

2014

ANNUAL REPORT



THE VILLAGE OF
N A K U S P

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

Fiscal year ending December 31, 2014

Table of Contents

OPERATIONAL SECTION

Message from the Mayor	3
Village of Nakusp Council	4
2014 Council Committees	5
Village Operations.....	6
Municipal Department Heads	7
Mission/Vision Statement	8
Community Charter	9
Community Profile	10
Municipal Services	11
Village of Nakusp Municipal Officers & Objectives	12
Village of Nakusp 2014 Priorities	13

FINANCIAL SECTION

Message from CFO	14
Responsibility for Financial Reporting	16
Auditors' Report	18
Consolidated Financial Statements	20
Notes to the Consolidated Financial Statements	24
General Fund Statement of Financial Position	35
General Operating Fund Statement of Financial Activities	36
Water Utility Fund Statement of Financial Position	37
Water Utility Operating Fund Statement of Financial Activities	38
Sewer Utility Fund Statement of Financial Position	39
Sewer Utility Operating Fund Statement of Financial Activities	40
Reserve Fund Statement of Financial Position	41
Reserve Fund Statement of Transactions	43

FINANCIAL SECTION

Property Tax Exemptions	44
Revenue Sources & Expenses (including Capital)	45
Tax Property Assessments	46
Municipal Comparison	47
Long Term Debt Comparisons	48
Municipal Statistics	49

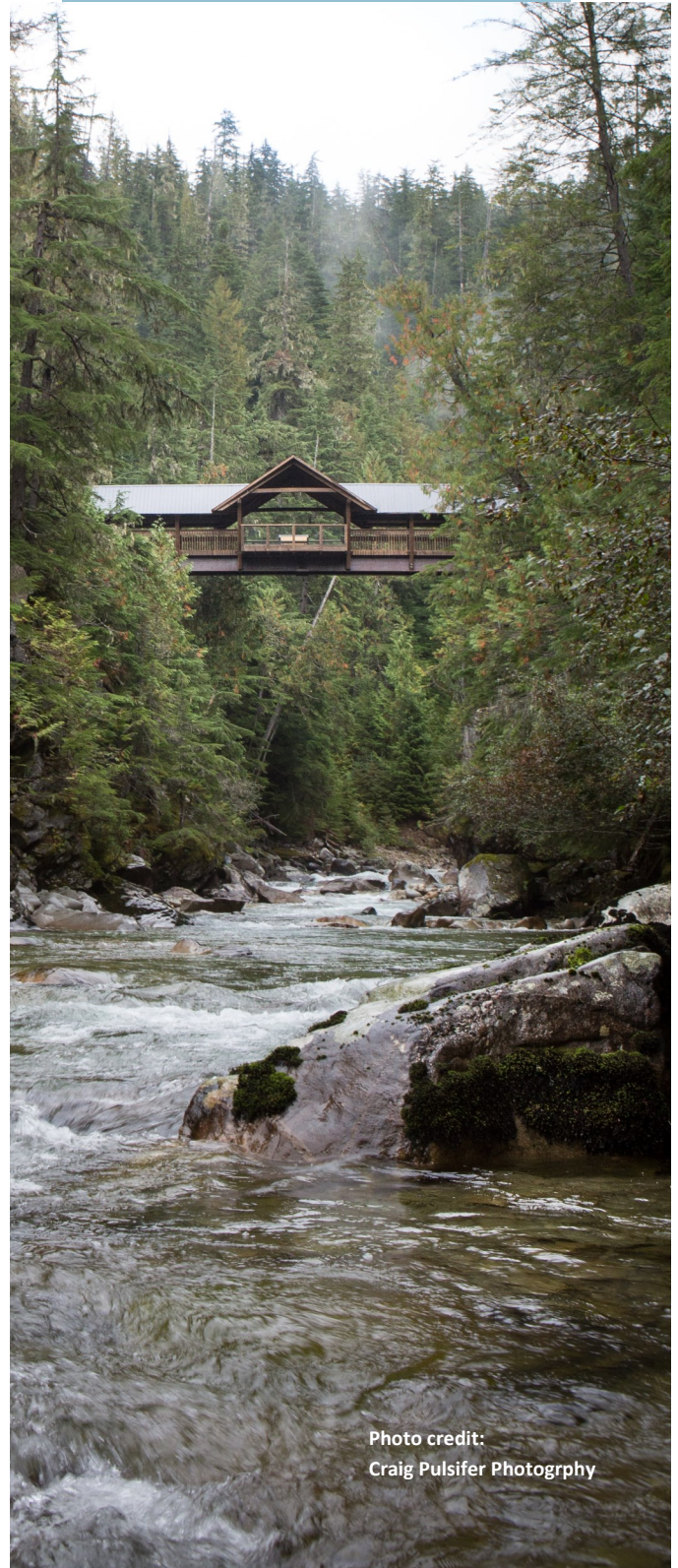


Photo credit:
Craig Pulsifer Photography

Message from the Mayor

I am pleased to present the 2014 Annual Report on behalf of Nakusp Village Council.

2014 was an election year and I am pleased to welcome back Councillors Mueller and Zeleznik from the previous term and Councillors Tobey and Heppner to complete our team. A great big thank-you to Joseph Hughes for serving two terms and Guy Duchaine for his term.

We celebrated the 40th Anniversary of the Nakusp Hot Springs in October and had our 1st full year of operations of the Cedar Chalets. The integration of the Chalets with the Nakusp Hot Springs has already shown to be fruitful. Council and staff are committed to making changes at the chalets and pools that will see an increase in usage and income as well as economic development. The Nakusp Hot Springs website and facebook page have been updated and we are currently working to complete the Village Municipal website.

A new service offered to our community was curb side pick up for recycling materials which was added in May 2014.

A new liner was installed on the reservoir at the Water Treatment Plant and to ensure that treated water is not lost as it moves through the distribution system. The water treatment plant was commissioned; the micro-hydro plant went on line and the waste water treatment plant was completed. A pump failure in one of our wells decreased water for three weeks during the summer caused quite a bit of concern within the community, the lawns did come back and we now have an extra pump in place.

