



THE VILLAGE OF
N A K U S P

2016

ANNUAL REPORT

Village of Nakusp
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Fiscal year ending December 31, 2016

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Photo credit:
Craig Pulsifer Photography

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Message from the Mayor

I am pleased to present the 2016 Annual Report on behalf of Nakusp Village Council. 2016 was a busy year for council and staff and we had several challenges – not the least was staffing shortages.

During council's second year of working together, we reviewed our goals and objectives that we set in our first year and were pleased that we had moved forward on several fronts. You can view our 4 year goals and objectives on our Village website.

In 2015 we implemented a Hot Springs & Recreation Director position. This has resulted in a positive change in our Hot Springs revenue.

A council priority was further improvements to the chalets, investigating increased services at the springs and a marketing plan. We have been moving forward on all these fronts with positive results.

The Director of Operations has been an integral part in our planning for and investing in maintaining safe, resilient and sustainable infrastructure in a way that provides the highest value to the taxpayers in the community. The Director of Operations has been working on our Asset Management Plan and as you read his report you will see that a lot of work has been done in this area as well as our water and sewer.

Our CAO continues to keep an eye on the budget and keeping council informed on all aspects of our revenue and expenses. We had five public meetings on the budget and the information presented was well received by the majority of people who attended the meetings.



We applied for Rural Dividend funding in 2015 for a Hot Springs Marketing plan for \$10,000 and this was completed in 2016. We also received \$50,000 from CBT for a Trails Masterplan. We applied under the CBT Recreation grants and received \$350,000 for our arena roof and \$234,000 from the NACFOR legacy funds to complete the project – \$584,000.

In 2016 we also applied for \$100,000 from the Rural Dividend for a downtown revitalization plan – the good news of this would come in 2017.

We are extremely grateful to receive grants as our tax dollars would not support many of these projects. We are also thankful for all our community volunteers and all that you give to our community and to the two individuals that gave us donations.

Please feel free to contact the office or council if you have suggestions or concerns. It is important that we hear from you.

A handwritten signature in black ink, appearing to read 'Karen Hamling'.

Mayor Karen Hamling

Local Government in BC

The term local government in BC refers to both municipalities and regional districts. Specifically, the term municipality refers to a city, district, resort municipality, island municipality, Indian government district, town or village having the power to govern itself. Municipalities are general-purpose local governments that provide a wide range of services and regulate a variety of activities. Over 80% of BC's population resides within a municipality, although the land area covered by them is less than 2% of the area of the province. Regional districts are the general-purpose local governments for the unincorporated areas of the province and they provide a framework for inter-municipal cooperation for service provision.

Under the Canadian Constitution, local governments can only be established and granted powers by the provincial government. The BC government sets out the legal framework for local government through various provincial statutes, most notably the *Local Government Act* and the *Community Charter*. Together these two statutes set the rules for electing council members, appointing officials, conducting municipal business and establishing the authority of the local government.

About This Report

When the *Community Charter* was adopted by the Province in 2003, the issue of accountability was one of the areas of increased legislative change. As part of the increased accountability, all municipalities are mandated by the *Community Charter* to prepare, on an annual basis, a document that reports to the citizens and stakeholders of the municipality past results and plans for the future. Once completed, the annual report must be available for public inspection a minimum of two weeks before the report is received by Council at a duly constituted meeting. This provides citizens with time to review the annual report, ask questions and prepare submissions. Council will consider the 2016 annual report at the Council meeting on **Monday, June 26, 2017** at 6:30 p.m. in the Emergency Services Building. We ask that you take time to read this report as we encourage your feedback in order that we may provide the best information possible to our taxpayers.

Governance

Council is made up of a Mayor and four Councillors. All members of Council are elected for a fixed four-year term. The last election was in November 2014 and the next election will be held in October 2018.

The role of the elected Council is to act as the governing body for the Village, making decisions that represent the best overall interests of Nakusp residents and businesses. Council considers matters necessary for maintaining and improving operations and services, as well as planning for future generations. Fiscal responsibility and preservation of the environment are key principles guiding Council's decisions, as are the Mission and Vision Statements articulated later in this report. Council acts as a collective body and can only exercise its powers through resolutions and bylaws adopted in a properly constituted Council meeting. The Mayor and Councillors also have a responsibility to provide community leadership, act as ambassadors, and to lobby on behalf of the Village.

The Village operates on what is called the "one employee" system. The Chief Administrative Officer (CAO) is Council's only employee and acts as the link between Council and the rest of the Village staff. The CAO position is responsible for the overall management of Village finances and operations, ensuring that policies, programs and other directives of Council are implemented, and advising Council on the operation and affairs of the Village. Village staff is responsible for ensuring day to day activities are carried out efficiently in order to provide affordable services to the taxpayer.

Village of Nakusp Council



Council: (left to right)

Bill Tobey, Ulli Mueller, Karen Hamling (Mayor), Tom Zeleznik, Len Heppner

Council meets **every second & fourth Monday at 6:30 pm**

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 Councillors 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

