



THE VILLAGE OF
N A K U S P

2017

ANNUAL REPORT

Village of Nakusp
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Nakusp, BC V0G 1R0
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Fiscal year ending December 31, 2017

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Photo credit:
Craig Pulsifer Photography

Message from the Mayor

I am pleased to present the 2017 Annual Report on behalf of Nakusp Village Council.

2017 was our third year as a council and we have accomplished most of our four-year plan. One of the last items in our four-year plan is the revitalization of the downtown and we started having meetings with the Downtown Committee to devise a plan. This plan was also supported by the Common Agenda Committee that formed in 2014 with the funding support of the Columbia Basin Trust.

We continued to retain our status as a Fair-Trade Community with help from the Rotary Interact Students. Nakusp was the first community in BC and the 4th in Canada. The regulations have changed and we met the meeting and public outreach criteria.

We continued to push for the upgrades to our emergency room at Arrow Lakes Hospital.

This project has been the priority of the West Kootenay Boundary Hospital Board and in the fall, the Board gave a final push with the IH for the upgrades. Council and the board worked with our MLA Katrine Conroy to help move this forward. Our MLA worked with the Minister of Health, Adrian Dix who felt it was an important project and he announced funding to complete this plan in Jan. 2018.

We continue to do improvements to the Hot Springs and to work on our social media presence. These efforts have paid off with increased revenues and showing a profit.

For the past three years, I have sat on the Columbia Basin Broadband Committee (as Chair of the RDCK) and we are working on funding to improve connectivity in the basin.

We are working on a plan to bring broadband up the valley and into Nakusp. This is an ongoing process of applying for funding from the federal and provincial governments as well as CBT and the communities. We were all saddened by the death of Neil Muth, CEO and President of the Columbia Basin Trust and welcome Johnny Strilaeff.



In 2017 Kate Tupper donated a piece of art – sculpture – that sits on the waterfront – I refer to it as ‘Kate’s chair’. We also received a financial donation from a couple in our community who wish to remain anonymous, and this will go towards further art installations (with their consultation). Council was most gratified to receive the gifts from both these donors and thank them for their generosity.

The Village was fortunate to receive a Clean Water and Waste Water grant and we replaced the last 1000 meters of galvanized water mains.

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'.

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 2017 annual report at the Council meeting on **Monday, June 25, 2018** 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 on October 20, 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 the **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

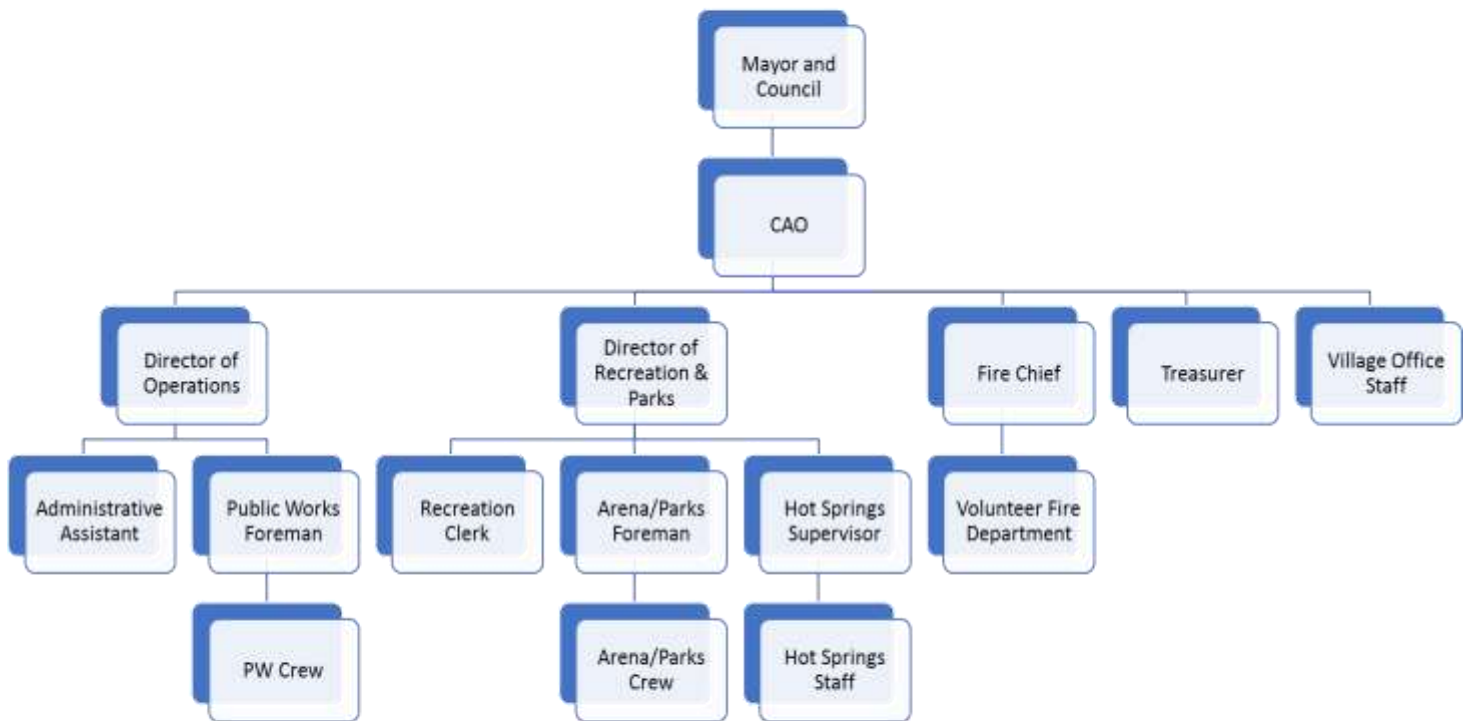
2017 Council Committees

- **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 \$1 Million in property taxes per year for Village use. This amount is supplemented by approximately \$380K 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 2018.

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. Wildfire Service, Rescue & Basic First Aid, Hazmat Response, Fire Prevention Programs, Local Assistants' to the Fire Commissioner for Inspection, Investigation and Enforcement.

Mission & Vision Statement

MISSION STATEMENT

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

VISION STATEMENT

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

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

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



Photo credit: Deb Booth

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 wildlife and a unique place for people to live.