We continue to work with Columbia Basin Trust on water smart initiatives and appreciate their input and support.

We received funding from Columbia Power Corp for the placement of heritage plaques throughout the community. A Historic Walking tour map is also available. Thank-you to the Historical Society for help with this project.

Our municipal campground saw the return of large groups including the BC Beemers and Horizons along with the BMW GS Trophy group.



Council members attended the Union of BC Municipalities meetings and met with the Minister of Transportation regarding the importance to our economy on reliable ferries and crossings and emphasized the importance of building future ferries in Nakusp and the benefit to our economy. We also met with the Minister of Health to emphasize the need for more residential care beds and the need for renovations to our emergency department.

In 2014, the West Kootenay Boundary Hospital Board voted unanimously to support upgrades to the Arrow Lakes Hospital Emergency Department and sent a letter to Interior Health informing them of this priority.

We are pleased to have a good working relationship with NACFOR, 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 questions. We appreciate being able to represent you in the best possible manner.

Sincerely,

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

Mayor Karen Hamling

Village of Nakusp Council



Council: (left to right)
Bill Tobey, Ulli Mueller, Karen Hamling (Mayor), Tom Zeleznik, Len Heppner

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

2014 Council Committees

- **Mayor Karen Hamling** Community Health/Community Consultative
Labour Relations

- **Mayor Karen Hamling** RDCK Municipal Director
- **Councillor Ulli Mueller** Alternate RDCK Municipal Director

- **Councillor Len Heppner** Emergency Management BC (EMBC)
Chamber of Commerce
Liaison: Nakusp and Area Youth Society

- **Councillor Ulli Mueller** Nakusp & Area Development Board
Library

- **Councillor Bill Tobey** Recreation Commission #4
Nakusp and Area Community Forest (NACFOR)

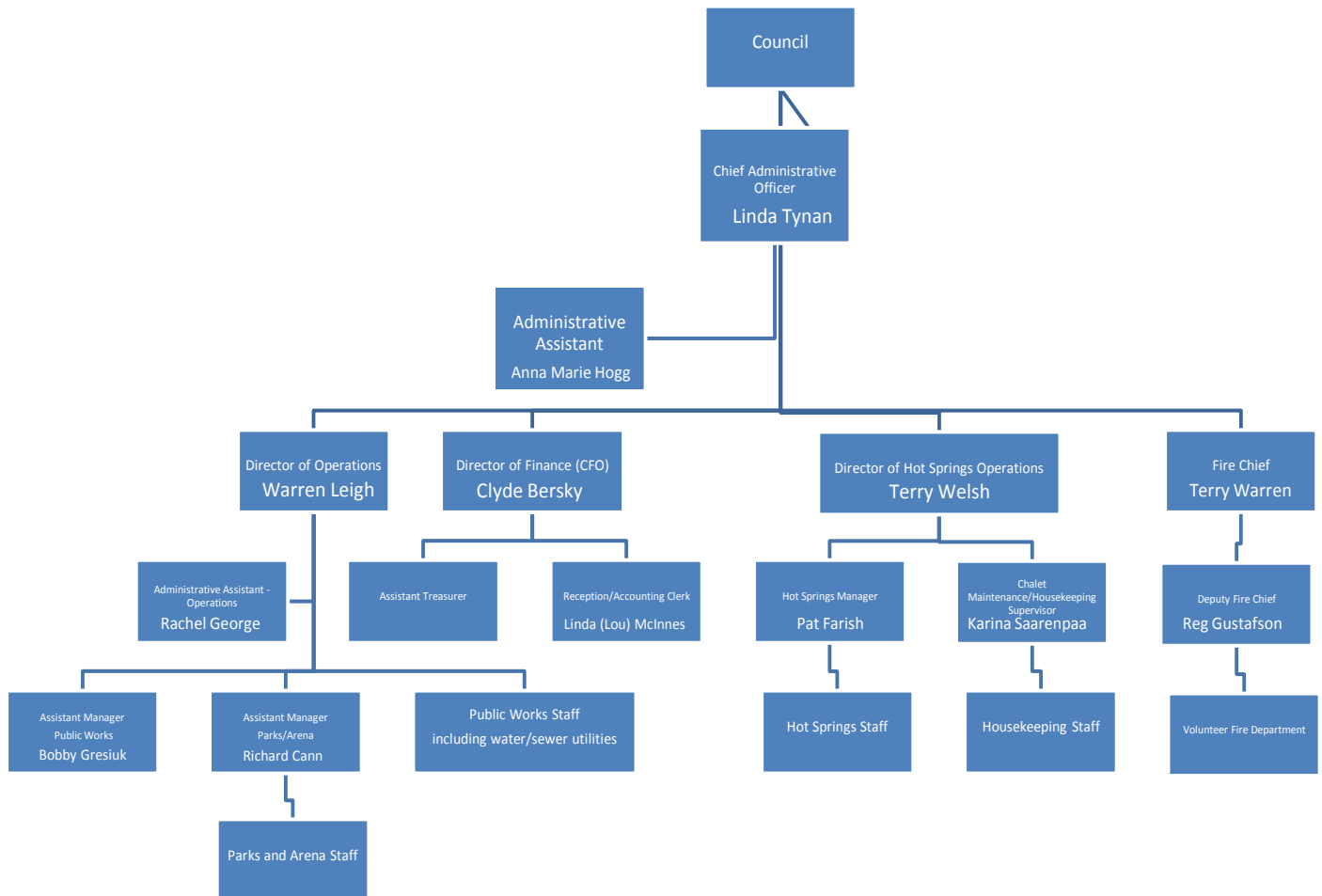
- **Councillor Tom Zeleznik** Chamber of Commerce
Nakusp and Area Development Board

- **Committee of the Whole
(COTW)** Financial Audit Committee
Community Pride Week
Planning (OCP)
Council and Sr. Management Quarterly Meetings
Park & Waterfront Plan, Downtown Revitalization
Climate Change

- **COTW & RDCK Area K
Director** Nakusp and Area K Joint Service Commission

Village Operations

Village of Nakusp Organizational Chart



Staff Contacts:

Chief Administrative Officer		
Linda Tynan	250-265-3689 250-265-1727 (cell)	ltynan@nakusp.com
Director of Finance		
Clyde Bersky	250-265-3689	cbersky@nakusp.com
Director of Operations		
Warren Leigh	250-265-3556	wleigh@nakusp.com
Director of Hot Springs		
Terry Welsh	250-265-4528	twelsh@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.

