          | 9,179,773           |
|  | <b>12,430,738</b>   | <b>9,297,955</b>    |
| <b>ACCUMULATED SURPLUS</b>               | <b>\$13,400,688</b> | <b>\$ 9,136,699</b> |
| <b>Represented by:</b>                   |                     |                     |
| Unappropriated surplus                   | \$ 153,250          | \$ 220,882          |
| Equity in tangible capital assets        | 11,228,657          | 8,310,560           |
| Equity in NACFOR                         | 2,018,781           | 605,257             |
|  | <b>\$13,400,688</b> | <b>\$ 9,136,699</b> |

**VILLAGE OF NAKUSP**  
**GENERAL OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year Ended December 31, 2013

|   | 2013                | 2012              |
|---|---------------------|-------------------|
| <b>REVENUE</b>  |                     |                   |
| General taxation  | \$ 888,248          | \$ 869,093        |
| Interest and penalties on taxes                               | 28,369              | 32,076            |
| Utility taxes and grants-in-lieu of taxes                     | 76,352              | 74,049            |
| General fees and charges                                      | 310,651             | 294,078           |
| Hot Springs fees and other revenue                            | 480,642             | 423,648           |
| Permits and licences  | 22,512              | 22,556            |
| Conditional transfers from other governments                  | 806,590             | 402,720           |
| Unconditional transfer - Province of BC                       | 233,759             | 500,152           |
| Investment interest   | 11,957              | 6,313             |
| Equity income in NACFOR                                       | 1,413,524           | 325,726           |
| Proceeds on sale of tangible capital assets                   | 1,975               | 3,400             |
| Contributed tangible capital assets                           | 2,664,079           | 221,570           |
|   | <b>6,938,658</b>    | <b>3,175,381</b>  |
| <b>EXPENDITURES</b>   |                     |                   |
| General government  | 568,706             | 582,664           |
| Protective services   | 184,771             | 162,328           |
| Transportation services                                       | 231,322             | 287,826           |
| Waste disposal services                                       | 49,748              | 55,443            |
| Cemetery services   | 23,290              | 22,589            |
| Economic development and promotion                            | 33,482              | 39,551            |
| Parks, recreation and cultural services                       | 607,597             | 500,249           |
| Hot Springs   | 497,008             | 445,670           |
| Amortization  | 459,874             | 448,873           |
|   | <b>2,655,798</b>    | <b>2,545,193</b>  |
| <b>TOTAL REVENUES OVER EXPENDITURES</b>                       | <b>4,282,860</b>    | <b>630,188</b>    |
| Transfers from Reserve Funds                                  | 234,352             | 95,432            |
| Transfers to Reserve Funds                                    | ( 253,223)          | ( 127,102)        |
| General Capital expenditures                                  | ( 3,318,441)        | ( 392,496)        |
| General Capital debt principal repayments                     | ( 59,530)           | ( 57,577)         |
| Increase in investment in NACFOR                              | ( 1,413,524)        | ( 325,726)        |
| Amortization transferred to equity in tangible capital assets | 459,874             | 448,873           |
|   | <b>( 4,350,492)</b> | <b>( 358,596)</b> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                               | <b>( 67,632)</b>    | <b>271,592</b>    |
| <b>UNAPPROPRIATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>    | <b>220,882</b>      | <b>( 50,710)</b>  |
| <b>UNAPPROPRIATED SURPLUS, END OF YEAR</b>                    | <b>\$ 153,250</b>   | <b>\$ 220,882</b> |

**VILLAGE OF NAKUSP**  
**WATER UTILITY FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2013**

| <b>FINANCIAL ASSETS</b>                     | <b>2013</b>         | <b>2012</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                               |                     |                     |
| Water fees receivable                       | \$ 47,279           | \$ 29,606           |
| Grants receivable                           | 244,367             | 59,953              |
| Due from General Operating and Capital Fund | 163,699             | 735,415             |
| <b>NET FINANCIAL ASSETS</b>                 | <b>455,345</b>      | <b>824,974</b>      |
| <b>TANGIBLE CAPITAL ASSETS</b>              | <b>4,013,078</b>    | <b>3,102,264</b>    |
| <b>ACCUMULATED SURPLUS</b>                  | <b>\$ 4,468,423</b> | <b>\$ 3,927,238</b> |
| <b>Represented by:</b>                      |                     |                     |
| Unappropriated surplus                      | \$ 455,345          | \$ 824,974          |
| Equity in tangible capital assets           | 4,013,078           | 3,102,264           |
|   | <b>\$ 4,468,423</b> | <b>\$ 3,927,238</b> |

**VILLAGE OF NAKUSP**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the Year Ended December 31, 2013**

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| <b>REVENUE</b>                                    |                   |                   |
| User fees   | \$ 387,674        | \$ 361,576        |
| Conditional transfers from other governments      | 856,156           | 620,872           |
|   | <u>1,243,830</u>  | <u>982,448</u>    |
| <b>EXPENSES</b>                                   |                   |                   |
| Water services                                    | 267,128           | 307,701           |
| Amortization                                      | 85,516            | 81,519            |
|   | <u>352,644</u>    | <u>389,220</u>    |
| <b>NET OPERATING REVENUES OVER EXPENDITURES</b>   | <b>891,186</b>    | <b>593,228</b>    |
| Amortization to equity in tangible capital assets | 85,516            | 81,519            |
| Water capital expenditures                        | ( 996,331)        | ( 661,944)        |
| Transfer to sewer utility fund                    | ( 350,000)        | -                 |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                   | <b>( 369,629)</b> | <b>12,803</b>     |
| <b>UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR</b>  | <b>824,974</b>    | <b>812,171</b>    |
| <b>UNAPPROPRIATED SURPLUS, END OF YEAR</b>        | <b>\$ 455,345</b> | <b>\$ 824,974</b> |