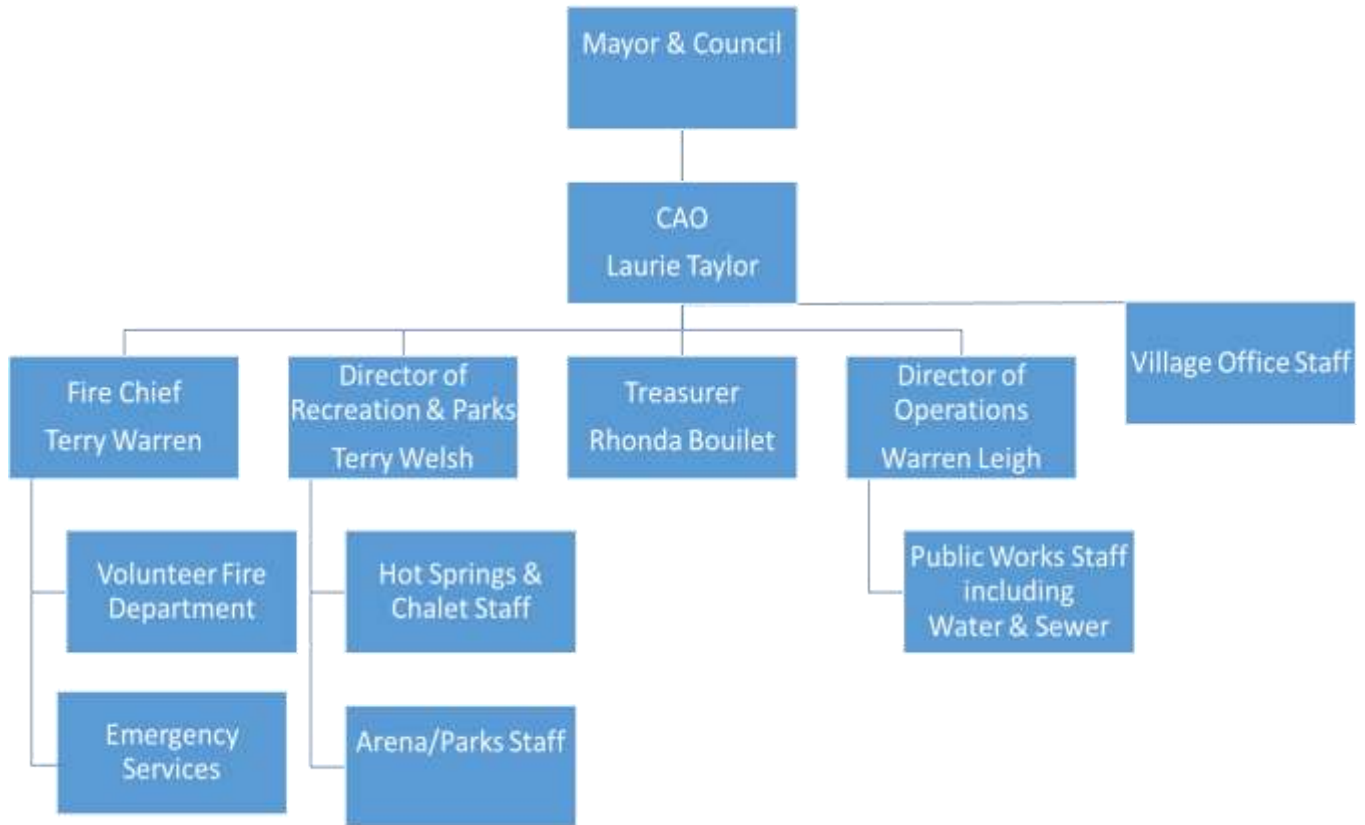
2016 Council Committees

- **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)
Liaison: Nakusp and Area Youth Society
- **Councillor Ulli Mueller** Nakusp & Area Development Board
Nakusp Public Library
- **Councillor Bill Tobey** Recreation Commission #4
Nakusp and Area Community Forest (NACFOR)
- **Councillor Tom Zeleznik** Chamber of Commerce
Nakusp and Area Development Board
Nakusp Rail Committee



Village Operations

Village of Nakusp Organizational Chart



Staff Contacts:

Chief Administrative Officer		
Laurie Taylor	250-265-3689 250-265-1727 (cell)	ltaylor@nakusp.com
Treasurer		
Rhonda Bouillet	250-265-3689	rbouillet@nakusp.com
Director of Operations		
Warren Leigh	250-265-3556 250-265-1725 (cell)	wleigh@nakusp.com
Director of Recreation & Parks		
Terry Welsh	250-265-3689 250-265-1493 (cell)	twelsh@nakusp.com
Fire Chief & Emergency Services Coordinator		
Terry Warren	250-265-3563 250-265-1756 (cell)	trwarren@nakusp.com

Message from the CAO

One of the purposes of an annual report is to allow an organization to look back on the past year in order to determine how they can replicate their successes and avoid their failures. This report provides that opportunity for council and staff and provides a medium to publicly communicate the information.

Fiscal responsibility is the key to financial success for local government. Council and staff of the Village of Nakusp have made fiscal responsibility a core value of local governance. With a tax base of primarily single family residential properties and very little commercial or industrial activity, the Village only raises approximately \$970K in property taxes per year for Village use. This amount is supplemented by approximately \$370K in unconditional Federal and Provincial grants. Also, the Village raises money from user fees, covering costs of the services provided (e.g. water and sewer fees). Tax revenue and user fees together, cover the costs of services and, wages and salaries for the staff that provide the majority of those services. Federal and provincial grants make up a significant portion of the money required for capital projects. Each year Council directs a specific amount of grant money toward reserve accounts thus providing funding opportunities for future projects. In many cases capital projects are too expensive for the Village to fund on its own, therefore either grants or borrowing are required.

The role of Village staff in achieving Council's mandates cannot be understated. It is these civil servants who keep our roads, sidewalks, recreation facilities and green spaces maintained; ensure essential services like water and sewer are provided in a safe and efficient manner; and provide that friendly face at the Village office. The Village is lucky to have a dedicated group of employees.

When working for a municipality, each day brings new challenges and each day is just as important as the last. Looking ahead we will continue to evaluate both our staffing needs and services to ensure that our residents receive value for their tax dollars.

We look forward to serving you in 2017.

Laurie Taylor

Municipal Departments

ADMINISTRATION & FINANCE

Laurie Taylor, CAO

Under the direction of the CAO, this department is responsible for the provisions of such services as business licensing, planning and development, minutes and agendas, and human resources. The CAO is responsible for the financial management of the Village's assets and for the planning, implementation and monitoring of the Village's Five Year Financial Plan. Staff provide services including taxes, water & sewer billing, processing of accounts payable and receivable and payroll.

OPERATIONS

Warren Leigh, Director of Operations

The Director of Operations oversees the management of the Public Works and Water and Sewer. Services encompassed under this umbrella include: potable water system; waste water treatment, building and facility maintenance, roads & sidewalks infrastructure, airport, equipment maintenance, garbage collection, recycling and cemetery administration.

RECREATION & PARKS

Terry Welsh—Director of Recreation and Parks

The Director of Recreation and Parks oversees the management and marketing of the Nakusp Hot Springs and Chalets, as well as the Hot Springs Campground. He is also responsible for the management of leisure services including parks, sports complex and green spaces.

FIRE

Terry Warren, Fire Chief

The Nakusp & District Volunteer Fire Department 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 B.C. Wildlife Service, Rescue & Basic First 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.

Municipal Services

SERVICES PROVIDED

Airport

- 2983' paved runway

Arena / Auditorium

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

Beach

Board of Variance

Building Inspection

(contracted to the RDCK)

Business Licensing

Campsite

- Municipal
- Hot Springs

Cemeteries

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

Emergency Services Building

Garbage & recycling Collection

Nakusp Hot Springs & Cedar Chalets

Parks

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

Sewer System & Sewer Treatment Plant

Snow Removal

Street Lighting

Taxation

Volunteer Fire Department

Water system

Water Treatment Plant

Wharf & Boat Launch

Zoning—Municipal

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 wild-life 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

Community Services — Hot Springs, Chalets



2016 Hot Springs Facts & Figures

- The Hot Springs had 47,161 visitors which was a significant increase of 7,861 over 2015.
- Our Campground had 3,870 site bookings, an increase of 515 bookings over 2015.
- Our Cedar Chalets continue to be a strong profit center showing a 2016 profit of \$60,883.
- For the second consecutive year the Hot Springs has returned a profit . The 2016 profit was \$94,831 an increase of \$80,996 over 2015.

Turning A Corner

The Nakusp Hot Springs, Chalets & Campgrounds are one of our Community's most renowned assets.

The Hot Springs are a destination that has been enjoyed by residents and visitors to the area for over a century. Marketing efforts in 2016 led to the strongest profit margin at the Hot Springs in many years. Ongoing increases in Visitors to the Hot Springs provide significant economic benefit to our community and throughout the region. This bodes well for the future as it not only demonstrates the Hot Springs sustainability, but also underscores its importance as an economic generator for our community.

Hot Springs Marketing

Funding for the development of a Marketing and Tourism Action Plan for the Hot Springs was secured from the Rural Dividend Grant Program.



Community Services — Recreation & Parks



Arena Roof Replacement

The Nakusp Community Centre has a new roof and an upgraded entrance into the facility. The Project Budget was \$584,000 and the project came in under budget by \$13,268. The completion of this lifecycle work ensures that this valuable community asset's life expectancy is significantly improved.

Trails Master Plan

A Working Committee comprised of Trail Stakeholders began working diligently with the Project Consultants and the Village on a ongoing public process to develop a Plan to guide the future of the trails network for Arrow Lakes and Nakusp.



2016 Recreation & Parks Highlights

- Village Council accepted a donation from Canadian Pacific of a Caboose, after it was determined that there was community support for the project. Council approved the formation of a Volunteer Committee to undertake the project. Council also approved significant in-kind support from the Village for the project.
- A dedicated group of Volunteers from the Nakusp Rail Committee were successful in acquiring, transporting, and placing a Snow Plow and Caboose in the Community Park.
- Kudos to the Nakusp Rotary Club for completing the "Light Up the Waterfront" project.

