



Photo credit:
Craig Pulsifer Photography



THE VILLAGE OF
N A K U S P

2013 ANNUAL REPORT

The Corporation of the Village of Nakusp
91—1st Street NW, Nakusp, BC V0G 1R0
www.nakusp.com

Fiscal year ending December 31, 2013

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Message from the Mayor

On behalf of council, I am pleased to present the 2013 Annual Report.

In 2012, council put together a three year plan to guide us through our three years. We reviewed the plan in 2013 and in May 2014. I am pleased to say that we have completed at least 90% of our goals.

The water treatment Plant is waiting IHA final approval. Phase 1 of the Sewer Treatment plant project is completed as well as Well #2. The micro-hydro power plant project was also completed in 2013 and we are hooked into the hydro grid and will be receiving around \$35,000/year from BC Hydro for power produced.

Council received a report on the long term financial projections on the impact of water usage on the water and sewer systems and whether there is a potential for water metering. A lot more work will be done before council considers metering.

The purchase of the Cedar Chalets was a big step for council and the community and we believe that we will be better positioned to put together a total marketing package for the campground, chalets and pools and increase sales and revenues. We will also be integrating the management of the chalets, hot springs and campground for more efficiency. The Nakusp Trails Society has done a great job with the trails network up at the springs and the new bridge has been a huge benefit. If you want updates on what is happening, go to face book and 'like' the Nakusp Hot Springs.

One of our goals was improving the quality of our financial information on service levels and staffing levels with the production of quarterly reports and timeliness of information as well as meeting all financial reporting deadlines and I'm happy to say that this has been attained.

We are always working to improve communication with the public and have put out several press releases, information mail outs, as well as our fall newsletter. Once again, in November 2013, we held our financial open house. We are working on upgrading our Village and Hot Springs websites. You can also find us on Face book.



The completion of several of our projects has enabled us to work towards a new priority and that is looking at District Energy Heating. Our staff is working towards understanding and gather information on Biomass heating.

We are proud to say that NACFOR has done a great job for the Village and we will be looking at profit distribution to ensure that the funds are used for projects with lasting benefits to the community.

We have had the pleasure of a good working relationship with the Chamber of Commerce and the Nakusp and Area Development Board. We appreciate all of our community volunteers and champions and thank you for your hard work in making this a better community to live in.

Council and staff are always open to discuss your concerns and answer our questions. We appreciate being able to represent you in the best possible manner.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Karen Hamling', written in a cursive style.

Mayor Karen Hamling

Village of Nakusp Council

2012-2014

Council: (left to right)
Joseph Hughes
Guy Duchaine
Karen Hamling (Mayor)
Tom Zeleznik
Ulli Mueller



Council meets **every second Monday at 6:30 pm in Council Chambers**

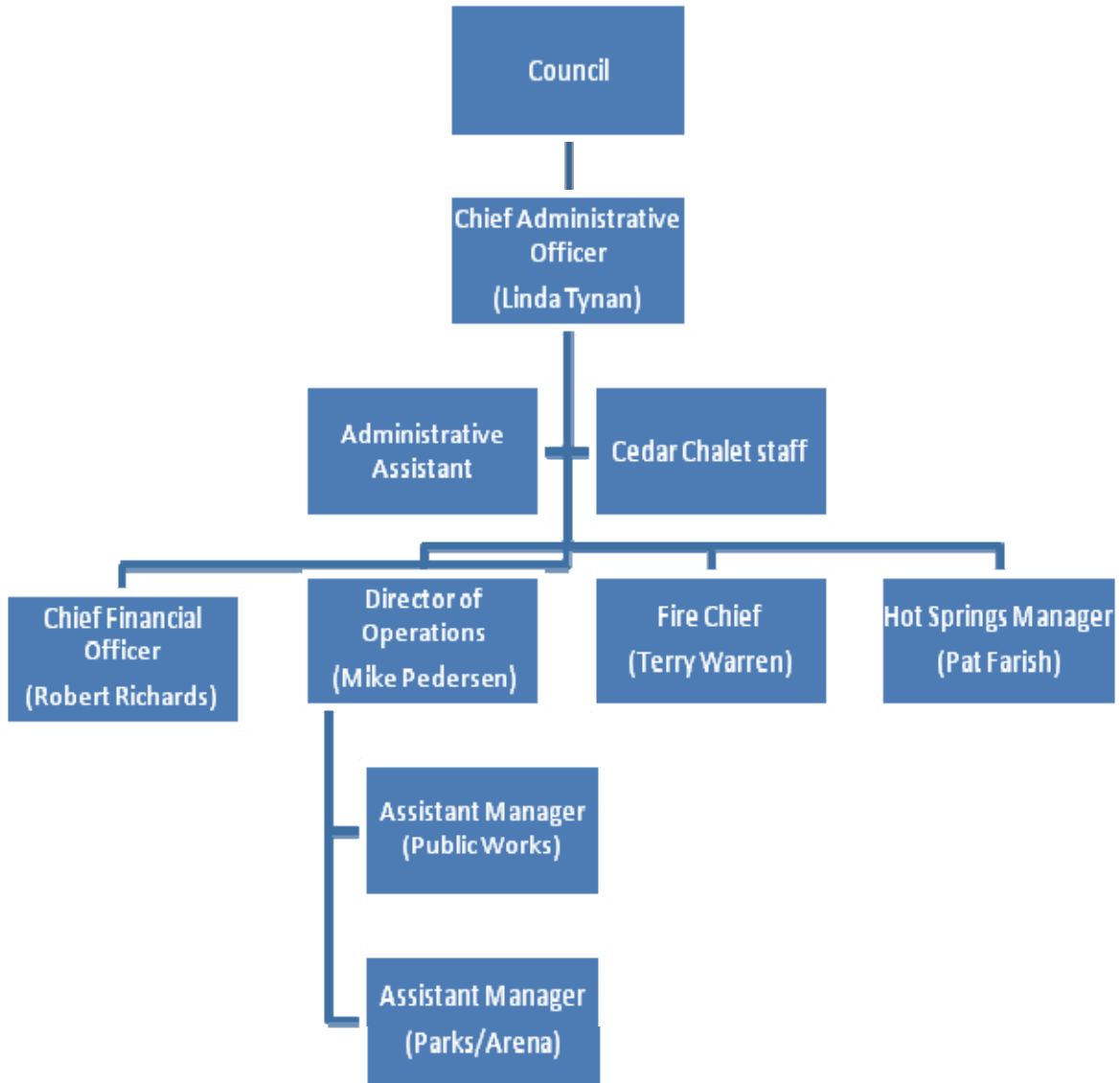
THE POLICY OF COUNCIL SHALL BE:

- to promote harmony and cooperation within the Village
- to provide accountability to the Public in promoting efficiency in all facets within the Village
- to promote the attitude that Councilors and Village employees are 'here to help'
- to provide the best facilities and services possible, with careful consideration of the finances available to promote the Village of Nakusp as a desirable place to live