Clyde Bersky, BComm, MBA, Director of Finance (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 which encompasses all operations and capital revenues and expenditures. Functions of this department include the levying and collecting of taxes and fees for water, sewer, and garbage services, the processing of accounts receivable and payable, banking, debt and investment management, and financial reporting. This department is also responsible for purchasing and Information Technology.

Warren Leigh, 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).

Terry Welsh—Director of Hot Springs

The Hot Springs department is responsible for the maintenance and marketing of the Hot Springs and Chalets, as well as operating 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



Photo credit: Deb Booth

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.

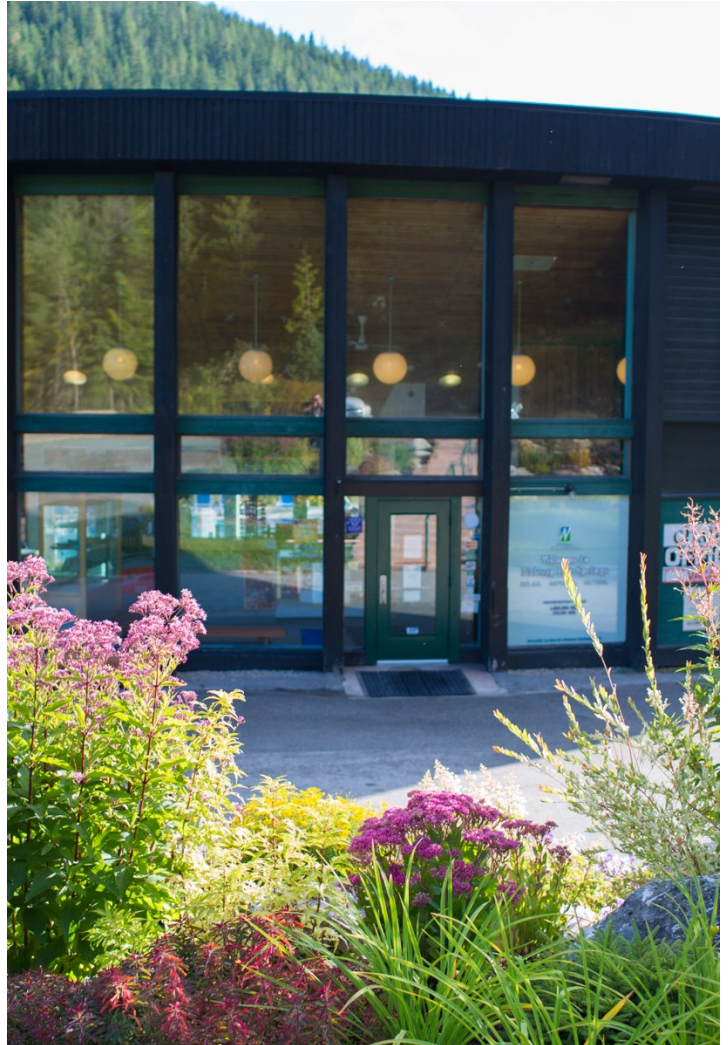
We will remain a regional service centre by supporting social, commercial, health and protective services.

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.



The Hot Springs has a long and proud history with Nakusp and region. 2014 was a year of positive change for the Hot Springs with the acquisition of the Cedar Chalets and the integration of the management of the Chalets, Hot Springs, and Campground. A Director was recruited to oversee the operations and focus on marketing and growth of the integrated facility.

Chalet Acquisition & Improvements

While the Hot Springs Staff faced challenges with the acquisition of the Cedar Chalets, they responded admirably and we're proud to say that the Chalets were profitable even when paying off a significant annual debenture cost. During the Hot Springs annual fall shutdown, extensive efforts were put forth on improvements and life cycle enhancements to the Chalets. Grounds beautification continued with the addition of a garden at the Chalet entrance.

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

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.

2014 Hot Springs Facts and Figures

- The Hot Springs had 36,610 visitors.
- Campground had 2,727 site bookings.
- Cedar Chalets turned a profit in its first full year.

2012-2015 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



Projects (left to right): .Sewer line relocation, Nakusp Airport improvements, completion of the Water Treatment Plant



Municipal Officers 2014

Chief Administrative Officer Linda Tynan
 Corporate Officer Linda Tynan
 Chief Financial Officer Clyde Bersky
 Approving Officer Linda Tynan
 Municipal Auditors Berg Lehmann

Progress Report on 2014 Priorities

Objective	Progress in 2014
<p>1 STRONG MANAGEMENT:</p> <p>Completion of large infrastructure projects</p>	<ul style="list-style-type: none"> • Sewer Treatment Plant commissioned • Water Treatment Plant commissioned • Reservoir liner installed
<p>2 STRONG MANAGEMENT:</p> <p>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:</p> <p>Improved communication</p>	<ul style="list-style-type: none"> • Initiated new Village website project • Residents regularly invited to council meetings • Press Releases issued for major events
<p>4 ECONOMY AND TOURISM:</p> <p>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</p> <p>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"> • Hired a new Director of Hot Springs to provide additional oversight • Began initial stages of roof replacement—Hot Springs and Chalets
<p>6 PROACTIVE INFRASTRUCTURE MANAGEMENT:</p> <p>We will ensure we have long term financial projections to mitigate the impact on our residents.</p>	<ul style="list-style-type: none"> • Initiated a long-term Capital Asset Management Plan • Examined options for third party consultation on water/sewer capital requirements and rates study to begin mid-2015

Financial Section

In accordance with Section 98 of the Community Charter, it is with pleasure that we have prepared the Village of Nakusp 2014 Annual Report. The report is presented in 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 2014 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 2014 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 Chartered Professional Accountants Canada (CPA).