Community Services — Operations

2016 OPERATIONS REPORT

Positively Moving Forward



THE VILLAGE OF
N A K U S P

DIRECTOR OF OPERATIONS

Warren Leigh has been in the Director's chair since 2014. During this time, Warren has embraced many projects and challenges. Each day provides new lessons, and each year another success story. Warren makes himself readily accessible to the public. Should you have any questions or concerns, please call the Public Works Office: 250-265-3556 or his cell: 250-265-1725 or email: wleigh@nakusp.com



Warren Leigh, Director of Operations

WHAT DOES THE OPERATIONS DEPARTMENT DO?

The Operations Department is responsible for the Village Community Water System, the Community Wastewater System and Public Works Services. This means that the Director must administer three separate budgets and allocate man-hours to each sector, based on priority, Provincial Regulations and service levels established by Council.

To accomplish this, staff time is divided as follows:

Water Distribution	25%
Water Treatment	15%
Wastewater Collection	15%
Wastewater Treatment	15%
Public Works Services	30%

The water system includes every aspect of receiving water from surface and groundwater sources, treating it to the necessary degree, and distributing it out through the distribution network. Potable water is then available for resident's consumption, fire protection and irrigation of Village green spaces.

For more information on the water system, please see the 2016 Annual Water Report available on the Village website: www.nakusp.com

The Community Wastewater System is comprised of a collection network; the lift station at the Japanese Gardens; force main up to the wastewater treatment plant; macerator; sewer lagoons; treatment plant; and discharge system. Certified Operators are required to run the treatment facility and professional monitoring of effluent quality is required to ensure that the Village is meeting Provincial discharge regulations. Tweaking of the treatment process is on-going and plans are in the works to manage the lagoon sludge, which is a by-product of the treatment process. The Village also continues to move towards reclaiming the effluent for utilization in irrigating Village green-spaces.

Community Services — Operations



Paving

PUBLIC WORKS SERVICES

Everything else in the Operations Department falls under the Public Works category. This includes, but is not limited to, the following:

- Maintenance of Village facilities and buildings;
- Garbage Collection and Recycling Services;
- Snow Removal & Road Maintenance;
- Sidewalk Inspection, Installation & Maintenance;
- Cemetery Administration, burials, headstone installations;
- Administrative support for Village Office;
- Maintenance of Village fleet and equipment;
- Street Lighting Inspection, Reporting & Maintenance;
- Airport Maintenance

Contact Us

Operations Department

1325 Hot Springs Rd
Nakusp, BC, VoG 1R0
250-265-3556

rgeorge@nakusp.com

wleigh@nakusp.com

www.nakusp.com

OVERALL OPERATIONAL EXPENSES

In a typical year, the Operations Department will use approximately 13% of the overall Village budget for Public Works, 8% for the water system, and 7% for the wastewater system - for a total of approximately 28%. More information on Village finances can be found on the website.

BLUE BAG CURBSIDE RECYCLING PROGRAM

The Village of Nakusp implemented its recycling program in July, 2014. Since that time, the Village has collected 58,420 kg of materials. Although the program got off to a slow start, it has become a great success, with volumes averaging 3724 kgs/month for 2016. Volumes exclude glass containers & containers with deposits, as these are collected in a separate bins located by the Village Office. Curbside pick-up is every two weeks.



WEIGHT COMPARISON

African Elephant:
6,000 kg

Tyrannosaurus Rex:
8,160 kg

T-90MS Tank:
48,000 kg

2016 Recycling Volume:
58,420 kg

Community Services — Operations

2016 HIGHLIGHTS

Community Water System:

- ❖ **Water Main Replacement Project**
This project replaced 175 meters of aged 2" galvanized water main on Nelson Avenue with 6" PVC. A Tender was prepared by WSA Engineering and staff posted it on BC Bid August 25th. The project was awarded to Brenton Industries, in the amount of \$37,901.00. The project was completed on time and on budget.
- ❖ **Source Protection Plan**
The Interior Health Authority issues a Permit to Operate the Drinking Water System, provided that the Village complies with certain conditions. The only condition left out-standing was the need for a Source Protection Plan for the Village intakes, both surface and groundwater. In order to comply, the Village issued an RFQ for the provision of the Plan with an up-dated Emergency Response Plan. The RFQ was awarded to Austin Engineering Ltd, in the amount of \$16,400, and the work was completed in the fall. The Village is now 100% in compliance with the IHA Conditions on Permit, for the first time ever.
- ❖ **WaterSmart Ambassador**
The first year of the CBT WaterSmart Ambassador came to a successful end. Matt Fry from New Denver did a splendid job of communicating the Village's watering regulations and goals for water reduction. He distributed dozens of hose timers, composters, etc. This program did seem to positively impact peak water usage by reducing the number of watering infractions.
- ❖ **Clean Water and Wastewater Fund Grant Application**
An application has been prepared in the amount of \$615,817 for the complete replacement of all remaining galvanized water lines in 2017. The Village was successful in securing the funding, so the project will proceed in the new year.

Wastewater System:

- ❖ **Wastewater Treatment Plant Sand Filter Pilot**
Currently, the Village is meeting all of the Provincial discharge requirements; however, in order to ensure that effluent quality is optimum for reclaimed usage; to reduce the Total Suspended Solids; and, provide an operational buffer for variables, a study was completed by AquaDiversities Ins/9dot Engineering Inc. to determine if the installation of sand filtration would be the answer. The study concluded that sand filtration would achieve the desired improvements. The Village could choose to treat all effluent, requiring filters costing \$207,900.00, or could treat a side stream for reclaimed water, at a cost of \$62,700.00 for installation.

At this time, the Village is still investigating options to deal with nutrient and Biochemical Oxygen Demand issues. It may be possible to find a solution that deals with all three problems, or perhaps it requires a combination of treatment options. This item will be on-going into 2017.

- ❖ **Sewer Line Flusher**
In order to properly deal with sewer blockages, the Village has purchased a new-to-us sewer flusher. The unit was maintained to a high standard and had little hours on it. It is a wonderful unit that cost \$25,000 – well within budget.

Community Services — Operations

2016 HIGHLIGHTS

Public Works Services:

❖ GIS Mapping of Village Infrastructure

The Village began a GIS Mapping Project that will result in the digital mapping of water and sewer infrastructure. The project is being facilitated by a company called LandInfo Technologies Inc. (Geographic Information and Management System Consultants). With their assistance, the Village has obtained maps that are comprised of many layers (water mains, services, sewer mains, manholes, storm drains, fire hydrants, roadways, house points, Zoning designations, etc). This mapping will be maintained in-house. LandInfo Technologies Inc. has also agreed to use Nakusp as a pilot community to implement Capital Asset Management applications to the mapping, free of charge.

To date, the GIS mapping of the Village is complete. The data is being audited for accuracy. An in depth inventory of the water system is being completed with a planning grant that was received in the fall. Upon completion, the Village will be able to value the existing Capital Assets in the ground and accurately determine replacement costs, life spans, etc.

❖ Annual Sidewalk Inspection

P/W staff completed the annual inspection of all Village sidewalks. A deficiencies report was completed to prioritize hazards and necessary repairs completed. The defective sidewalk adjacent to the condos on 2nd Avenue SW was replaced. Arrow Lakes Redi Mix was contracted to remove the existing sidewalk and re-pour it on May 31st and June 1st.

Training:

❖ Capital Asset Management Workshop

May 12th the Director attended a Capital Asset Management Workshop in Castlegar. The event was very informative and provided information necessary to proceed with our management plan.

❖ Traffic Control Course

The Public Works crew completed the Selkirk College Flagging course in Nakusp, April 19-20th

❖ Attended Training Session

The Director attended the “Managing Employees in a Unionized Environment” training session in Castlegar in April. The course was presented by the Canadian Professional Management Services and was well subscribed with representatives from all over this region. It was a great opportunity to liaise with other administrative professionals dealing with very similar issues. As well, the subject material provided an insight into Union and Arbitration processes and rationales.