2013 Council Committees

- **Mayor Karen Hamling**
 - Downtown/Park Select Committee
 - Ferry Advisory
 - Community Health/Community Consultative
 - Regional District of Central Kootenay (RDCK)
 - West Kootenay Regional Hospital Board
 - Labour Relations
- **Mayor Karen Hamling**
 - RDCK Municipal Director
- **Councillor Guy Duchaine**
 - Emergency Management BC
 - Chamber of Commerce
 - Liaison: Carbon Neutral & Water Smart Initiatives
- **Councillor Tom Zeleznik**
 - Nakusp and Area Community Forest
 - Hot Springs Advisory Committee
 - Nakusp & Area Development Board
- **Councillor Ulli Mueller**
 - Nakusp & Area Development Board
 - Library
 - RDCK Alternate / Resource Recovery
 - Liaison: Tourism Advisory Committee
 - Liaison: Age Friendly Committee
- **Committee of the Whole (COTW)**
 - Financial Audit Committee
 - Community Pride Week
 - Planning (OCP)
 - Council and Sr. Management Quarterly Meetings
 - Park & Waterfront Plan, DT Revitalization
 - Climate Change
- **COTW & RDCK Area K Director**
 - Nakusp and Area K Joint Service Commission

Village Operations



Staff Contacts:

Chief Administrative Officer		
Linda Tynan	250-265-3689 250-265-1727 (cell)	ltynan@nakusp.com
Chief Financial Officer		
Robert Richards	250-265-3689	rrichards@nakusp.com
Director of Operations		
Mike Pedersen	250-265-3556	mpedersen@nakusp.com
Hot Springs Manager		
Pat Farish	250-265-4528	pfarish@nakusp.com
Fire Chief		
Terry Warren	250-265-3563	trwarren@nakusp.com

Municipal Departments

Linda Tynan, BBA, CGA, Chief Administrative Officer (CAO)

The CAO's office supports Council's strategic planning efforts and oversees the administration of the Village, its officers and employees. This department provides recommendations to Council that reflect facts, options and professional opinion pertaining to issues considered by Council and developing in the community.

The CAO's office takes the lead role in managing the implementation of policy direction established by Council. It provides leadership and direction to all City departments and operations.

Robert Richards, CA, Chief Financial Officer (CFO)

The Finance Department is responsible for the financial management of the Village's assets. The Finance Department's primary responsibility is the planning, implementation and monitoring of the Village's five year financial plan for operating capital expenditure plan.

Functions of the department include levying and collection of taxes, collection of water, sewer, garbage rates, processing of accounts payable and payroll. This department is also responsible for purchasing, and Information Technology (IT).

Mike Pedersen, Director of Operations

The Director of Operations oversees the management of the Public Works department and Arena/Parks. Services encompassed under this umbrella include: potable water system; waste water treatment, building and facility maintenance, roads & sidewalks infrastructure, airport, equipment maintenance, garbage collection and leisure services (parks, sports complex, green spaces).

Pat Farish, Hot Springs Manager

Responsible for the operation of the Nakusp Hot Springs. The Hot Springs manager supervises the Hot Springs staff and oversees the operation of the Hot Springs Campground.

Terry Warren, Fire Chief

The Nakusp & District Volunteer Fire Dept is responsible and has authority by Village Bylaws and the Fire Services Act for Protection of Life and Property, Fire Suppression, Pre-fire & Disaster Planning, Mutual Aid to Wildfire Management Branch, Rescue & Basic aFirst Aid, Hazmat Response, Fire Prevention Programs, Local Assistants' to the Fire Commissioner for Inspection, Investigation and Enforcement.

Mission & Vision Statement

MISSION STATEMENT

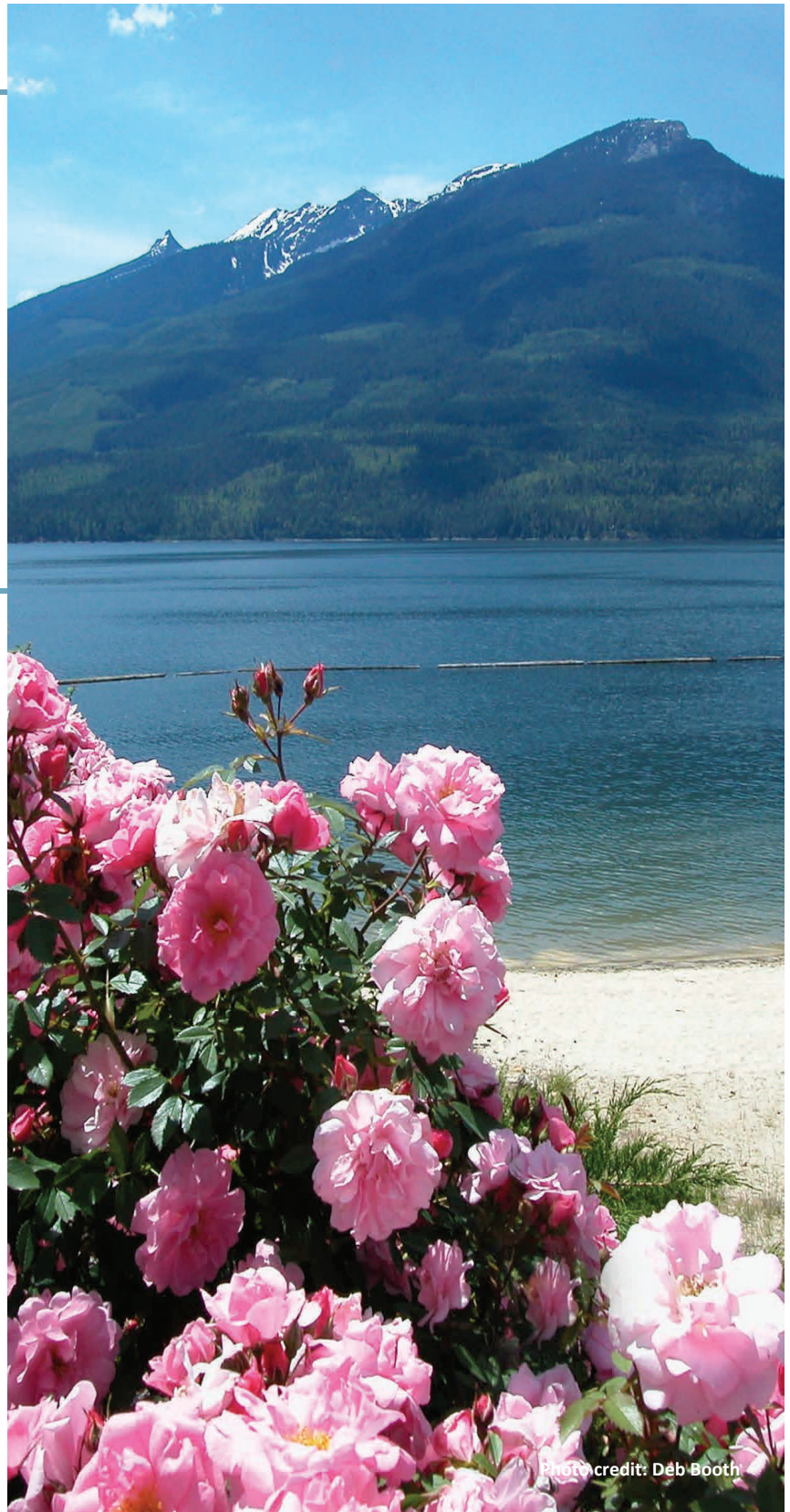
Nakusp is a vibrant rural community, where diverse economic activity exists in harmony with the natural environment and encourages healthy lifestyles.