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.

2014 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, the Well #2 project, and the Reservoir Liner, as well as a number of Arena projects. Most of these projects are now complete or almost complete and being enjoyed by residents.

As budgeted for 2014, 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, 2014 the Village's debt was \$1,315,843. This is an increase from 2013 due to the \$100,000 borrowed during 2014 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 using 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 emergencies affecting Village operations (e.g. a water main break, an extreme snow event, etc.).

As seen on the financial statements, the Equipment Replacement reserve is fully 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 \$221,000, and the Sewer Reserve with \$154,000, although a large portion of these funds will be used over the next couple of years.

Despite the Village's success in receiving grant funding for many of our major projects, reserves have been pressured with the need to replace aging infrastructure and 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 primary focus for staff is to develop a long term infrastructure replacement strategy to begin this process. Together with good planning, solid financial reporting, and the aggressive pursuit of grant funding when available, the municipal infrastructure can be well maintained.

The operating results in 2014 reflect the pressure that the reserve funds have experienced. The large capital projects have required partial funding and the use of Village labour has had an impact on operating expenses. With the large projects largely completed, we can now turn our focus to 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.

2014 was a significant step in the finance department's advancement of some of Council's strategic objectives. Though there is still work to be completed, the finance department is well set up to address future challenges and opportunities.



Clyde Bersky
Director of Finance

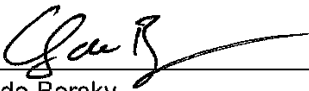
Financial Section

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.



Clyde Bersky
Chief Financial Officer

Financial Section

Berg
Lehmann

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
fax 1.888.510.6311
advice@BergLehmann.ca
www.BergLehmann.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
Village of Nakusp

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

.../2

Financial Section

Berg
Lehmann

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

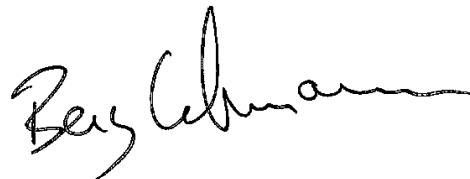
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INDEPENDENT AUDITORS' REPORT (continued)

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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

May 11, 2015

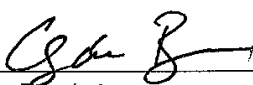
Nelson, B.C.



Financial Section

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

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

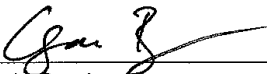


 Clyde Bersky
 Chief Financial Officer

Financial Section

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

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



Clyde Bersky
Chief Financial Officer

Financial Section

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

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

Financial Section

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

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

Financial Section

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

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2014 Total	2013 Total
COST										
Opening Balance	1,368,606	357,549	8,328,442	2,208,365	3,214,046	5,297,418	4,173,903	4,904,819	29,853,146	24,758,647
Add: Additions	-	-	509,700	77,518	9,589	78,034	2,153,685	97,265	2,925,791	5,133,451
Less: Disposals	-	-	-	-	-	-	-	2,202,940	2,202,940	38,950
Closing Balance	1,368,606	357,549	8,838,142	2,285,883	3,223,635	5,375,452	6,327,588	2,799,144	30,575,999	29,853,148
ACCUMULATED AMORTIZATION										
Opening Balance	-	37,287	3,507,049	1,076,956	1,634,228	1,789,428	1,933,679	-	9,978,627	9,377,087
Add: Amortization	-	7,679	232,588	161,015	73,238	125,131	114,000	-	714,651	640,490
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	38,950
Closing Balance	-	44,966	3,739,637	1,237,971	1,707,466	1,915,559	2,047,679	-	10,693,278	9,978,627
Net Book Value, year ended December 31, 2014	1,368,606	312,583	5,098,505	1,047,912	1,516,169	3,459,893	4,279,909	2,799,144	19,882,721	19,874,521
Net Book Value, year ended December 31, 2013	1,368,606	320,262	4,821,393	1,131,409	1,579,818	3,507,990	2,240,224	4,904,819	19,874,521	

Financial Section

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

1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Village of Nakusp.

Basis of Presentation

The consolidated financial statements of the Village of Nakusp (the Village) are the representations and responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Budget information has been aggregated to comply with these reporting standards.

Basis of Accounting

The resources and operations of the Village are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The Village has general, water and sewer operating and capital funds. The Village also has reserve funds that have been established for specific future requirements. The use of these funds is governed by the Community Charter and Municipal resolutions and by-laws. All interfund transfers have been eliminated. Supplementary statements for each fund on a segregated basis have been presented under "Other Financial Information".

Items recognized in the financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost.

Investment in Government Business Enterprise

The Village's wholly owned subsidiary, the Nakusp & Area Community Forest (2013) Inc. ("NACFOR (2013)"), is a government business enterprise, accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform with those of the Village. The equity income for the year is recorded as revenue in the Village's consolidated statements of operations and the investment in NACFOR (2013) is adjusted accordingly.

Cash and Equivalents

Cash and equivalents include liquid investments with maturities of three months or less at acquisition.

Investments

Investments are recorded at cost with the exception that Municipal Finance Authority ("MFA") Pooled Investment Funds are recorded at market value. The carrying value of investments is reduced to their net realizable value if in management's opinion there is a permanent decline in value.