2015-2018 Goals and Objectives

(STATUS shown in blue italics)

1) ECONOMIC DEVELOPMENT

Encourage economic growth through support of strategic initiatives that meet the needs of Nakusp's character and location.

- i) Encourage private investment in a biomass plant
 - *An independent business analysis done in 2016 indicated it was not a suitable investment for the Village but that it may be a viable private investment. The cost of the analysis was paid for by CBT.*
- ii) Lobby for Broadband **ONGOING**
 - *CBT has formed Columbia Basin Broadband Corporation (CBBC) to work towards providing broadband connectivity across the region. The Village will work with CBBC as needed.*
- iii) Lobby for fixed transportation link **ONGOING**
 - *Mayor has met with government officials to lobby for fixed transportation link.*

2) LAND USE/INDUSTRIAL GROWTH

Maintain Nakusp's role as a diverse regional hub by retaining and attracting key industries and services to support them and collaborating regionally to foster sustainable growth.

- i) Support development of industrial land within Nakusp and Area K **ONGOING**
- ii) Review and amend land use policies and bylaws to create opportunities for development **ONGOING**
 - a) Complete review of R5 zoning and Official Community Plan
 - *University student (urban planning major) will be hired in 2017 to complete the R5 zoning and review OCP*
 - b) Address changes required to become known as "open for business" and that staff is "here to help"
 - *Implement cross training of duties for administrative staff and enroll in customer service courses*
- iii) Investigate options for possibly providing water service to the area within the Village, north of the Kuskanax **ONGOING**
 - *Meeting held with residents on November 7, 2016*

3) COMMUNITY DEVELOPMENT

Support initiatives which contribute to the revitalization of Nakusp ensuring that the Village continues to be a safe, livable and vibrant community while attracting new families.

- a) Lobby for improved health services **ONGOING**
 - *West Kootenay Boundary Hospital Board working with Interior Health on upgrades for Arrow Lakes Hospital emergency room and visiting physician's rooms*
- ii) Investigate opportunities to increase utilization and programming of arena complex, parks, trails and campground.
 - *Trails master plan – Received a \$50,000 grant from CBT - will be completed by April 2017*
 - *Repairs to Arena roof and entrance canopy will be completed November 2016. Funded by \$350,000 grant from CBT and balance from NACFOR dividends*
- iii) Lobby for improved access to lake (BC Hydro/Province) – breakwater/boat launch **ONGOING**
- iv) Engage youth in initiatives whenever possible. **ONGOING**
 - *Renovated village-owned Kinsmen Centre and provided space for Options for Sexual Health, Arts Council and Nakusp and Area Youth Society*

2015-2018 Goals and Objectives

4) **HOT SPRINGS DEVELOPMENT**

Actively support a vibrant Hot Springs that enhances Nakusp's financial situation and is accessible to our residents.

- i) Staff development **ONGOING**
 - a) Provide customer service training for staff
 - *Enroll staff in training courses*
- ii) Improvements to Chalets **ONGOING**
 - *New roofs installed on Chalets and Hot Springs facility - started in 2015 and completed in 2016*
- iii) Facilitate increased services and improve the provision of services **ONGOING**
- iv) Improve marketing **ONGOING**
 - a) Development of marketing plan **TO BE COMPLETED IN 2017**
 - *BC Rural Dividend grant (\$10,000) received for development of tourism marketing plan for Hot Springs. Plan to be completed by February 28, 2017*
 - b) Investment in Hot Springs Director position **COMPLETED**
 - *Temporary Director position created and filled fall 2014. Position made permanent in summer 2015. Re-alignment of duties changed position to Director of Recreation and Parks to oversee arena/parks as well as hot springs.*
- v) Investigate methods of enlarging the campground and increasing accommodations. **ONGOING**

5) **FISCAL RESPONSIBILITY**

Plan for, invest in, and maintain safe, resilient and sustainable infrastructure in a way that provides the highest value to the taxpayers in the community.

- i) Development of a sound financial plan **ONGOING**
 - *Set up annual reserve allocations for equipment replacement*
 - a) Investigate alternative revenue streams
- ii) Development of long term financial plan for water and sewer utilities **ONGOING**
 - *Set up annual reserve allocations for water and sewer replacement*
 - *Completed*
- iii) Prepare downtown revitalization plan and investigate ownership trade of Broadway for 1st Street NW with the Ministry of Transportation and Infrastructure **2017**
 - *Participated in Main Street Boost process done by National Trust of Canada and sponsored by CBT*
 - *Applied for \$100,000 grant under BC Rural Dividend program for preparation of downtown revitalization and construction drawings.*
- iv) Focus on our infrastructure for future generations **ONGOING**
 - *Received \$10,000 Infrastructure Planning Grant for preparation of State of Infrastructure Report for water distribution system – will be completed spring 2017. Intend to do similar study for sewer collection system, buildings and roads. These will form basis of Asset Management Plan which will help with development of long term financial plan and support sustainable service delivery. Preparation of Asset Management Plan will take 2 years.*
 - *Other studies completed that relate to infrastructure: Source Water Protection Plan and Emergency Response Plan for Water System*
 - *Infrastructure (road, water sewer lines) have been mapped and entered into GIS system, building on water, sewer and roads inventory completed in 2010*
 - *Engineering report completed on optimizing wastewater for reclaimed water*
 - *Water main replacement Nelson Ave completed*
 - *Submitted \$605,000 grant application under Clean Water and Wastewater Fund for replacement of 2" galvanized water mains*

Financial Section

Included in this report are the 2016 Financial Statements prepared by the 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 – general, water and sewer. This provides readers of the statements better understanding and hopefully better transparency of the Village's operations.

DEBT

As at December 31, 2016 the Village's debt was \$1,179,077 which is a decrease from the debt at the end of 2015. Currently the Village has loans on the following:

<u>Bylaw</u>	<u>Original Debt</u>	<u>Term</u>	<u>Debt Start Date</u>	<u>Debt Expiry Date</u>	<u>Total</u>
Bylaw 648 - Upgrades to ice plant at arena	100,000	20 yrs	2014	2034	93,150
Bylaw 648 - Auditorium roof and solar panels	275,000	20 yrs	2013	2033	246,172
Bylaw 637 - Repairs to Hot Springs in 2006 - pay-back borrowing from reserves	710,000	20 yrs	2011	2031	580,858
Bylaw 638 - Construction of Emergency Services Building	110,000	20 yrs	2011	2031	89,992
Bylaw 546 - Sewer Lift Station	268,586	25 yrs	2003	2028	168,905
Bylaw 419 - Sewer System Extension - Brouse/Glenbank	151,200	20 yrs	1996	2016	0
					<u>1,179,077</u>

The loan payments for the sewer lift station and the sewer system extension are paid from the parcel taxes on affected properties and sewer fund and not from general taxes.

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 Professional 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 Professional Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Laurie Taylor
Chief Administrative Officer

Financial Section

Berg
Lehmann

Chartered
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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, 2016, 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

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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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

May 8, 2017

Nelson, B.C.