VISION STATEMENT

We will remain a vibrant rural community by preserving our history and enhancing our infrastructure to encourage economic diversification.

We will remain a regional service centre by supporting social, commercial, health and protective services.

We will remain a tourist destination centre by continuing to develop the Nakusp Hot Springs, the Waterfront and our recreational opportunities.



Community and Services

The Community Charter was enacted in 2004, creating the foundation for local governments in BC. The Community Charter establishes municipalities as an order of government, giving them broad powers to provide local services, regulate activities and foster the economic, social and environmental well-being of their communities. With this increase in local autonomy comes an equal commitment for public reporting and accountability. The Charter presumes that greater accountability will encourage an improvement in service delivery, as well as improved taxpayer awareness and knowledge of municipal services. Annual reports provide an opportunity for Councils to tell their citizens what they are planning to do and how they intend to do it, and evaluate progress towards those stated goals. While involving citizens in reporting mechanisms, annual reporting helps to promote greater understanding of municipal responsibilities and priorities. The annual report includes a statement of objectives from each municipal department, as well as a progress report of the year's achievements measured against the previous year's goals.



Photo credit: Lee Orr Photography

The **Nakusp Cedar Chalets** are fully modern 'A' Frame structures in 1, 2, or 3 bedroom totally furnished housekeeping units. They are in excellent condition and they are kept very clean. The exteriors are all cedar and the interiors are a mix of cedar and drywall.

The front part of the chalet (Front Unit) has a double bed and a futon couch on the main floor and a second double bed in the loft, a full kitchen and dining area, with a full bath.

The back part of the chalet (A Unit) contains a one bedroom unit with a kitchen and bath. These units are small and cozy; they are suitable for 1-2 people only.

By opening the adjoining doors between the front and back units, you will have the use of the full chalet.

We also have BBQs and a fire pit. There is a beautiful grassy and well shaded area for relaxing or enjoying an evening campfire. Units are Non-Smoking.



Photo credit: Lee Orr Photography

Community Profile

Nakusp is situated on the East shore of Upper Arrow Lake in the Selkirk Mountains in the Regional District of Central Kootenay, British Columbia. It lies approximately 160 kms north of the City of Nelson, 147 km north of the City of Castlegar, and 100 kilometres south of Revelstoke.

Nakusp lies at the south terminus of Provincial Highway #23, which connects to Highway #6.

The Village of Nakusp covers an area of 1,059 hectares.

Nakusp's shoreline, forest cover, hot springs, and wetlands provide habitat for wildlife and a unique place for people to live.

Climate

Mean Annual Temperature	7.3° C (45° F)
Average July Temperature	18.3° C (64.94° F)
Average January Temperature	-3° C (26.6° F)
Annual Rainfall	650 mm (26 inches)
Total Snowfall	192.1 cm (75.6 inches)
Total Sunshine	1902 hours

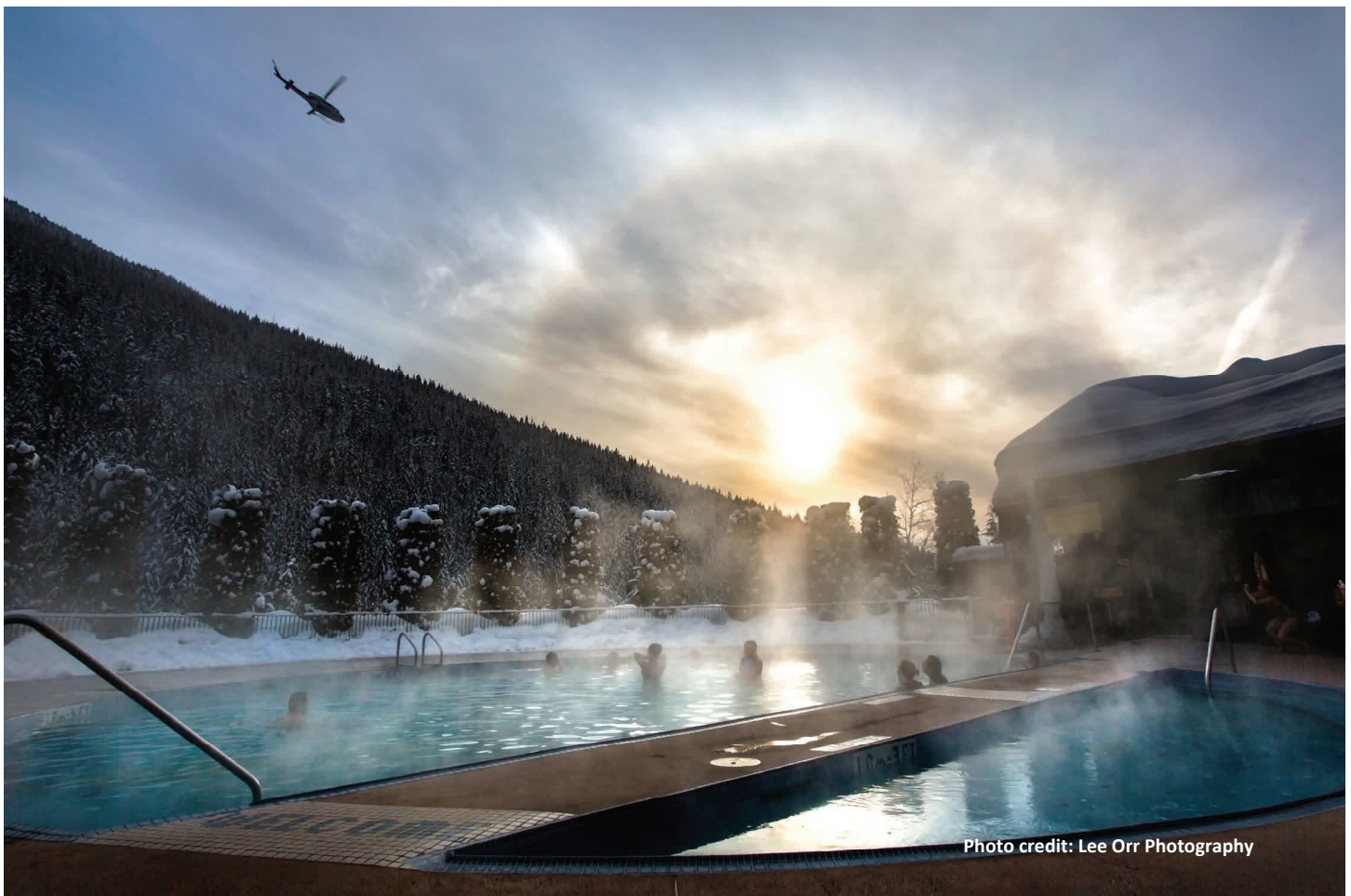


Photo credit: Lee Orr Photography

Services Provided

Airport

- 3000' paved runway

Arena / Auditorium

- Arena
- Auditorium / kitchen rentals
- 4 sheet curling rink
- Squash court
- Hockey, figure skating