Financial Section

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

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, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Figures

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

Financial Instruments

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

Use of Estimates

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

2. INVESTMENTS

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

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

Financial Section

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

3. ACCOUNTS RECEIVABLE

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

4. MUNICIPAL FINANCE AUTHORITY (MFA) DEBT RESERVE DEPOSITS

The Municipal Finance Authority of British Columbia ("MFA") provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations; this event has not occurred since the inception of MFA in 1970. If this occurs, the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund Cash Deposit, less administrative expenses, becomes an obligation of MFA to the member municipalities through the regional districts. Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the municipality, including interest earned. Use of the Cash Deposit is restricted by legislation. The detail of the cash deposits and demand notes at year end are as follows:

	Demand Notes	Cash Deposits	2014	2013
General Fund	\$ 34,267	\$ 13,843	\$ 48,110	\$ 44,563
Sewer Fund	14,181	7,949	22,130	21,906
	\$ 48,448	\$ 21,792	\$ 70,240	\$ 66,469

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

Financial Section

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

5. INVESTMENT IN NACFOR (2013)

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

The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2014 with comparative figures for December 31, 2013 are as follows:

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

Financial Section

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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

7. DEFERRED REVENUE

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

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

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

Financial Section

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

8. CAPITAL LEASE OBLIGATION

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

9. LONG-TERM DEBT

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

Interest rates range from 1.5% to 5.49%. Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

Financial Section

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

9. LONG-TERM DEBT (continued)

The Village's requirements for future repayments of principal on existing debt for the next five years excluding any actuarial gains that may be realized are as follows:

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

10. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

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

10. ACCUMULATED SURPLUS (continued)

The Statutory Reserves are Accumulated Surplus that has been set-aside by decision of Council for a specified purpose. The Statutory Reserves have been established by bylaw in accordance with the Community Charter and their use is restricted by the legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

The Investment in NACFOR (2013) is equal to the NACFOR (2013) investment value on an equity basis. In the normal course of operations this investment will not be available to finance operations, but will be maintained in support of the purposes of the investment.

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

11. EXPENDITURES BY OBJECT

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

12. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

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

Financial Section

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

12. PENSION LIABILITY (continued)

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

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

13. COLLECTION FOR OTHER GOVERNMENTS

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

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

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

14. BUDGET RECONCILIATION

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

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

Financial Section

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

15. CONTINGENT LIABILITIES

Regional District Debt

The Village, as a member of the Regional District of Central Kootenay, is jointly and severally liable for the future capital liabilities of the Regional District. The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet its payments and obligations, it shall make payments from the debt reserve fund which is in turn established by a similar debt reserve fund of the Village and all other borrowing participants. If the debt reserve fund is deficient, the Authority's obligations become a liability of the Regional District, and may become a liability of the participating municipalities.

16. CEMETERY CARE TRUST FUND

The Village operates the Catholic, Hillcrest, Women's Institute, Glenbank, and Legion cemeteries and maintains a Cemetery Care Fund in accordance with the Cremation, Interment and Funeral Services Act and related Regulations. In accordance with Act and Regulations, the Village must transfer a specified minimum percentage of certain cemetery fees into the Cemetery Care Fund. The resulting equity balance in the fund is restricted in use; interest earnings are available to the Village to fund ongoing maintenance of the cemetery as required.

The condensed financial information for the period ended December 31, 2014 with 2013 comparative figures are as follows:

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

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

Financial Section

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

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

Financial Section

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

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

Financial Section

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

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

Financial Section

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

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

Financial Section

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

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

Financial Section

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

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

Financial Section

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Financial Section

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

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

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*.

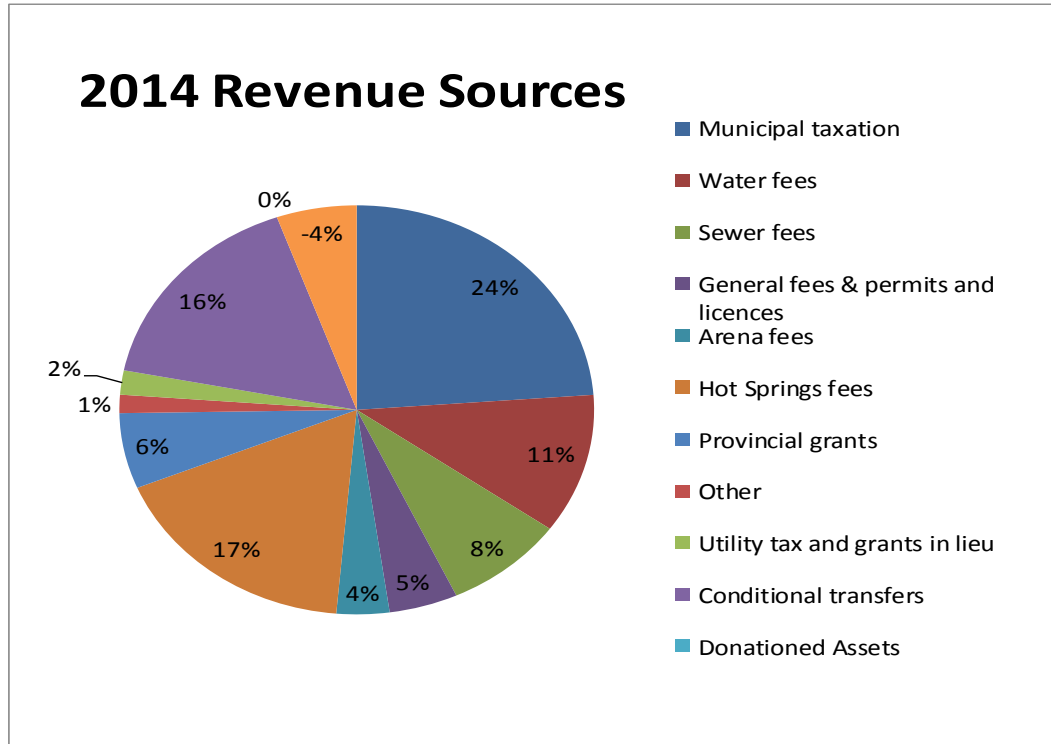
To be considered for a permissive tax exemption, an organization must submit an application and illustrate that their goals, policies, and operating principles that reflect those of the municipality; that the services provided are an extension of municipal services and that their programs are deemed 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 2014 together with the amount of municipal taxes that would have been imposed on the property if it were not exempt.