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and equivalents	\$ 1,530,137	\$ 938,021
Investments (note 2)	1,095,464	1,090,108
Accounts receivable (note 3)	357,277	432,649
MFA debt reserve cash deposits (note 4)	22,158	21,614
Investment in NACFOR (2013) (note 5)	876,090	1,197,371
	3,881,126	3,679,763
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	353,609	324,910
Deferred revenue (note 7)	283,050	256,556
Deposits	4,745	3,636
Interim financing	111,000	148,000
Long-term debt (note 8)	1,179,077	1,246,434
	1,931,481	1,979,536
NET FINANCIAL ASSETS	1,949,645	1,700,227
NON-FINANCIAL ASSETS		
Prepaid expenses	54,415	50,546
Inventory of materials and supplies	17,129	50,439
Tangible capital assets (schedule)	19,933,753	19,886,219
	20,005,297	19,987,204
ACCUMULATED SURPLUS	\$21,954,942	\$21,687,431
Represented by:		
Unappropriated surplus (note 9)	\$ 740,244	\$ 649,872
Reserves (note 9)	1,694,932	1,348,403
Equity in tangible capital assets (note 9)	18,643,676	18,491,785
Investment in NACFOR (note 5)	876,090	1,197,371
	\$21,954,942	\$21,687,431
CONTINGENT LIABILITIES (note 14)		


 Laurie Taylor
 Chief Administrative Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2016

	2016 Budget (Note 13)	2016 Actual	2015 Actual
REVENUE			
Municipal property taxes	\$ 988,100	\$ 978,267	\$ 941,469
Interest and penalties on taxes	26,700	19,861	27,730
Utility taxes and grants in lieu of taxes	76,600	80,881	76,594
General fees, charges and other	311,150	335,228	409,796
Hot Springs fees and other revenue	723,100	827,357	729,089
Sewer user fees and charges	361,990	368,780	331,092
Water user fees and charges	467,110	472,903	430,371
Permits and licences	23,000	19,423	23,151
Interest income	12,250	24,527	16,555
Conditional transfers from other governments	1,034,130	1,066,558	771,946
Unconditional transfer - Province of BC	380,000	367,011	385,029
Gain on sale of tangible capital assets	-	-	48,074
Equity income (loss) from NACFOR (2013) (note 5)	-	(123,910)	25,806
	4,404,130	4,436,886	4,216,702
EXPENDITURES			
General government	703,110	690,107	705,837
Protective services	216,020	196,846	162,878
Transportation and public works	324,845	456,223	380,492
Waste disposal	54,200	68,420	42,559
Cemetery services	29,000	24,282	31,252
Economic development and promotion	22,250	42,736	152,687
Parks, recreation and cultural services	696,160	633,866	619,535
Hot Springs and Cedar Chalets	719,210	674,084	643,167
Sewer services	276,990	285,313	221,868
Water services	295,200	257,051	264,741
Amortization	715,130	840,447	816,431
	4,052,115	4,169,375	4,041,447
ANNUAL SURPLUS	352,015	267,511	175,255
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,687,431	21,687,431	21,512,176
ACCUMULATED SURPLUS, END OF YEAR	\$22,039,446	\$21,954,942	\$21,687,431



Laurie Taylor
Chief Administrative Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2016

	2016	2015
ANNUAL SURPLUS	\$ 267,511	\$ 175,255
Acquisition of tangible capital assets	(887,981)	(819,927)
Amortization of tangible capital assets	840,447	816,431
Gain on sale of tangible capital assets	-	(48,074)
Proceeds on sale of tangible capital assets	-	48,074
	219,977	171,759
Net change in inventory and prepaid expenses	29,441	10,305
INCREASE IN NET FINANCIAL ASSETS	249,418	182,064
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,700,227	1,518,163
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,949,645	\$ 1,700,227

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	2016	2015
OPERATING TRANSACTIONS		
Annual surplus	\$ 267,511	\$ 175,255
Non-cash items included in annual surplus		
Amortization	840,447	816,431
Actuarial gain on MFA long-term debt	(17,026)	(7,835)
Gain on sale of tangible capital assets	-	(48,074)
Investment loss (income) from NACFOR (2013)	123,910	(25,806)
Changes in non-cash operating balances		
Accounts receivable	75,372	708,437
MFA debt reserve cash deposits	(544)	178
Prepaid expenses and inventory	29,441	10,305
Accounts payable and accrued liabilities	28,699	(102,161)
Deferred revenue and deposits	27,603	(59,145)
Cash provided by operating transactions	1,375,413	1,467,585
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(887,981)	(819,927)
Proceeds from disposal of capital assets	-	48,074
Cash applied to capital transactions	(887,981)	(771,853)
FINANCING TRANSACTIONS		
Repayment of long-term debt	(87,331)	(101,662)
INVESTING TRANSACTIONS		
Increase in investments	(5,356)	(7,509)
Cash dividends received from NACFOR (2013)	197,371	-
Cash applied to (received from) investing transactions	192,015	(7,509)
INCREASE IN CASH	592,116	586,561
CASH, BEGINNING OF YEAR	938,021	351,460
CASH, END OF YEAR	\$ 1,530,137	\$ 938,021

Financial Section

Village of Nakusp
Consolidated Financial Statements Schedule - Tangible Capital Assets
For the Year Ended December 31, 2016

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2016 Total	2015 Total
COST										
Opening Balance	1,368,606	2,853,227	9,321,875	2,373,783	3,239,518	5,375,452	6,439,210	282,864	31,254,535	30,575,999
Add: Additions	-	-	704,673	91,273	-	58,411	316,488	-	1,170,845	3,613,372
Less: Disposals	-	-	-	-	-	-	-	282,864	282,864	2,934,836
Closing Balance	1,368,606	2,853,227	10,026,548	2,465,056	3,239,518	5,433,863	6,755,698	-	32,142,516	31,254,535
ACCUMULATED AMORTIZATION										
Opening Balance	-	102,559	3,992,182	1,273,506	1,770,827	2,043,363	2,165,879	-	11,368,316	10,693,178
Add: Amortization	-	57,983	282,255	174,351	52,630	130,824	142,794	-	840,447	816,431
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-	141,393
Closing Balance	-	160,542	4,274,437	1,447,857	1,823,457	2,174,187	2,328,673	-	12,208,763	11,368,316
Net Book Value, year ended										
December 31, 2016	1,368,606	2,692,685	5,752,111	1,017,199	1,416,061	3,259,676	4,427,025	-	19,933,753	19,886,219
Net Book Value, year ended										
December 31, 2015	1,368,606	2,750,668	5,329,693	1,100,277	1,469,691	3,332,089	4,253,331	282,864	19,886,219	

Financial Section

VILLAGE OF NAKUSP NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As At December 31, 2016

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 Chartered Professional Accountants of Canada.

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, 2016

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, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2016, per bylaw no. 658 adopted May 9, 2016.

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

	2016	2015
MFA Money Market and CIBC Flexible GIC Funds	\$ 1,089,713	\$ 1,084,431
MFA Intermediate Fund	2,353	2,327
MFA Short-term Bond Fund	3,398	3,350
	<u>\$ 1,095,464</u>	<u>\$ 1,090,108</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, 2016

3. ACCOUNTS RECEIVABLE

	2016	2015
Municipal property taxes	\$ 172,842	\$ 198,315
Government and agency grants	-	128,672
Sewer user fees	37,335	35,666
Water user fees	41,935	42,975
GST rebate	24,022	849
Other	81,143	26,172
	\$ 357,277	\$ 432,649

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.