Beach

Board of Variance

Building Inspection (contracted—RDCK)

Business Licensing

Campsite

- Municipal
- Hot Springs

Cemeteries

- Legion
- Women's Institute
- Glenbank
- Catholic
- Nakusp
- Hillcrest

Emergency Services Building

Nakusp Cedar Chalets

Nakusp Hot Springs

Parks

- Waterfront Walk
- Trails
- Children's Play Park
- Skatepark
- Tennis Courts / Sportsfields

Sani-dump

Sewer System & Sewer Treatment Plant

Snow Removal

Street Lighting

Volunteer Fire Department

Water system

Water Treatment Plant

Wharf & Boat Launch

Zoning—municipal



N A K U S P

HOT SPRINGS & CAMPGROUND

RELAX. REFRESH. RETURN.

Nakusp Hot Springs

*100% owned & operated by the
Village of Nakusp*

For over a century, hot springs
enthusiasts have sought out the
Nakusp Hot Springs

to soak away stress, invigorate energy
and restore inner balance while
enjoying the healing mineral water.

We've been told that Nakusp Hot Springs
is one of the cleanest, clearest

Soaking mineral pools

— 200,000 litres of fresh, filtered water
enters each pool every day.

2012-2105 Municipal Objectives & Measures

2012– 2015 Priorities	Performance Measures
1. Strong Management	<ul style="list-style-type: none"> • Completion of large infrastructure projects • Up to date bylaws/policies • Improved financial reporting • Training plan for all departments
2. Improved communication	<ul style="list-style-type: none"> • Development of communication strategy
3. Proactive Infrastructure Management	<ul style="list-style-type: none"> • Proceed with repair/maintenance in accordance to long term plan. • Updated Water Service bylaw • Continued development of Tangible asset management • Development of comprehensive Long term financial projections.
4. Strong economy and tourism	<ul style="list-style-type: none"> • Support Vibrant business community—working relationships with organizations that support business • Recognize value of tourism and agriculture to Nakusp by endeavouring to be open to supporting initiatives that encourage growth of these sectors • Development of power/RV services to municipal campground. • Funding of visitor information centre
5. A Vibrant Hot Springs	<ul style="list-style-type: none"> • Exploration of additional revenue options for Hot Springs • Exploration of investment opportunities

Municipal Officers 2013

Chief Administrative OfficerLinda Tynan
 Corporate Officer.....Linda Tynan
 Chief Financial Officer.....Robert Richards
 Approving OfficerLinda Tynan
 Municipal AuditorsBerg Lehmann



Drilling Water Well #2

Projects (left to right): .Hexagon cover at the Lagoons, Water Treatment Plant, new Gator



Progress Report on 2013 Priorities



Projects (left to right): Kuskanax Bridge at the Hot Springs, hydrant replacements, Waste Water Treatment Plant



Objective	Progress in 2013
<p>1 STRONG MANAGEMENT: Completion of large infrastructure projects</p>	<ul style="list-style-type: none"> • Sewer Treatment Plant commissioned • Water Treatment Plant nearing completion • Well #2 completed • Micro Hydro project completed
<p>2 STRONG MANAGEMENT: Improved quality of information provided</p>	<ul style="list-style-type: none"> • Met statutory deadlines for financial report and audit submission. • Provided regular financial reports to council on operations • Restructure to combine oversight of Public Works and Parks/Arena under Director of Operations.
<p>3 STRONG MANAGEMENT: Improved communication</p>	<ul style="list-style-type: none"> • 2nd Financial Open House held • Improved newsletter • Press Releases issued for major events
<p>4 ECONOMY AND TOURISM: Support vibrant business community and recognize the value of tourism to the Village</p>	<ul style="list-style-type: none"> • Provided financial assistance to Visitor Centre and Development Board • Worked on initiatives with NADB/Chamber; worked with Nakusp Archives on expansion of Centennial Building • Worked with BC Hydro to improve reliability of power in Nakusp
<p>5 VIBRANT HOT SPRINGS Actively support vibrant hot springs and replace the Hot Springs bridge for public safety and reliable water transmission</p>	<ul style="list-style-type: none"> • Completion of the Kuskanax Creek Footbridge at the hot springs to ensure public safety crossing the bridge, reliable water transmission and a destination for tourists. • Purchase of the Cedar Chalets
<p>6 PROACTIVE INFRASTRUCTURE MANAGEMENT: We will ensure we have long term financial projections to mitigate the impact on our residents.</p>	<ul style="list-style-type: none"> • Reviewed and adopted amendments to Water and Sewer rate structure

Financial Section

In accordance with Section 98 of the *Community Charter*, it is with pleasure that we have prepared the Village of Nakusp 2013 Annual Report. The report is broken down into three sections:

1. **Introductory Section** which provides an overview of the Village and the nature and scope of the services provided.
2. **Financial Section** which presents the 2013 audited consolidated financial statements, notes, schedules and the independent auditor's report.
3. **Statistical Section** presents a variety of statistical and financial information.

Included in this report are the 2013 Financial Statements prepared by Village of Nakusp and audited by Berg Lehmann LLP. The consolidated financial statements are prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Included in the Village's audited statements is the presentation of each of the individual funds. This provides readers of the statements better understanding and hopefully better transparency of the Village's operations.

2013 continued to be a busy year for the Village of Nakusp's major projects. These infrastructure projects—largely funded through grants- included the Sewer Treatment Plant, the Water Treatment Plant, Well#2 project, Sewage Lagoon Covers, Footbridge at the Hot Springs and the continuation of the Arena project. Many of these projects are now complete or almost complete and being enjoyed by residents.

As budgeted for 2013, the Village used some of its reserves to fund portions of the capital projects which were not grant funded. Some of the drawdown of reserves is also due to how we are required to record grants.

DEBT

As at December 31, 2013 the Village's debt was \$1,288,456. This is an increase from 2012 due to the \$275,000 borrowed during 2013 to fund required improvements of the Nakusp and District Sports Centre ice plant. The previously outstanding debt has allowed various other capital projects to be completed at the Village, including upgrades to the Hot Springs Infrastructure, Sewer upgrades, and the Emergency Services Building. Recent borrowings have been completed at historically low rates and debt service expenses for the Village's debt represents less than 5% of normalized reoccurring revenues.

Overall, the amount of debt that the Village has is relatively low compared to many municipalities (see chart in Statistic section) and a portion of the debt is repaid through the sewer utility through sewer rates rather than general taxation.

Financial Section

RESERVE FUNDS

The replenishment of Reserve funds will be an area of focus for the next few years. Reserve funds are created to fund capital programs and to ensure that monies are available in the case of unforeseen emergency situations (eg. watermain break, extreme snow event, etc) affecting Village operations.