Climate

Mean Annual Temperature	7.3° C (45° F)
Average July Temperature	18° C (64.94° F)
Average January Temperature	-3.9° C (26.6° F)
Annual Rainfall	649.9 mm (26 inches)
Total Snowfall	192.1 cm (75.6 inches)
Total Sunshine	1902 hours

Community Services — Hot Springs, Chalets

2017 Hot Springs Facts & Figures

- 2017 was definitely a challenging year for the Nakusp Hot Springs with a road washout in June causing major disruptions for our Visitors along with the impact from the wildfire season on visitor streams.
- Having said that ,the Hot Springs continues to return a profit to the community even with facing these challenges.
- The Springs had a visitor total of 41,257 in 2017 a decrease of 5,904 visitors from 2016. However, the Springs showed a third consecutive year end profit and realized a return of \$39,599 plus a reserve contribution of \$38,000 to the Chalets.
- Our Campground had 3,827 site bookings, which was a slight decrease of 43 bookings from 2016.

Moving Forward

In 2016 we spoke of “Turning A Corner”. In 2017, our focus was moving forward. The Nakusp Hot Springs, Chalets & Campgrounds are one of our Community’s most renowned assets. Our Hot Springs are a destination that has been enjoyed by residents and visitors to the area for over a century. The Springs provide significant economic benefit to our community and throughout our region. Our third straight year of returning a profit continues to demonstrate the Hot Springs sustainability, but also underscores its importance as an economic generator for our community.



Hot Springs Marketing

Social media marketing programs, along with the implementation of an online booking system for the Chalets and Campground provided immediate benefits in increasing occupancy rates and revenue streams at the Hot Springs.



Community Services — Recreation & Parks

2017 Recreation & Parks Highlights

- Kudos to the Society for Nakusp Community Events for hosting an incredibly successful celebration of Canada's 150th and Nakusp's 125th Birthdays.
- The Nakusp Rail Society continues their excellent work of renovations of the rail units and by beautifying the landscape around the Snow Plow and Caboose at the Community Park. Well done!
- Thanks to local artist Kate Tupper for the donation of a metal sculpture titled Modern Wingback Chair for the Waterfront Walk.
- An exciting and well received new programming initiative at the Arena was the introduction of a "Skate with Bree" program for children in the community.

Downtown Revitalization

The Village received a grant from the BC Rural Dividend Program to develop a Downtown Revitalization Plan intended to create an attractive pedestrian friendly downtown core that would provide economic benefits to the community. Project Consultants were hired who worked with a community Advisory Committee who worked diligently to complete the Plan. A comprehensive public engagement process was conducted which culminated in Council accepting the Plan in October. Work then focused on accessing funding to support the implementation of the Plan.



Tennis Court Resurfacing

The Village's tennis courts were resurfaced and the project has definitely provided a qualitative increase for tennis enthusiasts. The project was funded through a grant from Columbia Basin Trust.



Community Services — Operations



Director of Operations
Warren Leigh



Warren has been the Director of Operations since 2014. He has an open-door policy for both staff and the public. If 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
Emergencies: 250-265-3861

2017 Operations Report

Positively Moving Forward

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. Staff time allocations are as follows:

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

What are “Public Works Services”?

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

Community Services — Operations

Recycling Schedule:

January: 4th & 18th
February: 1st & 15th
March: 1st, 15th & 29th
April: 12th & 26th
May: 10th & 24th
June: 7th & 21st
July: 5th & 19th
August: 2nd, 16th & 30th
September: 13th & 27th
October: 11th & 25th
November 8th & 22nd
December: 6th & 20th

Local retail outlets carry blue/clear bags for their customers. A glass recycling bin is located next to the Village Office. Pick ups are scheduled every second Thursday at 7:00 am curbside. Items accepted are depicted below.

Not accepted: glass, Styrofoam, plastic wrapping, containers with a deposit and items too large to fit in a standard blue bag.

For more information, please call the Village Office: 250-265-3689, Public Works: 250-265-3556 or go online: RecyclingInBC.ca or www.nakusp.com

Where does funding for Operations come from?

The Operations Department administers may separate budgets. Public Works Services are funded through general taxation. Utility services are separate - generating revenue through annual utility billing for water and sewer expenditures. User fees are collected for services like garbage collection and cemeteries. A lot of Capital projects are co-funded through Provincial or Federal grants.

In a typical year, the Operations Department will use:

- approximately 13% of the combined overall Village budget for Public Works services;
- 8% for the community water system
- 7% for the wastewater system;

for a total of approximately 28%.

What Capital Projects Happened this year?

1. Clean Water & Wastewater Fund Project

The Village secured a grant to help pay for the replacement of all remaining galvanized water lines. This was successfully completed on time and substantially under budget. The Province and Council have agreed to redirect the remaining funds to address two remaining waterline issues along Alexander and Nakusp East Roads. Work will resume when the Construction Permit is issued from IHA.

2. North Road Service Expansion

For years, Council has maintained its commitment to deliver water and sewer services beyond the Kuskanax Creek to the North Road residents. This initiative was put into action this year whereby the affected residents were petitioned and agreed to the funding scheme. The work has begun and will continue on into 2018.

Community Services — Operations

3. Sludge Management Project

The Village Wastewater Lagoon System has needed desludging for some time now, in order to support and optimize the microbiological treatment process. This entailed removing excess sludge build-ups from the lagoons, dewatering the sludge, and landfilling the “cake” bi-product.

The Village enlisted a ground-breaking centrifuge technology to dewater the sludge. After spinning the sludge to remove the fluid, a rich soil-like “cake” was left.

This was loaded into dump trucks and hauled to an approved landfill site.



Community Services — Operations

4. Electronic Vehicle Charging Station

As part of the RDCK and RDKB initiative, in concert with the Community Energy Association, the Village has installed an Electronic Vehicle Charging Station next to the Tourist Information Center, adjacent to the Centennial Building.

Village contributions included \$1000; plus \$150 network fee; plus the electrical costs for one year. After such time, it will become a user-pay unit.



5. Capital Asset Management

The Village received a grant from the Federation of Canadian Municipalities, in the amount of \$24,800, to develop a State of Infrastructure Report for:

- a) the Water System; and
- b) the Wastewater System, Road Network, and Municipal Buildings

The Water Report was submitted to the Village on December 14th, from WSA Engineering. The second report should be available by the new year. These reports will be used as a tool to identify and prioritize aging infrastructure replacement.