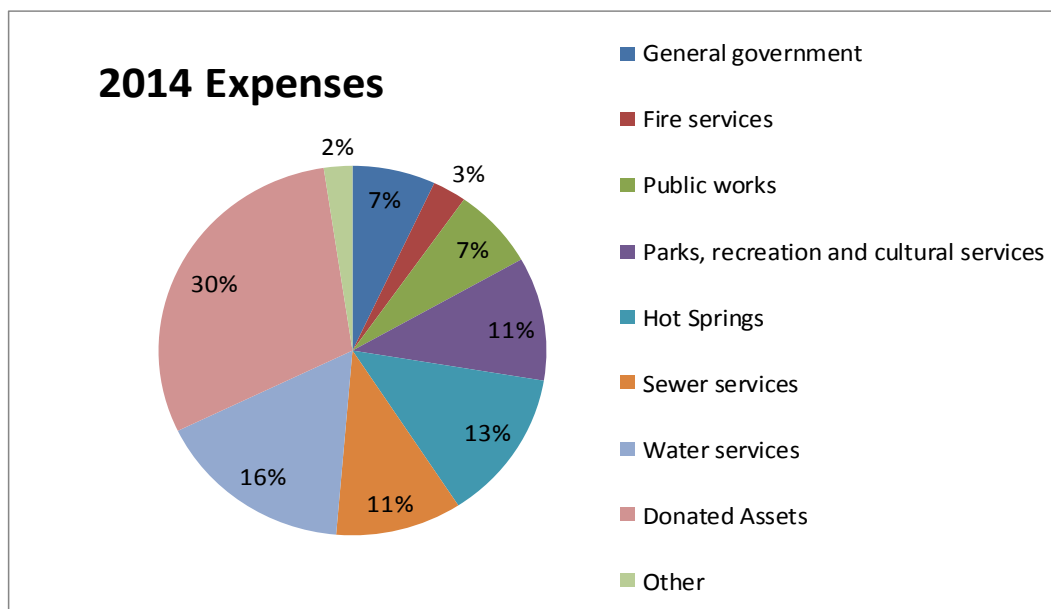
2014 Summary of Permissive Tax Exemptions	2014 Value of Exemption
1 Halcyon Assisted Living Society	\$ 4,680
2 Arrow and Slocan Lakes Community Services Association	4,990
3 Nakusp Launch Club	6,241
4 Arrow Lakes Hospital Auxiliary	889
5 Nakusp Childcare Society	822
6 Royal Canadian Legion, Branch 20	363
Total of Proposed 2013 Permissive Tax Exemption - \$	\$ 17,985
<i>Total of 2015 PTE, as % of 2014 Municipal Levy</i>	1.97%
<i>Total of General Statutory Exemptions (Bylaw 570, 2002 - Public worship)</i>	6,502
Grand Total of all Tax Exemptions	\$ 24,487
<i>Grand Total of all Tax Exemptions, as a % of Municipal Levy</i>	2.75%

Statistical Information

REVENUE SOURCES 2014



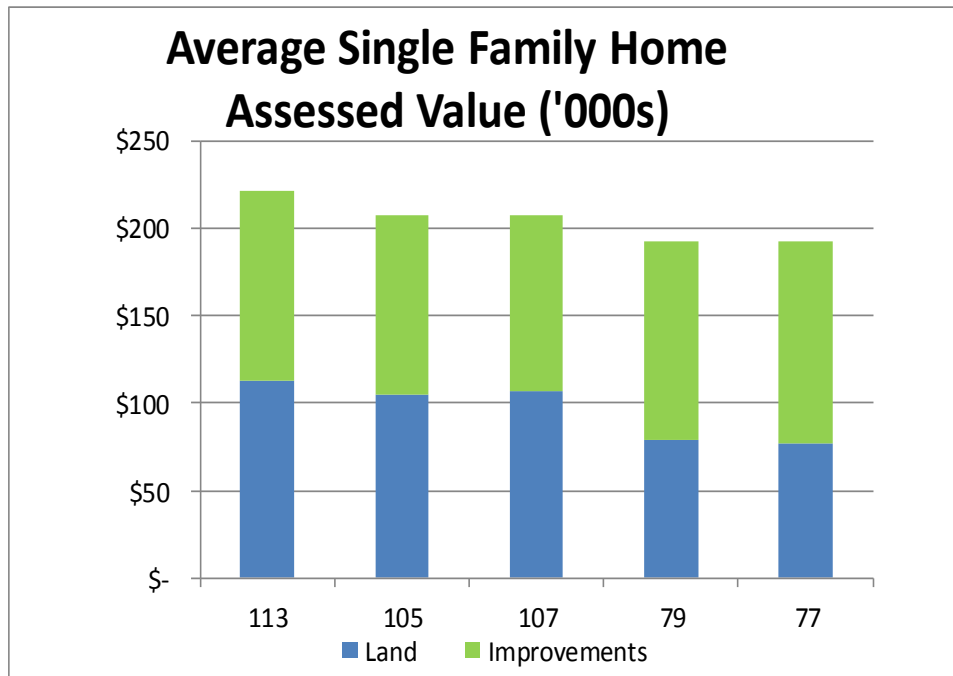
EXPENSES Including Capital 2014



Statistical Information

TAXABLE PROPERTY ASSESSEMENTS 2014

Taxable Property Assessments	2010	2011	2012	2013	2014
01 - Residential	180,299,600	170,249,700	169,870,100	156,377,700	156,380,000
06 - Business And Other	23,727,900	25,621,750	26,596,200	26,381,050	26,292,150
05 - Light Industry	2,197,500	981,800	990,900	1,995,300	1,774,500
02 - Utilities	788,800	787,500	777,000	756,100	721,100
08 - Rec/Non Profit	427,300	336,400	539,900	547,700	580,300
09 - Farm	52,312	46,408	55,192	56,191	58,593
Total	192,328,218	207,493,412	198,023,558	198,829,292	186,114,041
<i>Percent change from prior year</i>		7.9%	-4.6%	0.4%	-6.4%