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	2016	2015
General Fund	\$ 28,234	\$ 13,837	\$ 42,071	\$ 41,695
Sewer Fund	14,181	8,321	22,502	22,334
	\$ 42,415	\$ 22,158	\$ 64,573	\$ 64,029

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, 2016

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 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, 2016 with comparative figures for December 31, 2015 are as follows:

	2016	2015
Assets		
Current assets	\$ 1,237,029	\$ 1,531,391
Long-term assets (logging roads and map data)	225,019	125,808
	<u>1,462,048</u>	<u>1,657,199</u>
Liabilities		
Current liabilities including dividends payable	212,258	128,928
Silviculture accrual	373,700	330,900
	<u>585,958</u>	<u>459,828</u>
Shareholder equity	<u>\$ 876,090</u>	<u>\$ 1,197,371</u>
Results of operations, net income (loss) for the year	<u>\$ (123,910)</u>	<u>\$ 25,806</u>

During the year, the Village received a dividend from NACFOR in the amount of \$197,371.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015 Restated
Payroll related	\$ 126,197	\$ 76,616
Trade accounts payable	179,711	221,329
Accrued liabilities	<u>47,701</u>	<u>26,965</u>
	<u>\$ 353,609</u>	<u>\$ 324,910</u>

7. DEFERRED REVENUE

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

	Balance, Beginning of Year	Contributions Received	Eligible Expenditures	Balance, End of Year
BC Hydro - wharf fund	\$ 100,000	\$ -	\$ -	\$ 100,000
Provincial grant - rural dividend	-	10,000	(2,400)	7,600
Parkland acquisition	13,272	-	-	13,272
CBT - Trails Master Plan	-	45,000	(15,570)	29,430
Columbia Basin Trust grants	11,700	-	(11,700)	-
RDCK grants	6,467	-	(6,467)	-
Prepaid taxes	125,117	132,748	(125,117)	132,748
	<u>\$ 256,556</u>	<u>\$ 187,748</u>	<u>\$(161,254)</u>	<u>\$ 283,050</u>

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

8. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
General Capital Fund					
MFA issue 117 bylaw 637	\$ 608,750	\$ -	\$ 23,843	\$ 4,049	\$ 580,858
MFA issue 117 bylaw 638	94,314	-	3,694	628	89,992
MFA issue 126 bylaw 648	256,161	-	9,235	754	246,172
MFA issue 186 bylaw 648	96,642	-	3,358	134	93,150
	<u>1,055,867</u>	-	<u>40,130</u>	<u>5,565</u>	<u>1,010,172</u>
Sewer System Capital Fund					
MFA issue 63 bylaw 419	11,555	-	4,573	6,982	-
MFA issue 79 bylaw 546	179,012	-	5,627	4,480	168,905
	<u>190,567</u>	-	<u>10,200</u>	<u>11,462</u>	<u>168,905</u>
Total Long-term Debt	<u>\$1,246,434</u>	\$ -	<u>\$ 50,330</u>	<u>\$ 17,027</u>	<u>\$1,179,077</u>

Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

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

	General Capital	Sewer Capital	Total
2017	\$ 40,130	\$ 5,627	\$ 45,757
2018	\$ 40,130	\$ 5,627	\$ 45,757
2019	\$ 40,130	\$ 5,627	\$ 45,757
2020	\$ 40,130	\$ 5,627	\$ 45,757
2021	\$ 40,130	\$ 5,627	\$ 45,757

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

9. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2016	2015
Unappropriated Surplus		
General Operating Fund	\$ 211,105	\$ 273,712
Water Operating Fund	404,457	247,206
Sewer Operating Fund	<u>124,682</u>	<u>128,954</u>
	<u>740,244</u>	<u>649,872</u>
Reserve Fund	<u>1,694,932</u>	<u>1,348,403</u>
Investment in NACFOR (2013)	<u>876,090</u>	<u>1,197,371</u>
Equity in Tangible Capital Assets		
General Capital Fund	11,125,880	10,889,684
Water Capital Fund	4,427,025	4,446,342
Sewer Capital Fund	<u>3,090,771</u>	<u>3,155,759</u>
	<u>18,643,676</u>	<u>18,491,785</u>
Total Accumulated Surplus	<u>\$ 21,954,942</u>	<u>\$ 21,687,431</u>

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances. It is available to temporarily finance operations until planned revenues (i.e. property taxes, grants etc.) are received, or for other operating or capital purposes as determined by Council.

The Reserve Funds is Accumulated Surplus that has been set-aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

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

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.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

10. EXPENDITURES BY OBJECT

	2016	2015
Interest and bank charges	\$ 49,349	\$ 83,218
Goods and services	1,468,280	1,421,657
Wages, benefits and Council stipends	1,811,299	1,720,141
Amortization of tangible capital assets	<u>840,447</u>	<u>816,431</u>
Total operating expenditures	<u>\$ 4,169,375</u>	<u>\$ 4,041,447</u>

11. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation as at December 31, 2015 indicated a \$2.224 million funding surplus for basic pension benefits on a concern basis. The next valuation was at December 31, 2018 with results available later in 2019. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution 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, plan assets and cost to individual employers participating in the plan.

The Village paid \$129,730 (2015 - \$105,377) for employer contributions to the Plan in fiscal 2016.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

12. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	\$ 614,668
Provincial Government - Police Tax Levy	77,980
Regional District Central Kootenay	463,717
Regional Hospital District	65,499
British Columbia Assessment Authority	12,806
Municipal Finance Authority	<u>44</u>
	\$ 1,234,714

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

13. BUDGET RECONCILIATION

The following reconciles the budgeted annual deficit as shown on the consolidated statement of operations to the budget as presented in bylaw no. 658 adopted May 9, 2016.

Annual budgeted deficit as presented	\$ 352,015
Borrowing proceeds	425,000
Transfers from reserves	405,500
Transfers to reserves	(252,105)
Amortization	715,130
Debt principal payments	(128,350)
Capital expenditures	<u>(1,517,190)</u>
	\$ -

14. CONTINGENT LIABILITIES

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

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2016

15. 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, 2016 with 2015 comparative figures are as follows:

	2016	2015
Assets		
Short-term investments	\$ 34,257	\$ 32,218
Accrued interest	22	237
	<u>34,279</u>	<u>32,455</u>
Equity	<u>\$ 34,279</u>	<u>\$ 32,455</u>
Operations		
Contributions	\$ 1,600	\$ 750
Interest	224	220
	<u>1,824</u>	<u>970</u>
Change in equity	<u>\$ 1,824</u>	<u>\$ 970</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, 2016

FINANCIAL ASSETS	2016	2015
ASSETS		
Cash	\$ 1,530,137	\$ 938,021
Investments	1,095,464	1,090,108
Investment in NACFOR (2013)	876,090	1,197,371
Accounts receivable	105,165	27,021
Taxes receivable	172,842	198,315
MFA debt reserve cash deposits	13,837	13,461
	<u>3,793,535</u>	<u>3,464,297</u>
LIABILITIES		
Accounts payable and accrued liabilities	353,609	324,910
Deferred revenue	269,778	243,284
Deposits	4,745	3,636
Long-term debt	1,010,172	1,055,867
Interim financing	111,000	148,000
Due to Sewer Fund	187,695	185,544
Due to Water Fund	374,800	75,559
Due to Reserve Fund	1,597,257	1,261,266
	<u>3,899,056</u>	<u>3,298,066</u>
NET FINANCIAL ASSETS (DEBT)	<u>(105,521)</u>	<u>166,231</u>
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	54,415	50,546
Inventory of materials and supplies	17,129	50,439
Tangible capital assets	12,247,052	12,093,551
	<u>12,318,596</u>	<u>12,194,536</u>
ACCUMULATED SURPLUS	<u>\$12,213,075</u>	<u>\$12,360,767</u>
Represented by:		
Unappropriated surplus	\$ 211,105	\$ 273,712
Equity in tangible capital assets	11,125,880	10,889,684
Equity in NACFOR (2013)	876,090	1,197,371
	<u>\$12,213,075</u>	<u>\$12,360,767</u>

Financial Section

VILLAGE OF NAKUSP
GENERAL OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2016