Community Services — Operations

6. New Garbage Truck

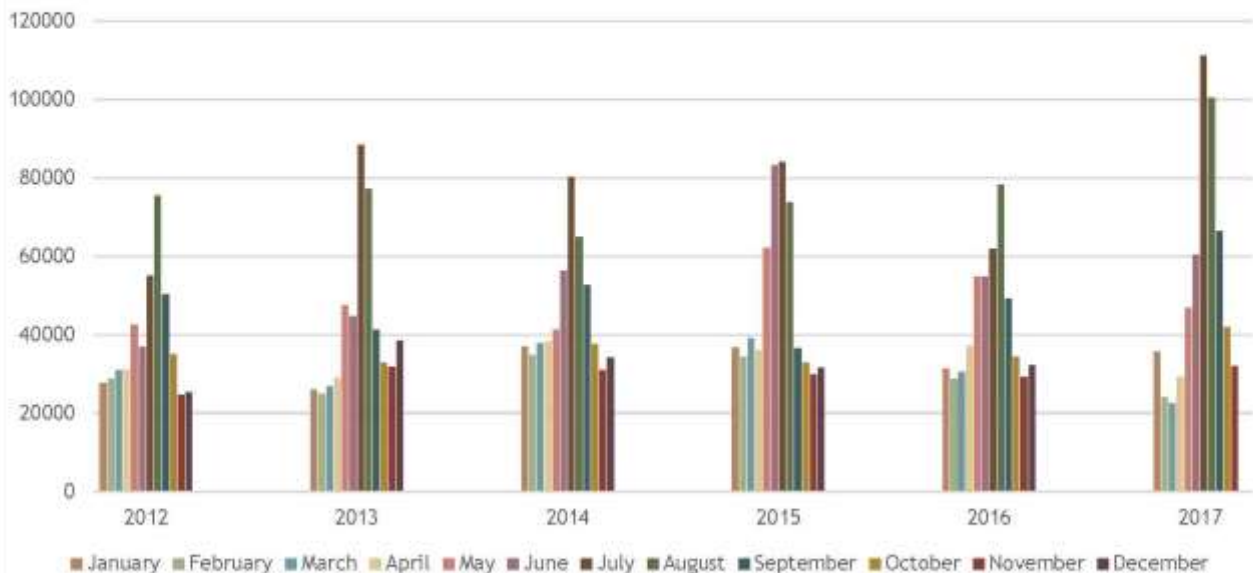
In order to plan for the replacement of Village equipment/vehicles, funds are placed into the Equipment Pool annually. These reserves are built up at a rate that is consistent with the replacement period, so that when a new item is required, the funds are available for the purchase. This year the Village replaced its 2006 Garbage Truck



What can we do better next year?

Peak water usage this summer exceeded 100,000 cubic meters for the months of July (111,087 cubic meters) and August (100,416 cubic meters). These volumes exceeded all previous water usage records, for all previous years. This information is disappointing, as the Village has made significant efforts to reduce outdoor water usage (lawn watering), through various campaigns - specifically the CBT WaterSmart Program and the use of a WaterSmart Ambassador. We definitely can improve our water conservation next year.

Water Usage 2012-2017



Community Services — Operations

SNOW REMOVAL

Please help our crews plow and remove snow as efficiently as possible by observing the following guidelines:

- Vehicles and trailers should not be parked on roads and boulevards. They make snow removal very difficult and can be towed in accordance with the Street and Traffic bylaw;
- Snow from private property should not be pushed onto roadways;
- Sidewalk snow removal is the responsibility of the adjacent owner/occupier; and
- Village crews do not remove windrows from across driveways.

We appreciate your cooperation, patience and understanding!

Contact Us

Village of Nakusp
Operations Department

PO Box 280
1325 Hot Springs Rd

Nakusp, BC
V0G 1R0

Phone: 250-265-3556
Cell: 250-265-1725

Email - Admin. Asst:
rgeorge@nakusp.com

Email - Director
wleigh@nakusp.com

Emergencies: 250-265-3861

Random Questions:

What happens if my garbage day falls on a holiday?

If your garbage day is on a Friday, your garbage pick-up will be on the Thursday prior. If your garbage day is on a Monday or Wednesday, your collection day is the next regular business day.

Please ensure that all residential garbage is placed in a Village garbage bag (sold at local retail stores and the Village Office) and an animal-resistant container. Garbage should be placed on the Avenue adjacent to the residence no earlier than 7 am, but ready for collection at 9 am.

When is Community Pride Week?

Council has declared the first week in May to be "Community Pride Week". The Operations team will be collecting yard debris the week of May 1st. Residents are required to have their yard waste ready for pick up, adjacent to the alley or on the Village boulevard, by 7 am May 1st. There is no need to call in to schedule a pick up. This service is free of charge. The Village will only pick up yard waste/garden debris and branches.

Does the Village have Watering Restrictions?

Yes, the Village has year-round watering restrictions, as set out in Bylaw 656, 2015:

- Lawn and garden sprinkling, (excluding manual watering with watering cans), for properties with even civic addresses is permitted on even calendar days - likewise with odd addresses on odd calendar days;
- Lawn & garden sprinkling is prohibited on the 31st of any month;
- Washing any vehicle, driveway, building &/or structure with a running hose that is not affixed with a flow restriction device such as flow nozzle or spray gun, (does not include washing from a water bucket), is prohibited at all times;
- A maximum of one lawn or garden sprinkling device is permitted during watering times;
- Watering times: 7 - 9 am & 7 - 9 pm on permitted day
- Automated Ground Sprinklers shall be limited to the period between 12:00 am and 4:00 am on permitted days; Consumers equipped with automated underground sprinklers shall not be permitted to use any other lawn or garden sprinkling device.

2015-2018 Goals and Objectives

(OCTOBER 26, 2016 Changes are shown in italics)

(October 2016 updates)

(OCTOBER 23, 2017 Changes are shown in italics)

(October 2017 updates)

1) **ECONOMIC DEVELOPMENT**

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

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.

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.