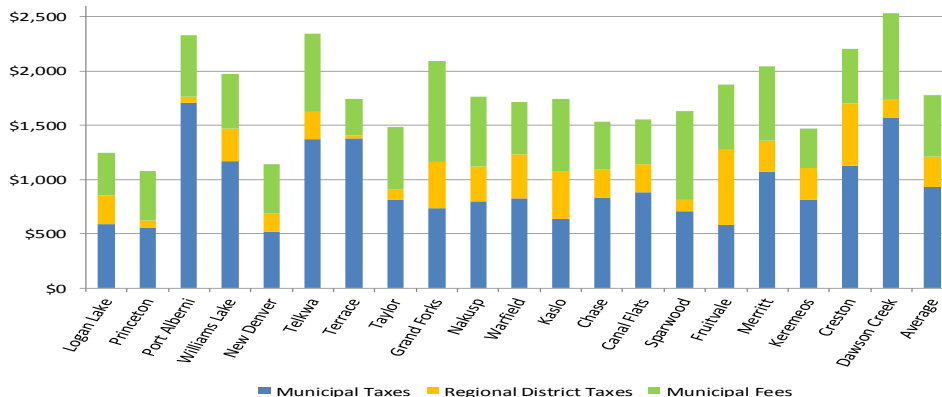


Statistical Information

MUNICIPAL COMPARISON 2014

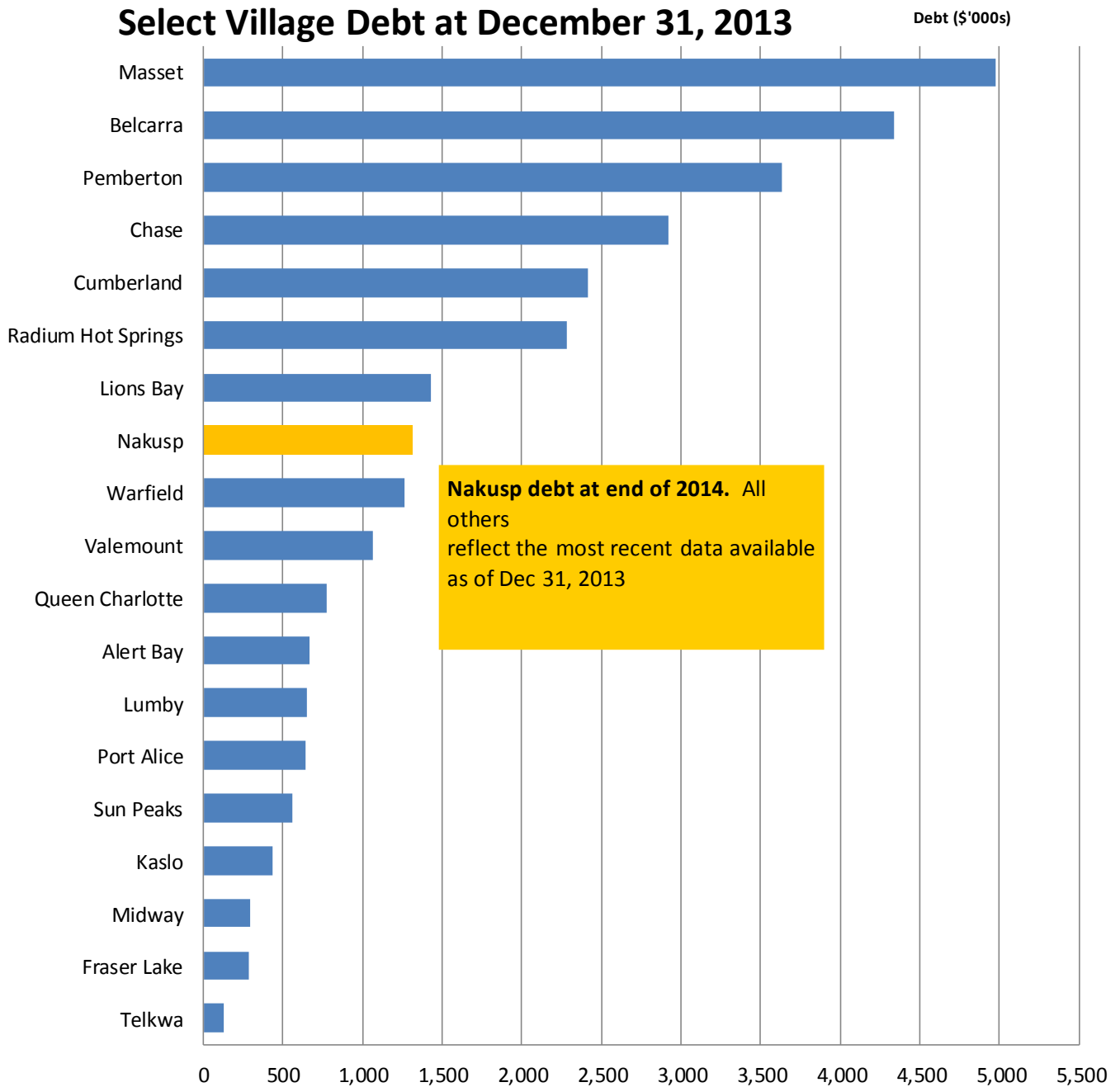
Municipality	Representative House Value	Municipal Taxes	Regional District Taxes	Municipal Fees	Total Taxes & Fees
Logan Lake	\$ 198,092	\$ 589	\$ 264	\$ 395	\$ 2,112
Princeton	\$ 176,831	\$ 555	\$ 65	\$ 456	\$ 2,149
Port Alberni	\$ 187,064	\$ 1,705	\$ 55	\$ 570	\$ 2,933
Williams Lake	\$ 198,354	\$ 1,166	\$ 306	\$ 499	\$ 2,925
New Denver	\$ 185,182	\$ 518	\$ 170	\$ 451	\$ 1,784
Telkwa	\$ 218,366	\$ 1,370	\$ 252	\$ 718	\$ 3,512
Terrace	\$ 235,258	\$ 1,378	\$ 31	\$ 331	\$ 2,681
Taylor	\$ 235,154	\$ 809	\$ 97	\$ 575	\$ 2,455
Grand Forks	\$ 188,599	\$ 735	\$ 424	\$ 929	\$ 2,798
Nakusp	\$ 192,368	\$ 799	\$ 322	\$ 639	\$ 2,681
Warfield	\$ 207,881	\$ 828	\$ 401	\$ 485	\$ 3,026
Kaslo	\$ 208,582	\$ 639	\$ 438	\$ 665	\$ 2,430
Chase	\$ 194,930	\$ 831	\$ 260	\$ 442	\$ 2,410
Canal Flats	\$ 185,960	\$ 884	\$ 254	\$ 418	\$ 2,359
Sparwood	\$ 224,946	\$ 705	\$ 107	\$ 819	\$ 2,390
Fruitvale	\$ 213,983	\$ 581	\$ 695	\$ 599	\$ 3,209
Merritt	\$ 216,395	\$ 1,073	\$ 286	\$ 681	\$ 3,149
Keremeos	\$ 201,096	\$ 809	\$ 295	\$ 365	\$ 2,519
Creston	\$ 218,902	\$ 1,129	\$ 574	\$ 499	\$ 3,134
Dawson Creek	\$ 245,512	\$ 1,567	\$ 176	\$ 789	\$ 3,426
Average	206,673	933	274	566	2,704