	2016	2015
REVENUE		
General taxation	\$ 978,267	\$ 931,681
Interest and penalties on taxes	19,861	27,730
Utility taxes and grants-in-lieu of taxes	80,881	76,594
General fees and charges	335,228	409,796
Hot Springs fees and other revenue	827,357	729,069
Permits and licences	19,423	23,151
Conditional transfers from other governments	1,015,185	638,273
Unconditional transfer - Province of BC	367,011	385,029
Investment interest	5,942	3,812
Equity income (loss) in NACFOR	(123,910)	25,806
Proceeds on sale of tangible capital assets	-	48,074
	<u>3,525,245</u>	<u>3,299,035</u>
EXPENDITURES		
General government	690,107	705,837
Protective services	196,846	182,878
Transportation services	456,223	380,492
Waste disposal services	68,420	42,559
Cemetery services	24,282	31,252
Economic development and promotion	42,736	152,687
Parks, recreation and cultural services	633,866	519,535
Hot Springs	674,084	843,167
	<u>2,785,564</u>	<u>2,738,407</u>
TOTAL REVENUES OVER EXPENDITURES	<u>738,681</u>	<u>560,628</u>
Transfers from Reserve Fund	376,240	443,623
Transfers to Reserve Fund	(695,784)	(393,970)
General Capital expenditures	(720,330)	(506,760)
General Capital debt principal repayments	(82,695)	(94,932)
Decrease (increase) in NACFOR transferred to equity in NACFOR	321,281	(25,806)
	<u>(801,288)</u>	<u>(577,845)</u>
ANNUAL DEFICIT	<u>(62,607)</u>	<u>(17,217)</u>
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	<u>273,712</u>	<u>290,929</u>
UNAPPROPRIATED SURPLUS, END OF YEAR	<u>\$ 211,105</u>	<u>\$ 273,712</u>

Financial Section

**VILLAGE OF NAKUSP
WATER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2016**

FINANCIAL ASSETS	2016	2015
ASSETS		
Water fees receivable	\$ 41,935	\$ 42,975
Grants receivable	-	128,672
Due from General Fund	<u>374,800</u>	<u>75,559</u>
	416,735	247,206
LIABILITIES		
Due to Reserve Fund	<u>12,278</u>	<u>-</u>
NET FINANCIAL ASSETS	404,457	247,206
TANGIBLE CAPITAL ASSETS	<u>4,427,025</u>	<u>4,446,342</u>
ACCUMULATED SURPLUS	<u>\$ 4,831,482</u>	<u>\$ 4,693,548</u>
Represented by:		
Unappropriated surplus	\$ 404,457	\$ 247,206
Equity in tangible capital assets	<u>4,427,025</u>	<u>4,446,342</u>
	<u>\$ 4,831,482</u>	<u>\$ 4,693,548</u>

Financial Section

VILLAGE OF NAKUSP
WATER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2016

	2016	2015
REVENUE		
User fees	\$ 472,903	\$ 430,371
Conditional transfers from other governments	51,373	133,673
	<u>524,276</u>	<u>564,044</u>
EXPENDITURES		
Water services	257,051	264,741
	<u>257,051</u>	<u>264,741</u>
NET OPERATING REVENUES OVER EXPENDITURES	267,225	299,303
Water capital expenditures	(123,477)	(304,633)
Transfer from Community Works Gas Tax Reserve Fund	-	5,786
Transfer to Water Reserve	(12,250)	-
Transfer from Sewer Utility Fund	25,753	25,753
	<u>25,753</u>	<u>25,753</u>
ANNUAL SURPLUS	157,251	26,209
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	247,206	220,997
	<u>247,206</u>	<u>220,997</u>
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 404,457	\$ 247,206
	<u>\$ 404,457</u>	<u>\$ 247,206</u>

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2016

FINANCIAL ASSETS	2016	2015
ASSETS		
Sewer fees receivable	\$ 37,335	\$ 35,666
Due from General Fund	187,695	185,544
MFA debt reserve cash deposits	8,321	8,153
	<u>233,351</u>	<u>229,363</u>
LIABILITIES		
Due to Sewer Reserve Fund	108,669	100,409
Long-term debt	168,905	190,567
	<u>277,574</u>	<u>290,976</u>
NET DEBT	(44,223)	(61,613)
TANGIBLE CAPITAL ASSETS	<u>3,259,676</u>	<u>3,346,326</u>
ACCUMULATED SURPLUS	<u>\$ 3,215,453</u>	<u>\$ 3,284,713</u>
Represented by:		
Unappropriated surplus	\$ 124,682	\$ 128,954
Equity in tangible capital assets	3,090,771	3,155,759
	<u>\$ 3,215,453</u>	<u>\$ 3,284,713</u>

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2016

	2016	2015
REVENUE		
Parcel and specified area taxes	\$ -	\$ 9,788
User fees	368,780	331,092
Interest income	11,629	4,569
	<u>380,409</u>	<u>345,449</u>
EXPENDITURES		
Sewer service	285,313	221,868
	<u>95,096</u>	<u>123,581</u>
TOTAL REVENUES OVER EXPENSES		
Sewer capital expenditures	(44,174)	(8,536)
Sewer capital debt principal repayments	(21,661)	(14,565)
Transfer to Water Utility Fund	(25,753)	(25,753)
Transfer to Sewer Reserve Fund	(7,780)	(100,090)
	<u>(99,368)</u>	<u>(148,944)</u>
ANNUAL DEFICIT	(4,272)	(25,363)
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	128,954	154,317
UNAPPROPRIATED SURPLUS, END OF YEAR	<u>\$ 124,682</u>	<u>\$ 128,954</u>

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Due from Operating Funds	\$ 1,708,204	\$ 779,611
Dividends receivable - NACFOR (2013)	-	582,064
	1,708,204	1,361,675
LIABILITIES		
Deferred revenue - parkland acquisition	13,272	13,272
	\$ 1,694,932	\$ 1,348,403
RESERVES		
Statutory		
Equipment Reserve	\$ 383,556	\$ 326,582
Fire Equipment Reserve	223,840	169,945
General Capital Reserve	50,111	-
Community Works Gas Tax Reserve	238,962	165,571
NACFOR Legacy Fund	547,210	585,896
Sewer Reserve	108,669	100,409
Non-statutory		
Cemetery Reserve	8,021	-
Elections Reserve	3,007	-
Water Reserve	12,278	-
Donations Reserve	5,014	-
Hot Springs Reserve	114,264	-
	\$ 1,694,932	\$ 1,348,403

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF TRANSACTIONS
For the Year Ended December 31, 2016

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of Year
<u>Statutory</u>					
Equipment Reserve	\$ 326,582	\$ 118,575	\$(63,222)	\$ 1,621	\$ 383,556
Fire Equipment Reserve	169,945	81,150	(28,152)	897	223,840
General Capital Reserve	-	50,000	-	111	50,111
Community Works					
Gas Tax Reserve	165,571	118,688	(46,222)	925	238,962
NACFOR (2013) Legacy Fund	585,896	197,371	(238,644)	2,587	547,210
Sewer Reserve	100,409	7,780	-	480	108,669
<u>Non-Statutory</u>					
Cemetery Reserve	-	8,000	-	21	8,021
Election Reserve	-	3,000	-	7	3,007
Water Reserve	-	12,250	-	28	12,278
Donations Reserve	-	5,000	-	14	5,014
Hot Springs Reserve	-	114,000	-	264	114,264
	\$ 1,348,403	\$ 715,814	\$(376,240)	\$ 6,955	\$ 1,694,932

Statistical Information

PROPERTY TAX EXEMPTIONS (PTE)

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*.