Lobby for fixed transportation link **ONGOING**

Mayor has met with government officials to lobby for fixed transportation link

Implement Prepare downtown *revitalization* plan

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.

Funding received and study completed; completion of the project depends on availability of funding (estimated cost \$1.9 million) **COMPLETED**

(v) *Investigate ownership trade of Broadway for 1st Street NW with the Ministry of Transportation and Infrastructure 2017*

Broadway swap is being led by MoT staff – OIC & briefing paper to be submitted to Province by mid-December 2017. Anticipated approval of OIC is early spring 2018 **IN PROGRESS**

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

Complete review of R5/C4 zoning and Official Community Plan **ONGOING COMPLETED**

University student (urban planning major) will be hired in 2017 to complete the R5 zoning and review OCP

University student completed review – public hearing Oct 23/17

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

2015-2018 Goals and Objectives

- iv) Investigate options for *possibly* providing water service to the area within the Village, north of the Kuskanax **ONGOING—IN PROGRESS**

Meeting held with residents on November 7, 2016

Project is underway to service 9 lots – total estimated costs \$285,000 – set up under a local service area. Funding to be via borrowing with repayment costs levied against affected properties as a parcel tax over 20 years.

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.

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

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 **COMPLETED**

Repairs to Arena roof and entrance canopy will be completed November 2016. Funded by \$350,000 grant from CBT and balance from NACFOR dividends **COMPLETED**

- iii) Lobby for improved access to lake (BC Hydro/Province) – breakwater/boat launch **ONGOING**

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

Support senior services

Support affordable housing initiatives

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**

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**

Development of marketing plan **TO-BE COMPLETED IN 2017 COMPLETED**

BC Rural Dividend grant (\$10,000) received for development of tourism marketing plan for Hot Springs. Plan to be completed by February 28, 2017

Investment in Hot Springs Director position **COMPLETED**

Temporary Director position created and filled fall 2014. Position made permanent in summer 2015. Realignment 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**

Financial Section

Included in this report are the 2017 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, sewer and hot springs. This provides readers of the statements better understanding and better transparency of the Village's operations.

DEBT

As at December 31, 2017 the Village's debt was \$1,531,840 which is an increase from the debt at the end of 2016, as a result of the purchase of the Fire Tender. 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	89,518
Bylaw 648 - Auditorium roof and solar panels	275,000	20 yrs	2013	2033	235,784
Bylaw 637 - Repairs to Hot Springs in 2006 - pay-back borrowing from reserves	710,000	20 yrs	2011	2031	551,849
Bylaw 638 - Construction of Emergency Services Building	110,000	20 yrs	2011	2031	85,498
Bylaw 546 - Sewer Lift Station	268,586	25 yrs	2003	2028	158,294
Equipment Loan—Fire Tender	425,000	20 yrs	2017	2032	410,897
					<u>1,531,840</u>

The loan payments for the sewer lift station are paid from the sewer fund and not from general taxes. The loan payments for the Hot Springs come from Hot Springs revenue 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

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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, 2017, 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

April 23, 2018

Nelson, B.C.

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and equivalents	\$ 1,302,299	\$ 1,530,137
Investments (note 2)	1,106,849	1,095,464
Accounts receivable (note 3)	446,973	357,277
MFA debt reserve cash deposits (note 4)	18,637	22,158
Investment in NACFOR (2013) (note 5)	1,630,025	876,090
	<u>4,504,783</u>	<u>3,881,126</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	265,092	447,359
Deferred revenue (note 7)	317,374	283,050
Deposits	4,656	4,745
MFA interim financing	74,000	111,000
MFA long-term debt (note 8)	1,531,840	1,179,077
	<u>2,192,962</u>	<u>2,025,231</u>
NET FINANCIAL ASSETS	<u>2,311,821</u>	<u>1,855,895</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	83,740	54,415
Inventory	22,815	17,129
Tangible capital assets (schedule)	20,453,427	19,933,753
	<u>20,559,982</u>	<u>20,005,297</u>
ACCUMULATED SURPLUS	<u>\$22,871,803</u>	<u>\$21,861,192</u>
Represented by:		
Unappropriated surplus (notes 9 and 15)	\$ 485,110	\$ 646,494
Reserves	1,909,081	1,694,932
Equity in tangible capital assets (note 9)	18,847,587	18,643,676
Investment in NACFOR (note 5)	1,630,025	876,090
	<u>\$22,871,803</u>	<u>\$21,861,192</u>
CONTINGENT LIABILITIES (note 14)		



Laurie Taylor
 Chief Administrative Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017 Budget (Note 13)	2017 Actual	2016 Actual
REVENUE			
Municipal property taxes	\$ 1,017,420	\$ 1,017,431	\$ 978,267
Interest and penalties on taxes	20,200	19,085	19,861
Utility taxes and grants-in-lieu of taxes	80,000	85,672	80,881
General fees, charges and other	292,850	353,967	335,228
Hot Springs fees and other revenue	813,100	806,933	827,357
Sewer user fees and charges	483,830	409,365	368,780
Water user fees and charges	524,060	504,326	472,903
Permits and licences	33,700	24,566	19,423
Interest and actuarial income	13,250	25,680	24,527
Conditional transfers from other governments	1,311,850	1,076,875	1,066,558
Unconditional transfer - Province of BC	380,000	380,626	367,011
Gain on sale of tangible capital assets	-	10,000	-
Equity income (loss) from NACFOR (2013) (note 5)	-	753,935	(123,910)
	<u>4,970,260</u>	<u>5,468,461</u>	<u>4,436,886</u>
EXPENDITURES			
General government	773,110	635,578	690,107
Protective services	174,150	218,344	196,846
Transportation and public works	508,880	433,017	456,223
Waste disposal	65,600	64,091	68,420
Cemetery services	27,300	17,206	24,282
Economic development and promotion	35,700	186,742	42,736
Parks, recreation and cultural services	731,540	742,222	633,866
Hot Springs and Cedar Chalets	703,020	676,091	674,084
Sewer services	295,730	356,950	285,313
Water services	334,370	215,641	257,051
Amortization	800,000	911,968	840,447
	<u>4,449,400</u>	<u>4,457,850</u>	<u>4,169,375</u>
ANNUAL SURPLUS	520,860	1,010,611	267,511
ACCUMULATED SURPLUS, BEGINNING OF YEAR	21,861,192	21,861,192	21,593,681
ACCUMULATED SURPLUS, END OF YEAR	\$22,382,052	\$22,871,803	\$21,861,192