As can be seen on the financial statements, the Equipment Replacement reserve is funded and allows Village equipment to be replaced on a rotating basis without impacting taxation at the time of replacement. In addition, the Water Reserve is funded with approximately \$455,000, though much of these funds will be used in the next couple of years.

Despite the Village's success in receiving grant funding for many of our major projects, other reserves have been pressured with the need to replace aging infrastructure over the past few years and therefore have dropped to marginal levels. Council intends to place focus in the coming years on rebuilding all reserve funds to a more desirable level and a focus for staff is to develop a long term infrastructure replacement strategy to begin this process. Together with good planning, solid financial reporting and continuation in the aggressive pursuit of grant funding (when available), the municipal infrastructure will be well maintained and able to accommodate new development requiring utilities such as water and sewer.

The operating results in 2013 reflect the pressure that the reserve funds have experienced. The large capital projects have required partial funding and the use Village labour forces which has had an impact on operating expenses. With the large projects largely completed by the end of 2013, we can now turn our focus on replenishing the reserve funds and reducing some of the operating expenses which have increased as a result of the oversight needed to bring the capital projects to completion and resolve some on-going issues with these large projects.

2013 was a significant step in the finance department's advancement of some of Council's strategic objectives, namely: improving the quality of financial information provided and improving our communication with the public. Though, there is still work to be completed, the finance department is well set up to address future challenges and opportunities.



Robert Richards, CA
Chief Financial Officer

Financial Section

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Financial Section

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.



Linda Tynan
Chief Administrative Officer



Robert Richards
Chief Financial Officer

Financial Section

Berg
Lehmann

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Village of Nakusp

We have audited the accompanying consolidated financial statements of Village of Nakusp, which comprise the consolidated statement of financial position as at December 31, 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.

.../2

Financial Section

Berg
Lehmann

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

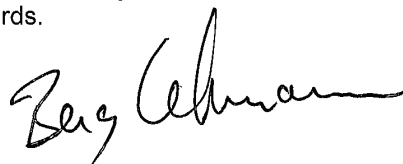
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INDEPENDENT AUDITORS' REPORT (continued)

To the Mayor and Council
Village of Nakusp

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Nakusp as at December 31, 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.

Financial Section

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

	2013	2012
FINANCIAL ASSETS		
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
	4,153,183	3,177,879
LIABILITIES		
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
	2,285,962	2,271,846
NET FINANCIAL ASSETS	1,867,221	906,033
NON-FINANCIAL ASSETS		
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
	19,991,920	15,499,742
ACCUMULATED SURPLUS	\$21,859,141	\$16,405,775
Represented by:		
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
	\$21,859,141	\$16,405,775

CONTINGENCIES (note 16)


 Linda Tynan
 Chief Administrative Officer


 Robert Richards
 Chief Financial Officer

Financial Section

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

	2013 Budget (note 15)	2013 Actual	2012 Actual
REVENUE			
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
	4,696,923	8,758,945	4,671,101
EXPENDITURES (note 12)			
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
	3,354,069	3,305,579	3,229,735
ANNUAL SURPLUS	1,342,854	5,453,366	1,441,366
ACCUMULATED SURPLUS, BEGINNING OF YEAR	16,405,775	16,405,775	14,964,409
ACCUMULATED SURPLUS, END OF YEAR	\$17,748,629	\$21,859,141	\$16,405,775


 Linda Tynah
 Chief Administrative Officer


 Robert Richards
 Chief Financial Officer

Financial Section

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

	2013	2012
ANNUAL SURPLUS	\$ 5,453,366	\$ 1,441,366
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
	960,405	561,811
Net change in inventory and prepaid expenses	783	31,784
INCREASE IN NET FINANCIAL ASSETS	961,188	593,595
NET FINANCIAL ASSETS, BEGINNING OF YEAR	906,033	312,438
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,867,221	\$ 906,033

Financial Section

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

	2013	2012
OPERATING TRANSACTIONS		
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
Cash provided by operating transactions	1,682,723	2,327,816
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(2,469,372)	(1,281,879)
Proceeds from disposal of capital assets	1,975	3,400
Cash applied to capital transactions	(2,467,397)	(1,278,479)
FINANCING TRANSACTIONS		
Proceeds from long-term debt	275,000	-
Repayment of long-term debt	(67,106)	(66,743)
Cash received from (applied to) financing transactions	207,894	(66,743)
INVESTING TRANSACTIONS		
Increase in investments	(13,483)	(1,205,352)
DECREASE IN CASH	(590,263)	(222,758)
CASH, BEGINNING OF YEAR	758,423	981,181
CASH, END OF YEAR	\$ 168,160	\$ 758,423

Financial Section

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Financial Section

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

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2013 Total	2012 Total
COST										
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	28,863,148	24,758,647
ACCUMULATED AMORTIZATION										
Opening Balance		29,808	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
Net Book Value, year ended										
December 31, 2013	1,368,606	320,262	4,821,393	1,131,409	1,579,818	3,507,990	2,240,224	4,904,819	19,874,521	15,381,560
Net Book Value, year ended										
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	

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As At December 31, 2013

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.

Financial Section

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

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.

Financial Section

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

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.

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.

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>

Financial Section

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	<u>14,181</u>	<u>7,725</u>	<u>21,906</u>	<u>21,547</u>
	\$ 46,269	\$ 20,200	\$ 66,469	\$ 55,683

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, 2013	December 31, 2012
Assets		
Current assets	<u>\$ 2,407,729</u>	<u>\$ 1,043,584</u>
Current liabilities	<u>30,148</u>	<u>246,327</u>
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>

Financial Section

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, Beginning of Year	Contributions Received	Interest	Eligible Expenditures	Balance, 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.

Financial Section

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, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
General Capital Fund					
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>
Sewer System Capital Fund					
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>
Total Long-term Debt	<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.

Financial Section

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 Capital	Sewer 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>
Total Accumulated Surplus	<u>\$ 21,859,141</u>	<u>\$ 16,405,775</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.

Financial Section

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

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.

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.

12. EXPENDITURES BY OBJECT

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

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.

Financial Section

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

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.

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>
	\$ 1,190,868

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

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>
	\$ -

Financial Section

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

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.