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



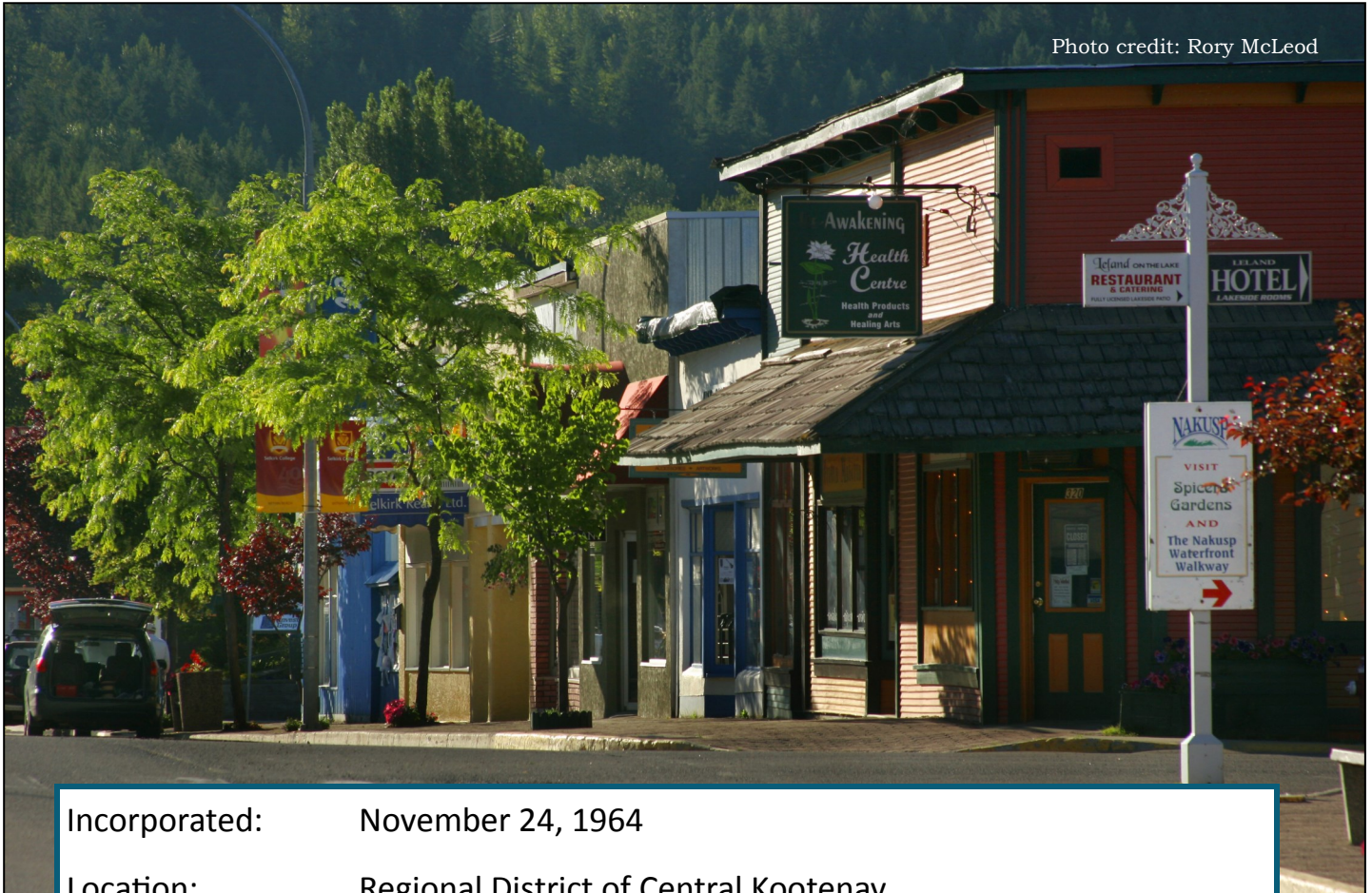
Statistical Information

LONG TERM DEBT COMPARISONS



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:	1059 hectares
Population:	1,574
Km of Roads:	Paved - 21.6 Unpaved - 5.8
Km of Lanes:	6.6
Km of Domestic Water System	26.7
Km of Sewers:	Storm - 1 Sanitary - 20.7
Employees:	26

Village of Nakusp

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THE VILLAGE OF
N A K U S P

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