Laurie Taylor
Chief Administrative Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2017

	2017 Budget	2017 Actual	2016 Actual
ANNUAL SURPLUS	\$ 520,860	\$ 1,010,611	\$ 267,511
Acquisition of tangible capital assets	(2,134,310)	(1,431,642)	(887,981)
Amortization of tangible capital assets	800,000	911,968	840,447
Gain on sale of tangible capital assets	-	(10,000)	-
Proceeds on sale of tangible capital assets	-	10,000	-
	(813,450)	490,937	219,977
Net change in inventory and prepaid expenses	-	(35,011)	29,441
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(813,450)	455,926	249,418
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,855,895	1,855,895	1,606,477
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,042,445	\$ 2,311,821	\$ 1,855,895

Financial Section

VILLAGE OF NAKUSP CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2017

	2017	2016
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,010,611	\$ 267,511
Non-cash items included in annual surplus		
Amortization	911,968	840,447
Actuarial gain on MFA long-term debt	(12,377)	(17,026)
Gain on sale of tangible capital assets	(10,000)	-
Investment loss (income) from NACFOR (2013)	(753,935)	123,910
Changes in non-cash operating balances		
Accounts receivable	(89,696)	75,372
MFA debt reserve cash deposits	3,521	(544)
Prepaid expenses and inventory	(35,011)	29,441
Accounts payable and accrued liabilities	(182,267)	28,699
Deferred revenue and deposits	34,235	27,603
Cash provided by operating transactions	877,049	1,375,413
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(1,431,642)	(887,981)
Proceeds from disposal of capital assets	10,000	-
Cash applied to capital transactions	(1,421,642)	(887,981)
FINANCING TRANSACTIONS		
Proceeds from long-term debt	425,000	-
Repayment of interim and long-term debt	(96,860)	(87,331)
Cash applied to financing transactions	328,140	(87,331)
INVESTING TRANSACTIONS		
Increase in investments	(11,385)	(5,356)
Cash dividends received from NACFOR (2013)	-	197,371
Cash applied to (received from) investing transactions	(11,385)	192,015
INCREASE (DECREASE) IN CASH	(227,838)	592,116
CASH, BEGINNING OF YEAR	1,530,137	938,021
CASH, END OF YEAR	\$ 1,302,299	\$ 1,530,137

Financial Section

Village of Nakusp
Consolidated Financial Statements Schedule - Tangible Capital Assets
For the Year Ended December 31, 2017

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2017 Total	2016 Total
COST										
Opening Balance	1,368,606	2,803,227	10,026,548	2,465,056	3,239,518	5,433,863	6,755,698	-	32,142,516	31,254,535
Add: Additions	-	41,987	-	778,020	-	-	12,321	599,314	1,431,642	1,170,845
Less: Disposals	-	-	-	15,460	-	-	-	-	15,460	282,864
Closing Balance	1,368,606	2,895,214	10,026,548	3,227,616	3,239,518	5,433,863	6,768,019	599,314	33,558,898	32,142,516
ACCUMULATED AMORTIZATION										
Opening Balance	-	160,162	4,274,437	1,447,857	1,823,457	2,174,187	2,328,673	-	12,208,763	11,368,316
Add: Amortization	-	59,513	299,872	215,246	58,242	133,838	147,457	-	911,968	840,447
Less: Acc. Amortization on Disposals	-	-	-	15,460	-	-	-	-	15,460	-
Closing Balance	-	219,665	4,574,309	1,647,643	1,879,699	2,307,825	2,476,130	-	13,100,271	12,208,763
Net Book Value, year ended December 31, 2017	1,368,606	2,675,549	5,452,239	1,579,973	1,369,819	3,126,038	4,291,889	599,314	20,453,427	19,933,753
Net Book Value, year ended December 31, 2016	1,368,606	2,693,075	5,752,111	1,017,199	1,416,061	3,259,676	4,427,025	-	19,933,753	

Financial Section

VILLAGE OF NAKUSP NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As At December 31, 2017

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, 2017

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 and Hot Springs admissions.

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, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2017, per bylaw no. 666 adopted May 10, 2017.

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

	2017	2016
MFA Money Market and CIBC Flexible GIC Funds	\$ 1,101,071	\$ 1,089,713
MFA Intermediate Fund	2,371	2,353
MFA Short-term Bond Fund	<u>3,407</u>	<u>3,398</u>
	<u>\$ 1,106,849</u>	<u>\$ 1,095,464</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, 2017

3. ACCOUNTS RECEIVABLE

	2017	2016
Municipal property taxes	\$ 161,754	\$ 172,842
Government and agency grants	137,767	-
Sewer user fees	29,046	37,335
Water user fees	32,038	41,935
GST rebate	33,789	24,022
Other	52,579	81,143
	\$ 446,973	\$ 357,277

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	2017	2016
General and Hot Springs Funds	\$ 28,234	\$ 14,107	\$ 42,341	\$ 42,071
Sewer Fund	14,181	4,530	18,711	22,502
	\$ 42,415	\$ 18,637	\$ 61,052	\$ 64,573

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, 2017

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, 2017 with comparative figures for December 31, 2016 are as follows:

	2017	2016
Assets		
Current assets	\$ 2,327,593	\$ 1,237,029
Long-term assets (logging roads and map data)	220,217	225,019
	<u>2,547,810</u>	<u>1,462,048</u>
Liabilities		
Current liabilities	421,585	212,258
Silviculture accrual	496,200	373,700
	<u>917,785</u>	<u>585,958</u>
Shareholder equity	<u>\$ 1,630,025</u>	<u>\$ 876,090</u>
Results of operations, net income (loss) for the year	<u>\$ 753,935</u>	<u>\$ (123,910)</u>

During the year, the Village received \$nil dividends from NACFOR (2016 - \$197,371).