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:

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

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

Financial Section

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

FINANCIAL ASSETS	2013	2012
ASSETS		
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
	3,814,557	3,076,644
LIABILITIES		
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
	2,844,607	3,237,900
NET FINANCIAL ASSETS (DEBT)	969,950	(161,256)
NON-FINANCIAL ASSETS		
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
	12,430,738	9,297,955
ACCUMULATED SURPLUS	\$13,400,688	\$ 9,136,699
Represented by:		
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
	\$13,400,688	\$ 9,136,699

Financial Section

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

	2013	2012
REVENUE		
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
	6,938,658	3,175,381
EXPENDITURES		
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
	2,655,798	2,545,193
TOTAL REVENUES OVER EXPENDITURES	4,282,860	630,188
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
	(4,350,492)	(358,596)
ANNUAL SURPLUS (DEFICIT)	(67,632)	271,592
UNAPPROPRIATED SURPLUS (DEFICIT), BEGINNING OF YEAR	220,882	(50,710)
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 153,250	\$ 220,882

Financial Section

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

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

Financial Section

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

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

Financial Section

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

FINANCIAL ASSETS	2013	2012
ASSETS		
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>
LIABILITIES		
Due to General Fund	-	124,537
Long-term debt	225,350	244,605
	<u>225,350</u>	<u>369,142</u>
NET DEBT	(56,224)	(232,929)
TANGIBLE CAPITAL ASSETS	3,548,103	3,099,523
ACCUMULATED SURPLUS	\$ 3,491,879	\$ 2,866,594
Represented by:		
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>

Financial Section

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

	2013	2012
REVENUE		
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>
EXPENSES		
Sewer service	202,036	201,820
Amortization	95,100	93,502
	<u>297,136</u>	<u>295,322</u>
TOTAL REVENUES OVER EXPENSES	<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>
ANNUAL SURPLUS (DEFICIT)	<u>157,450</u>	<u>(157,584)</u>
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	<u>11,676</u>	<u>169,260</u>
UNAPPROPRIATED SURPLUS, END OF YEAR	<u>\$ 169,126</u>	<u>\$ 11,676</u>

Financial Section

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

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

Financial Section

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

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of 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>

Statistical Information

PROPERTY TAX EXEMPTIONS

Through the adoption of an annual bylaw, the Municipal Council may provide a permissive exemption from taxation to certain groups and organizations. The legal capacity to provide these permissive tax exemptions is through powers granted to the Council in the *Community Charter*.

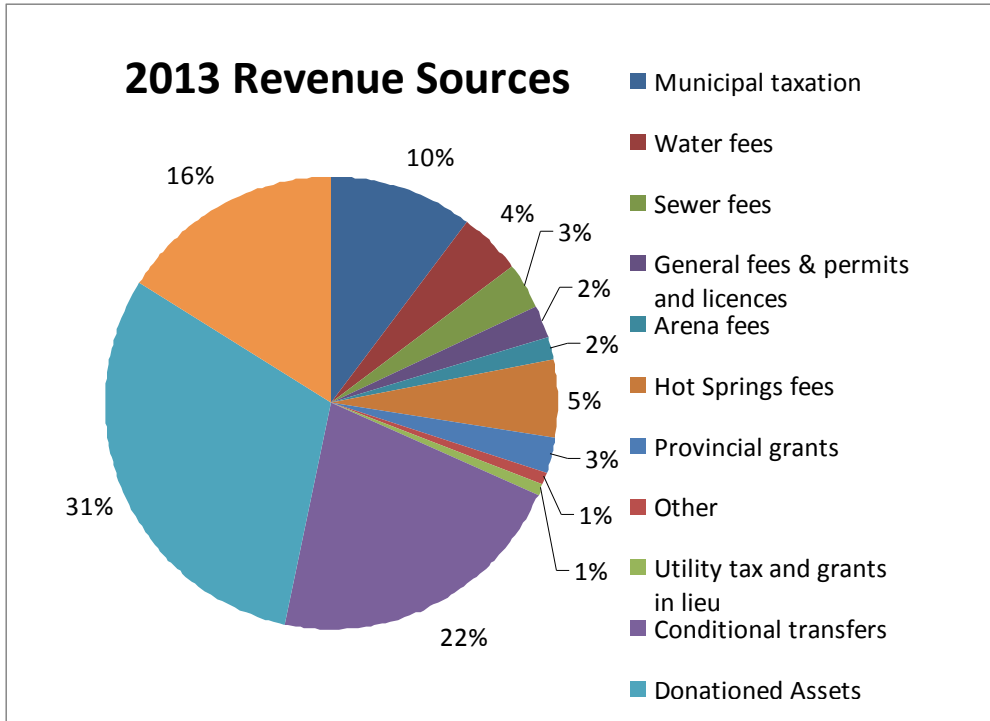
To be considered for a permissive tax exemption, an organization must submit an application and illustrate that their goals, policies, and operating principles that reflect those of the municipality; that the services provided are an extension of municipal services and that their programs are deemed to contribute to the well being of the community. They must be primarily used by residents of the Village of Nakusp and allow all Nakusp residents to participate and adhere to all Village of Nakusp bylaws and policies.

Below is a listing of organizations granted a PTE in 2013 together with the amount of municipal taxes that would have been imposed on the property if it were not exempt.

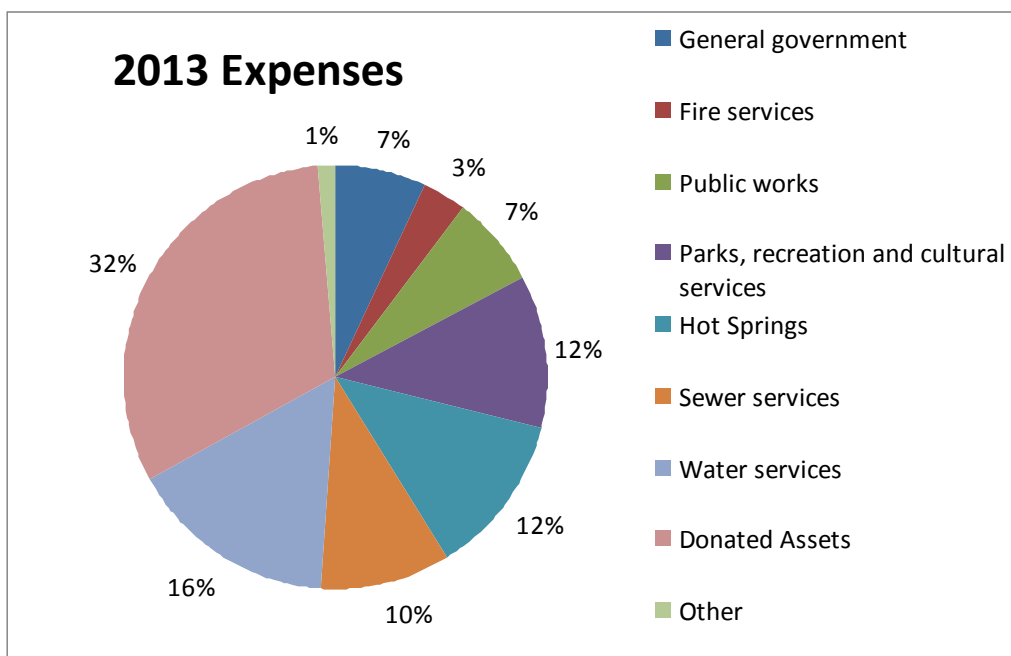
2013 Permissive Tax Exemptions				
Organization	Property Identifier	Roll Number	Municipal Tax Portion	All Jurisdictions Tax Portion
1 Halcyon Assisted Living Society	Lots 1-2 Block 12 Plan 11846 and Lot A Plan 12608 DL 397	145.050	\$ 5,834	\$ 13,375
2 Arrow and Slocan Lakes Community Services Association	Lots 5-8, Block 22, Plan 494, DL 397; and Lots 17-20, Block 48, Plan 494, DL 397	230.000 231.000 349.000	5,133	12,125
3 Nakusp Launch Club	Lot 1-2, Plan 13443, DL 397	429.030 429.031	3,331	9,260
4 Arrow Lakes Hospital Auxiliary	Lot 24 Plan 494 DL 397	065.000	889	2,140
5 Nakusp Childcare Society	Lot A Plan 12125 DL 397	012.500	828	1,897
6 Arrow Lakes Historical Society	Lots 14-16 Block 12 Plan 494 DL 397	148.100	445	1,159
7 Royal Canadian Legion, Branch 20	Lots 14-16, Block 9, Plan 494, DL 397	126.000	323	949
Total of Proposed 2013 Permissive Tax Exemption			\$ 16,784	\$ 40,905
<i>Total of 2013 Permissive Tax Exemption, as % of 2013 Municipal Levy</i>			1.89%	
<i>Total of General Statutory Exemptions (Bylaw 570, 2002 - Public worship)</i>			6,889	18,177
Grand Total of all Tax Exemptions			\$ 23,673	\$ 59,082
<i>Grand Total of all Tax Exemptions, as a % of Municipal Levy</i>			2.66%	