**VILLAGE OF NAKUSP**  
**SEWER UTILITY FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2013**

| <b>FINANCIAL ASSETS</b>           | <b>2013</b>         | <b>2012</b>         |
|-----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                     |                     |                     |
| Sewer fees receivable             | \$ 39,255           | \$ 26,420           |
| Grants receivable                 | -                   | 102,427             |
| Due from General Fund             | 122,146             | -                   |
| MFA debt reserve cash deposits    | 7,725               | 7,366               |
|                                   | <u>169,126</u>      | <u>136,213</u>      |
| <b>LIABILITIES</b>                |                     |                     |
| Due to General Fund               | -                   | 124,537             |
| Long-term debt                    | 225,350             | 244,605             |
|                                   | <u>225,350</u>      | <u>369,142</u>      |
| <b>NET DEBT</b>                   | <b>( 56,224)</b>    | <b>( 232,929)</b>   |
| <b>TANGIBLE CAPITAL ASSETS</b>    | <b>3,548,103</b>    | <b>3,099,523</b>    |
| <b>ACCUMULATED SURPLUS</b>        | <b>\$ 3,491,879</b> | <b>\$ 2,866,594</b> |
| <b>Represented by:</b>            |                     |                     |
| Unappropriated surplus            | \$ 169,126          | \$ 11,676           |
| Equity in tangible capital assets | 3,322,753           | 2,854,918           |
|                                   | <u>\$ 3,491,879</u> | <u>\$ 2,866,594</u> |

**VILLAGE OF NAKUSP**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year Ended December 31, 2013

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| <b>REVENUE</b>                                    |                   |                   |
| Parcel and specified area taxes                   | \$ 9,788          | \$ 9,788          |
| User fees   | 304,994           | 269,844           |
| Interest income                                   | 9,412             | 8,366             |
| Conditional transfers from other governments      | 248,225           | 223,598           |
|   | <u>572,419</u>    | <u>511,596</u>    |
| <b>EXPENSES</b>                                   |                   |                   |
| Sewer service                                     | 202,036           | 201,820           |
| Amortization                                      | 95,100            | 93,502            |
|   | <u>297,136</u>    | <u>295,322</u>    |
| <b>TOTAL REVENUES OVER EXPENSES</b>               | <u>275,283</u>    | <u>216,274</u>    |
| Amortization to equity in tangible capital assets | 95,100            | 93,502            |
| Sewer capital expenditures                        | ( 543,680)        | ( 449,009)        |
| Sewer capital debt principal repayments           | ( 19,253)         | ( 18,351)         |
| Transfer from water utility fund                  | 350,000           | -                 |
|   | <u>( 117,833)</u> | <u>( 373,858)</u> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                   | <b>157,450</b>    | <b>( 157,584)</b> |
| <b>UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR</b>  | <b>11,676</b>     | <b>169,260</b>    |
| <b>UNAPPROPRIATED SURPLUS, END OF YEAR</b>        | <b>\$ 169,126</b> | <b>\$ 11,676</b>  |

**VILLAGE OF NAKUSP**  
**RESERVE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**As At December 31, 2013**

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| <b>FINANCIAL ASSETS</b>                 |                   |                   |
| Due from General Operating Fund         | \$ 511,423        | \$ 488,516        |
| <b>LIABILITIES</b>                      |                   |                   |
| Deferred revenue - parkland acquisition | 13,272            | 13,272            |
|   | <b>\$ 498,151</b> | <b>\$ 475,244</b> |
| <b>RESERVES</b>                         |                   |                   |
| Equipment Reserve                       | \$ 293,753        | \$ 351,227        |
| Fire Equipment Reserve                  | 128,007           | 110,165           |
| General Capital Reserve                 | 76,391            | 13,852            |
|   | <b>\$ 498,151</b> | <b>\$ 475,244</b> |

**VILLAGE OF NAKUSP**  
**RESERVE FUND**  
**STATEMENT OF TRANSACTIONS**  
For the Year Ended December 31, 2013

|                         | Balance,<br>Beginning<br>of Year | Contributions     | Transfers<br>to Other<br>Funds | Interest<br>Earned | Balance,<br>End of<br>Year |
|-------------------------|----------------------------------|-------------------|--------------------------------|--------------------|----------------------------|
| Equipment Reserve       | \$ 351,227                       | \$ 119,407        | \$( 179,451)                   | \$ 2,570           | \$ 293,753                 |
| Fire Equipment Reserve  | 110,165                          | 32,000            | ( 15,108)                      | 950                | 128,007                    |
| General Capital Reserve | 13,852                           | 101,816           | ( 39,793)                      | 516                | 76,391                     |
|                         | <u>\$ 475,244</u>                | <u>\$ 253,223</u> | <u>\$( 234,352)</u>            | <u>\$ 4,036</u>    | <u>\$ 498,151</u>          |