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Payroll related	\$ 70,728	\$ 126,197
Trade accounts payable	138,713	179,711
Accrued liabilities	<u>55,651</u>	<u>141,451</u>
	<u>\$ 265,092</u>	<u>\$ 447,359</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	7,600	-	(7,600)	-
Parkland acquisition	13,272	-	-	13,272
CBT - Trails Master Plan	29,430	5,000	(34,430)	-
Provincial grant - rural dividend	-	100,000	(45,422)	54,578
Other miscellaneous	-	6,960	-	6,960
Prepaid taxes and utility fees	<u>132,748</u>	<u>142,564</u>	<u>(132,748)</u>	<u>142,564</u>
	<u>\$ 283,050</u>	<u>\$ 254,524</u>	<u>\$(220,200)</u>	<u>\$ 317,374</u>

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

8. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
General Fund					
MFA issue 126 bylaw 648	\$ 246,172	\$ -	\$ 9,235	\$ 1,153	\$ 235,784
MFA issue 186 bylaw 648	93,150	-	3,358	274	89,518
MFA issue 117 bylaw 638	89,992	-	3,694	800	85,498
MFA equipment loan	-	425,000	14,103	-	410,897
	<u>429,314</u>	<u>425,000</u>	<u>30,390</u>	<u>2,227</u>	<u>821,697</u>
Hot Springs Fund					
MFA issue 117 bylaw 637	580,858	-	23,843	5,166	551,849
Sewer Utility Fund					
MFA issue 79 bylaw 546	168,905	-	5,627	4,984	158,294
Total Long-term Debt	<u>\$1,179,077</u>	<u>\$ 425,000</u>	<u>\$ 59,860</u>	<u>\$ 12,377</u>	<u>\$1,531,840</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:

	Hot Springs Fund	General Fund	Sewer Fund	Total
2018	\$ 23,843	\$ 39,544	\$ 5,627	\$ 69,014
2019	\$ 23,843	\$ 40,010	\$ 5,627	\$ 69,480
2020	\$ 23,843	\$ 40,490	\$ 5,627	\$ 69,960
2021	\$ 23,843	\$ 40,825	\$ 5,627	\$ 70,295
2022	\$ 23,843	\$ 41,370	\$ 5,627	\$ 70,840

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

9. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2017	2016
Unappropriated Surplus		
General Operating Fund	\$ 282,781	\$ 278,609
Hot Springs Operating Fund	(121,655)	(161,254)
Water Operating Fund	394,314	404,457
Sewer Operating Fund	(70,330)	124,682
	485,110	646,494
Reserve Fund	1,909,081	1,694,932
Investment in NACFOR (2013)	1,630,025	876,090
Equity in Tangible Capital Assets		
General Capital Fund	10,589,152	10,692,483
Hot Springs Capital Fund	466,912	433,397
Water Capital Fund	4,784,172	4,427,025
Sewer Capital Fund	3,007,351	3,090,771
	18,847,587	18,643,676
Total Accumulated Surplus	\$ 22,871,803	\$ 21,861,192

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

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

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

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, 2017

10. EXPENDITURES BY OBJECT

	2017	2016
Interest on debt	\$ 51,942	\$ 49,349
Goods and services	1,728,675	1,468,280
Wages, benefits and Council stipends	1,765,265	1,811,299
Amortization of tangible capital assets	<u>911,968</u>	<u>840,447</u>
Total operating expenditures	<u>\$ 4,457,850</u>	<u>\$ 4,169,375</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 Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the Plan had about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local government.

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

The most recent valuation as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required rates remained unchanged. The next valuation will be as 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 the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Village paid \$118,157 (2016 - \$129,730) for employer contributions to the Plan in fiscal 2017.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2017

12. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	\$ 602,175
Provincial Government - Police Tax Levy	77,841
Regional District Central Kootenay	497,137
Regional Hospital District	67,497
British Columbia Assessment Authority	11,271
Municipal Finance Authority	47
	<u>47</u>
	<u>\$ 1,255,968</u>

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. 666 adopted May 10, 2017.

Annual budgeted deficit as presented	\$ 520,860
Borrowing proceeds	635,000
Transfers from reserves	608,500
Transfers to reserves	(312,070)
Amortization	800,000
Debt principal payments	(117,980)
Capital expenditures	<u>(2,134,310)</u>
	<u>\$ -</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, 2017

15. PRIOR PERIOD ADJUSTMENT

The Village recorded a prior period adjustment to account for a Regional District arena capital grant that was previously recorded into revenue in 2015. It was determined that all the requirements for this grant had not been met and the Regional District requested a repayment of the portion of the grant that had not been spent on the specific eligible capital expenditures. \$93,750 has been recorded as a prior period reduction to the unappropriated surplus, beginning of the year, of the General Operating Fund in the comparative period. Accounts payable and accrued liabilities of the General Fund has been increased by \$93,750 in the comparative period. The repayment was made in the current year.

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, 2017 with 2016 comparative figures are as follows:

	2017	2016
Assets		
Short-term investments	\$ 35,757	\$ 34,257
Accrued interest	144	22
	<u>\$ 35,901</u>	<u>\$ 34,279</u>
Equity		
	<u>\$ 35,901</u>	<u>\$ 34,279</u>
Operations		
Contributions	\$ 1,500	\$ 1,600
Interest	122	224
	<u>\$ 1,622</u>	<u>\$ 1,824</u>

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

17. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform with the current year's presentation.

Financial Section

VILLAGE OF NAKUSP
GENERAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Cash	\$ 1,121,666	\$ 392,365
Investments	1,106,849	1,095,464
Investment in NACFOR (2013)	1,630,025	876,090
Accounts receivable	86,368	105,165
Government and other grants receivable	21,845	-
Taxes receivable	161,754	172,842
MFA debt reserve cash deposits	5,527	5,421
Due from Hot Springs Fund	195,118	1,203,179
	4,329,152	3,850,526
LIABILITIES		
Accounts payable and accrued liabilities	265,092	447,360
Deferred revenue	304,102	269,778
Deposits	4,656	4,745
MFA equipment finance loan	410,897	-
Long-term debt	410,799	429,314
Due to Sewer Fund	181,161	187,695
Due to Water Fund	434,344	374,800
Due to Reserve Fund	1,317,546	1,472,993
	3,328,597	3,186,685
NET FINANCIAL ASSETS	1,000,555	663,841
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	83,740	54,415
Inventory of materials and supplies	6,815	7,129
Tangible capital assets	11,410,848	11,121,797
	11,501,403	11,183,341
ACCUMULATED SURPLUS	\$12,501,958	\$11,847,182
Represented by:		
Unappropriated surplus	\$ 282,781	\$ 278,609
Equity in tangible capital assets	10,589,152	10,692,483
Equity in NACFOR	1,630,025	876,090
	\$12,501,958	\$11,847,182