Statistical Information

REVENUE SOURCES 2013



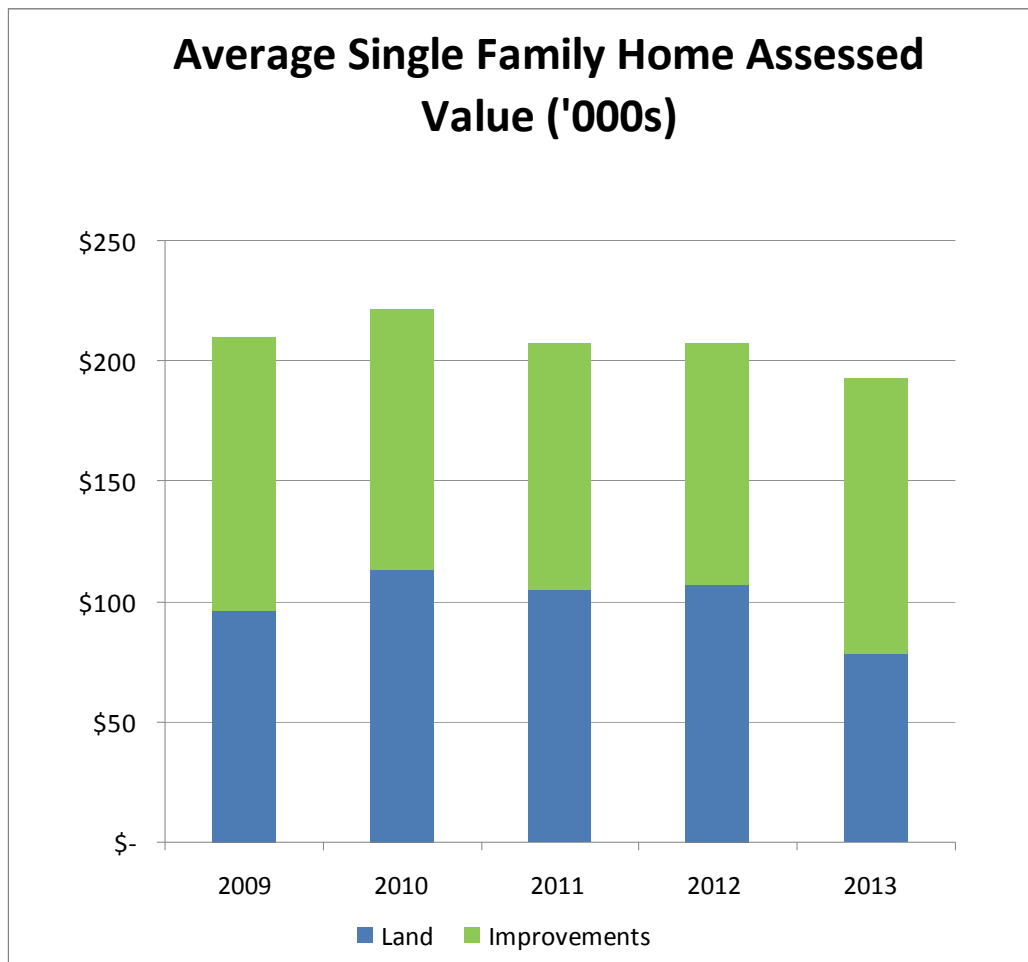
EXPENSES Including Capital 2013



Statistical Information

TAXABLE PROPERTY ASSESSEMENTS 2013

Taxable Property Assessments	2009	2010	2011	2012	2013
01 - Residential	168,669,000	180,299,600	170,249,700	169,870,100	156,377,700
06 - Business And Other	20,238,750	23,727,900	25,621,750	26,596,200	26,381,050
05 - Light Industry	2,091,100	2,197,500	981,800	990,900	1,995,300
02 - Utilities	739,300	788,800	787,500	777,000	756,100
08 - Rec/Non Profit	533,300	427,300	336,400	539,900	547,700
09 - Farm	56,768	52,312	46,408	55,192	56,191
Total	192,328,218	207,493,412	198,023,558	198,829,292	186,114,041
<i>Percent change from prior year</i>	<i>0.6%</i>	<i>7.9%</i>	<i>-4.6%</i>	<i>0.4%</i>	<i>-6.4%</i>