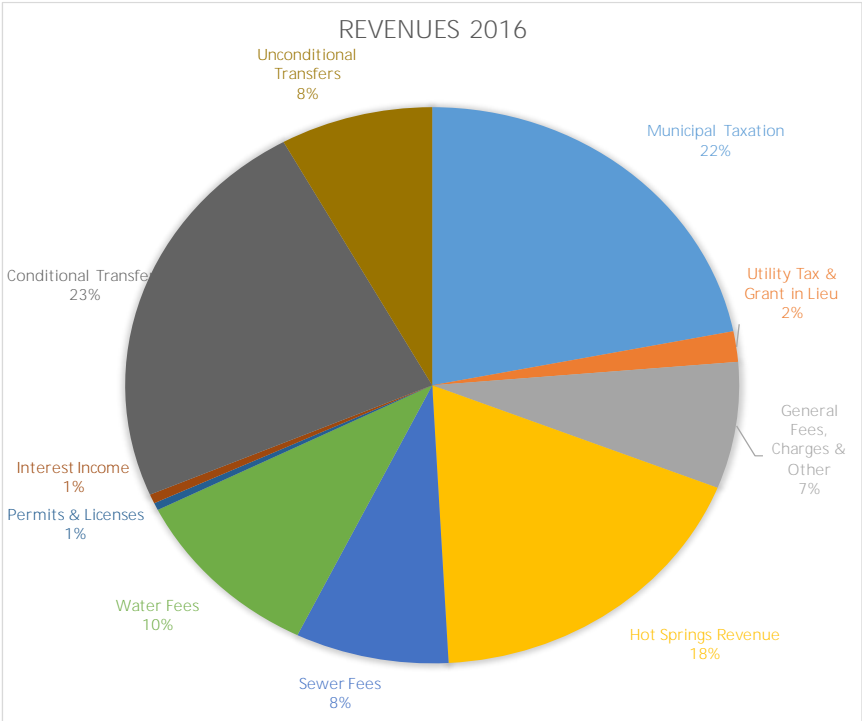
To be considered for a permissive tax exemption, an organization must submit an application and illustrate that their goals, policies, and operating principles that reflect those of the municipality; that the services provided are an extension of municipal services and that their programs are deemed 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 2016 together with the amount of municipal taxes that would have been imposed on the property if it were not exempt.

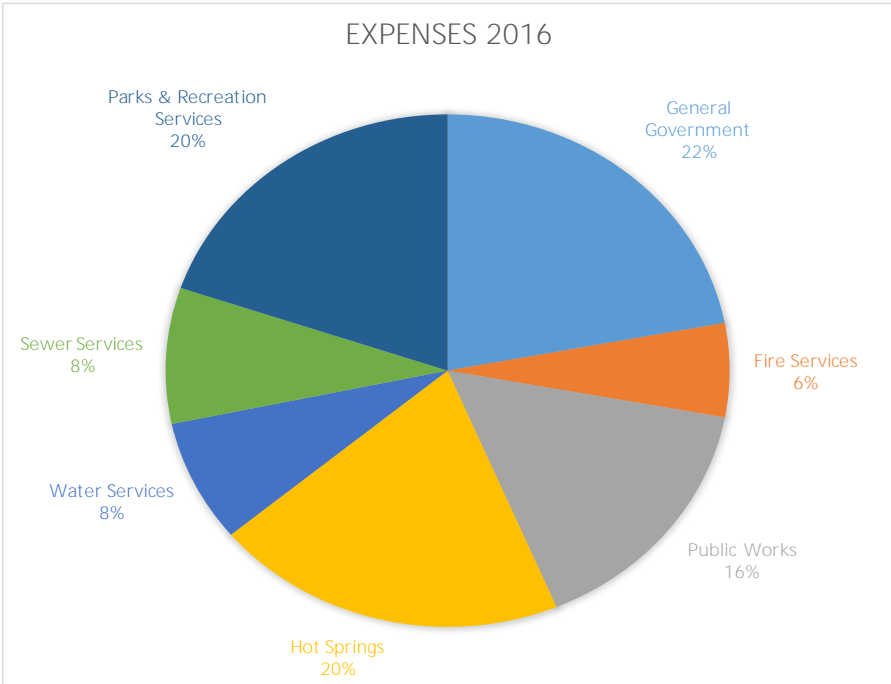
2016 Summary of Permissive Tax Exemptions	2016 Value of Exemption
Royal Canadian Legion, Branch 20	\$308
Arrow and Slocan Lakes Community Services Association	\$4,897
Nakusp Launch Club	\$5,912
Halcyon Assisted Living Society	\$5,347
Nakusp Childcare Society	\$839
Arrow Lakes Hospital Auxiliary	\$817
Arrowtarian Senior Citizens Society	\$1,115
Arrowtarian Senior Citizens Society	\$1,663
Total of Permissive Tax Exemptions Under Bylaw 652	\$20,898
Total of General Statutory Exemptions (Bylaw 570 - Public Worship)	\$3,584
Grand Total of all Tax Exemptions	\$24,482
<i>Grand Total of all Tax Exemptions, as a % of 2016 Municipal Levy</i>	<i>2.62%</i>

Statistical Information

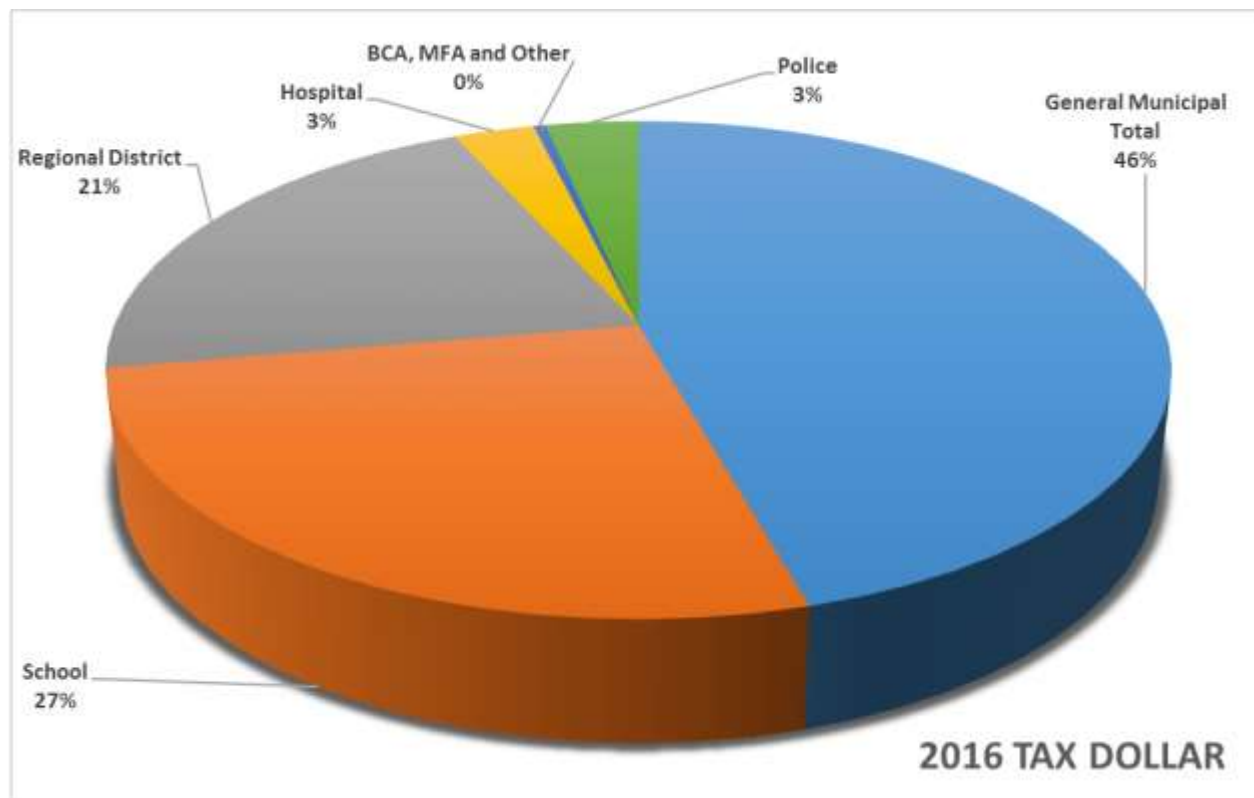
REVENUE SOURCES 2016



EXPENSES 2016



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:	1,605
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:	24