Financial Section

VILLAGE OF NAKUSP
GENERAL OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
General taxation	\$ 1,017,431	\$ 978,267
Interest and penalties on taxes	19,085	19,861
Utility taxes and grants-in-lieu of taxes	85,672	80,881
General fees and charges	353,967	335,228
Permits and licences	24,566	19,423
Conditional transfers from other governments	790,778	1,012,785
Unconditional transfer - Province of BC	380,626	367,011
Investment interest and MFA actuarial gain	2,497	1,893
Equity income (loss) in NACFOR	753,935	(123,910)
Proceeds on sale of tangible capital assets	10,000	-
	3,438,557	2,691,439
EXPENDITURES		
General government	635,578	690,107
Protective services	218,344	196,846
Transportation services	433,017	456,223
Waste disposal services	64,091	68,420
Cemetery services	17,206	24,282
Economic development and promotion	186,742	42,736
Parks, recreation and cultural services	742,222	633,866
	2,297,200	2,112,480
TOTAL REVENUES OVER EXPENDITURES	1,141,357	578,959
Transfers from Reserve Fund	576,758	326,324
Transfers to Reserve Fund	(411,511)	(581,784)
Transfer to Water Utility Fund	(75,000)	-
General Capital expenditures	(440,879)	(670,414)
General Capital debt principal repayments	(32,618)	(17,803)
Decrease (increase) in NACFOR transferred to equity in NACFOR	(753,935)	321,281
	(1,137,185)	(622,396)
ANNUAL SURPLUS (DEFICIT)	4,172	(43,437)
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	278,609	415,796
PRIOR PERIOD ADJUSTMENT (note 15)	-	(93,750)
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 282,781	\$ 278,609

Financial Section

VILLAGE OF NAKUSP
HOT SPRINGS FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Cash	\$ 180,633	\$ 1,137,773
MFA debt reserve cash deposits	8,580	8,416
	<u>189,213</u>	<u>1,146,189</u>
LIABILITIES		
Due to General Fund	195,118	1,203,179
Due to Reserve Fund	131,750	114,264
Interim borrowing	74,000	111,000
Long-term debt	551,850	580,858
	<u>952,718</u>	<u>2,009,301</u>
NET DEBT	<u>(763,505)</u>	<u>(863,112)</u>
NON-FINANCIAL ASSETS		
Inventory	16,000	10,000
Tangible capital assets	1,092,762	1,125,255
	<u>1,108,762</u>	<u>1,135,255</u>
ACCUMULATED SURPLUS	<u>\$ 345,257</u>	<u>\$ 272,143</u>
Represented by:		
Unappropriated deficit	\$(121,655)	\$(161,254)
Equity in tangible capital assets	466,912	433,397
	<u>\$ 345,257</u>	<u>\$ 272,143</u>

Financial Section

VILLAGE OF NAKUSP
HOT SPRINGS OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2017

REVENUE	2017	2016
Facility admissions	\$ 358,605	\$ 409,621
Chalet rentals	247,091	225,302
Campsite rentals	103,228	91,060
Merchandise sales	98,009	101,374
Conditional grants	7,600	2,400
Interest revenue - MFA actuarial gain	5,166	4,050
	819,699	833,807
EXPENDITURES		
Facility direct costs	351,579	346,807
General expenses	145,713	135,565
Chalet rental expenses	126,422	127,419
Campsite rental expenses	18,640	10,745
Cost of merchandise	33,737	53,548
	676,091	674,084
TOTAL REVENUES OVER EXPENDITURES	143,608	159,723
Hot Springs capital expenditures	(21,550)	(49,916)
Hot Springs capital debt principal repayments	(66,009)	(64,893)
Transfers from Reserve Fund	21,550	49,916
Transfers to Reserve Fund	(38,000)	(114,000)
	(104,009)	(178,893)
ANNUAL SURPLUS (DEFICIT)	39,599	(19,170)
UNAPPROPRIATED DEFICIT, BEGINNING OF YEAR	(161,254)	(142,084)
UNAPPROPRIATED DEFICIT, END OF YEAR	\$(121,655)	\$(161,254)

Financial Section

VILLAGE OF NAKUSP
WATER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Water fees receivable	\$ 32,038	\$ 41,935
Grants receivable	115,922	-
Due from General Fund	434,344	374,800
	<u>582,304</u>	<u>416,735</u>
LIABILITIES		
Due to Reserve Fund	187,990	12,278
NET FINANCIAL ASSETS	394,314	404,457
TANGIBLE CAPITAL ASSETS	4,784,172	4,427,025
ACCUMULATED SURPLUS	\$ 5,178,486	\$ 4,831,482
Represented by:		
Unappropriated surplus	\$ 394,314	\$ 404,457
Equity in tangible capital assets	4,784,172	4,427,025
	<u>\$ 5,178,486</u>	<u>\$ 4,831,482</u>

Financial Section

VILLAGE OF NAKUSP
WATER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
User fees	\$ 504,326	\$ 472,903
Conditional transfers from other governments	278,497	51,373
	<u>782,823</u>	<u>524,276</u>
EXPENDITURES		
Water services	215,641	257,051
NET OPERATING REVENUES OVER EXPENDITURES	567,182	267,225
Water capital expenditures	(504,605)	(123,477)
Transfer from Community Works Gas Tax Reserve Fund	-	-
Transfer from General Operating Fund	75,000	-
Transfer to Water Reserve	(175,000)	(12,250)
Transfer from Sewer Utility Fund	27,280	25,753
ANNUAL SURPLUS (DEFICIT)	(10,143)	157,251
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	404,457	247,206
UNAPPROPRIATED SURPLUS, END OF YEAR	<u>\$ 394,314</u>	<u>\$ 404,457</u>