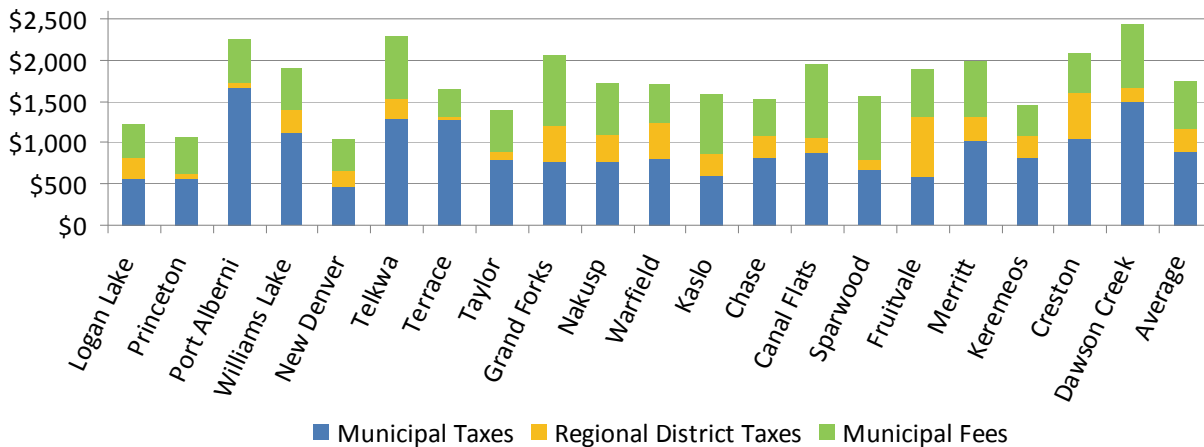


Statistical Information

MUNICIPAL COMPARISON 2013

Municipality	Representative House Value	Municipal Taxes	Regional District Taxes	Municipal Fees	Total Taxes & Fees
Logan Lake	\$ 194,190	\$ 562	\$ 257	\$ 395	\$ 2,048
Princeton	\$ 186,167	\$ 563	\$ 67	\$ 428	\$ 2,150
Port Alberni	\$ 189,547	\$ 1,668	\$ 50	\$ 538	\$ 2,860
Williams Lake	\$ 197,744	\$ 1,117	\$ 284	\$ 499	\$ 2,814
New Denver	\$ 184,820	\$ 470	\$ 180	\$ 405	\$ 1,859
Telkwa	\$ 203,712	\$ 1,292	\$ 232	\$ 760	\$ 3,435
Terrace	\$ 212,569	\$ 1,273	\$ 54	\$ 331	\$ 2,642
Taylor	\$ 227,273	\$ 788	\$ 110	\$ 503	\$ 2,351
Grand Forks	\$ 201,755	\$ 769	\$ 441	\$ 848	\$ 2,822
Nakusp	\$ 192,663	\$ 777	\$ 319	\$ 625	\$ 2,652
Warfield	\$ 207,105	\$ 807	\$ 431	\$ 475	\$ 2,969
Kaslo	\$ 202,794	\$ 600	\$ 279	\$ 718	\$ 2,397
Chase	\$ 203,492	\$ 813	\$ 271	\$ 454	\$ 2,423
Canal Flats	\$ 183,871	\$ 866	\$ 202	\$ 892	\$ 2,578
Sparwood	\$ 220,737	\$ 683	\$ 107	\$ 776	\$ 2,305
Fruitvale	\$ 213,477	\$ 577	\$ 735	\$ 580	\$ 3,223
Merritt	\$ 217,304	\$ 1,038	\$ 286	\$ 680	\$ 3,096
Keremeos	\$ 214,579	\$ 809	\$ 276	\$ 370	\$ 2,327
Creston	\$ 212,873	\$ 1,051	\$ 568	\$ 481	\$ 3,017
Dawson Creek	\$ 230,477	\$ 1,489	\$ 180	\$ 776	\$ 3,314
Average	204,857	901	266	577	2,664

2013 Municipal Comparison of Taxes and User Fees on a Typical House

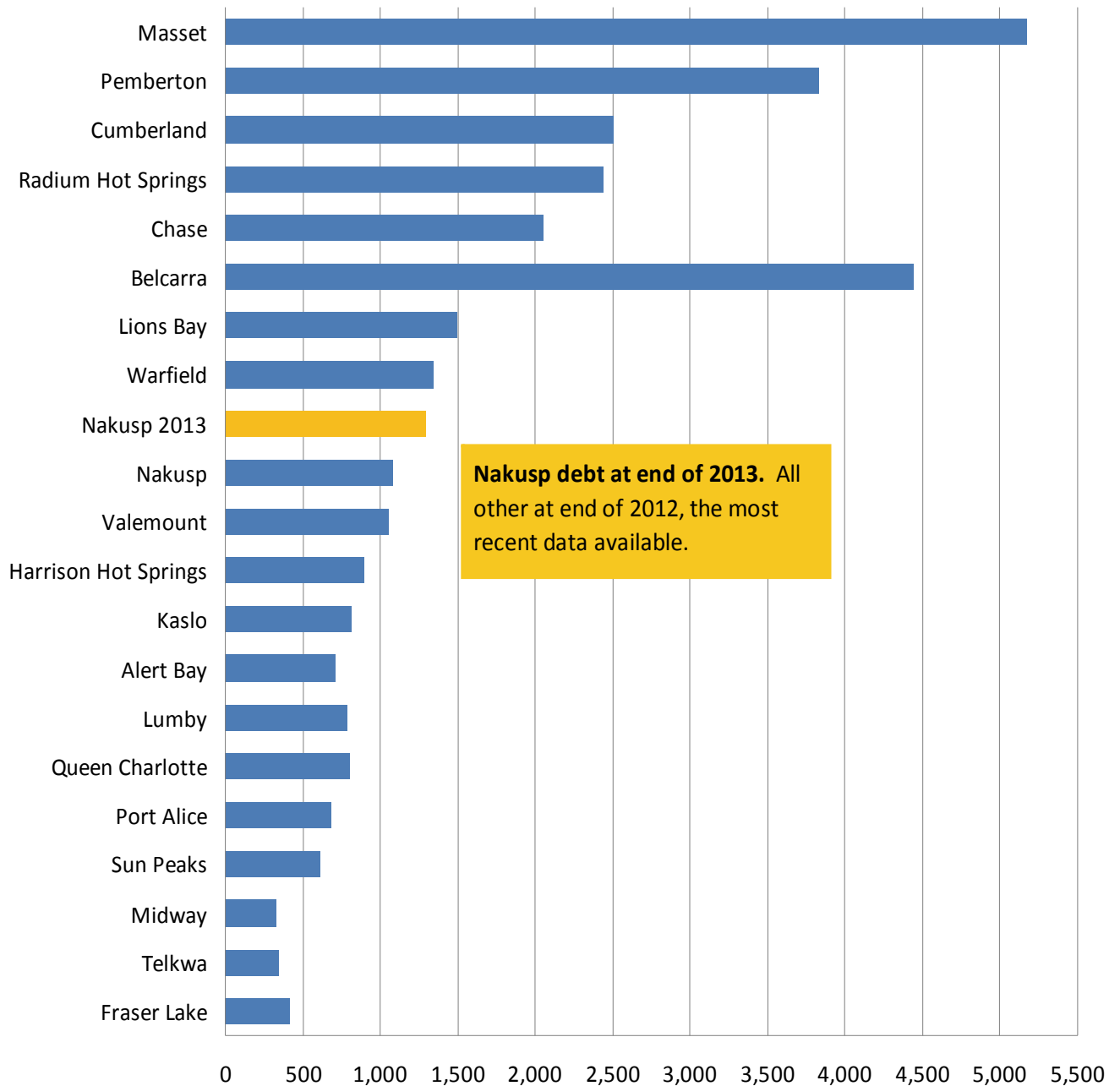


Statistical Information

LONG TERM DEBT COMPARISONS

Debt (\$,000s)

Select Village Debt at December 31, 2012



Nakusp debt at end of 2013. All other at end of 2012, the most recent data available.

Statistical Information

MUNICIPAL STATISTICS

Incorporated:	November 24, 1964
Location:	Regional District of Central Kootenay, 200 km east of Vernon, 162 km northwest of Nelson School District No. 10, Arrow Lakes
Area:	742 hectares
Population:	1,569
Km of Roads:	Paved - 32 Unpaved - 2
Km of Lanes:	6.6
Km of Sewers:	Storm - 1 Sanitary - 13
Employees:	26



Photo credit: Rory McLeod

Village of Nakusp

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THE VILLAGE OF
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