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

FINANCIAL ASSETS	2017	2016
ASSETS		
Sewer fees receivable	\$ 29,046	\$ 37,335
Due from General Fund	181,161	187,695
MFA debt reserve cash deposits	4,530	8,321
	<u>214,737</u>	<u>233,351</u>
LIABILITIES		
Due to Sewer Reserve Fund	285,067	108,669
Long-term debt	158,294	168,905
	<u>443,361</u>	<u>277,574</u>
NET DEBT	(228,624)	(44,223)
TANGIBLE CAPITAL ASSETS	3,165,645	3,259,676
ACCUMULATED SURPLUS	\$ 2,937,021	\$ 3,215,453
Represented by:		
Unappropriated surplus (deficit)	\$(70,330)	\$ 124,682
Equity in tangible capital assets	3,007,351	3,090,771
	<u>\$ 2,937,021</u>	<u>\$ 3,215,453</u>

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2017

	2017	2016
REVENUE		
User fees	\$ 409,365	\$ 368,780
Interest and MFA actuarial gain	5,071	11,629
	<u>414,436</u>	<u>380,409</u>
EXPENDITURES		
Sewer service	356,950	285,313
TOTAL REVENUES OVER EXPENSES	<u>57,486</u>	<u>95,096</u>
Sewer capital expenditures	(39,606)	(44,174)
Sewer capital debt principal repayments	(10,612)	(21,661)
Transfer to Water Utility Fund	(27,280)	(25,753)
Transfer to Sewer Reserve Fund	(175,000)	(7,780)
	<u>(252,498)</u>	<u>(99,368)</u>
ANNUAL DEFICIT	(195,012)	(4,272)
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	124,682	128,954
UNAPPROPRIATED SURPLUS (DEFICIT), END OF YEAR	<u>\$ (70,330)</u>	<u>\$ 124,682</u>

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Due from Operating Funds	\$ 1,922,353	\$ 1,708,204
LIABILITIES		
Deferred revenue - parkland acquisition	13,272	13,272
	\$ 1,909,081	\$ 1,694,932
RESERVES		
Statutory		
Equipment Reserve	\$ 225,233	\$ 383,556
Fire Equipment Reserve	308,028	223,840
General Capital Reserve	79,413	50,111
Community Works Gas Tax Reserve	284,904	238,962
NACFOR Legacy Fund	385,524	547,210
Sewer Reserve	285,067	108,669
Non-statutory		
Cemetery Reserve	10,086	8,021
Elections Reserve	6,033	3,007
Water Reserve	187,990	12,278
Donations Reserve	5,053	5,014
Hot Springs Reserve	93,452	114,264
Hot Springs - Chalets Reserve	38,298	-
	\$ 1,909,081	\$ 1,694,932

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF TRANSACTIONS
For the Year Ended December 31, 2017

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of Year
<u>Statutory</u>					
Equipment Reserve	\$ 383,556	\$ 158,570	\$(319,055)	\$ 2,162	\$ 225,233
Fire Equipment Reserve	223,840	88,333	(6,035)	1,890	308,028
General Capital Reserve	50,111	40,000	(11,164)	466	79,413
Community Works					
Gas Tax Reserve	238,962	119,608	(75,504)	1,838	284,904
NACFOR (2013) Legacy Fund	547,210	-	(165,000)	3,314	385,524
Sewer Reserve	108,669	175,000	-	1,398	285,067
<u>Non-Statutory</u>					
Cemetery Reserve	8,021	2,000	-	65	10,086
Election Reserve	3,007	3,000	-	26	6,033
Water Reserve	12,278	175,000	-	712	187,990
Donations Reserve	5,014	-	-	39	5,053
Hot Springs Reserve	114,264	-	(21,550)	738	93,452
Hot Springs Chalet Reserve	-	38,000	-	298	38,298
	\$ 1,694,932	\$ 799,511	\$(598,308)	\$ 12,946	\$ 1,909,081

Statistical Information

PROPERTY TAX EXEMPTIONS (PTE)

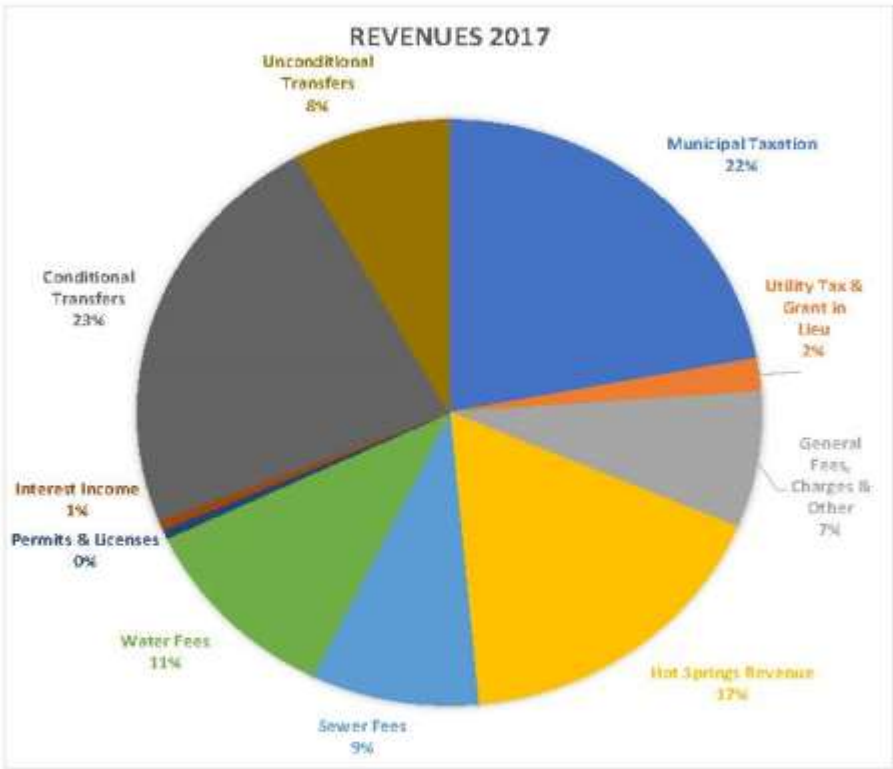
Through the adoption of an annual bylaw, the Municipal Council may provide a permissive exemption from taxation to certain groups and organizations. The legal capacity to provide these permissive tax exemptions is through powers granted to the Council in the *Community Charter*.

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 2017 together with the amount of municipal taxes that would have been imposed on the property if it were not exempt.

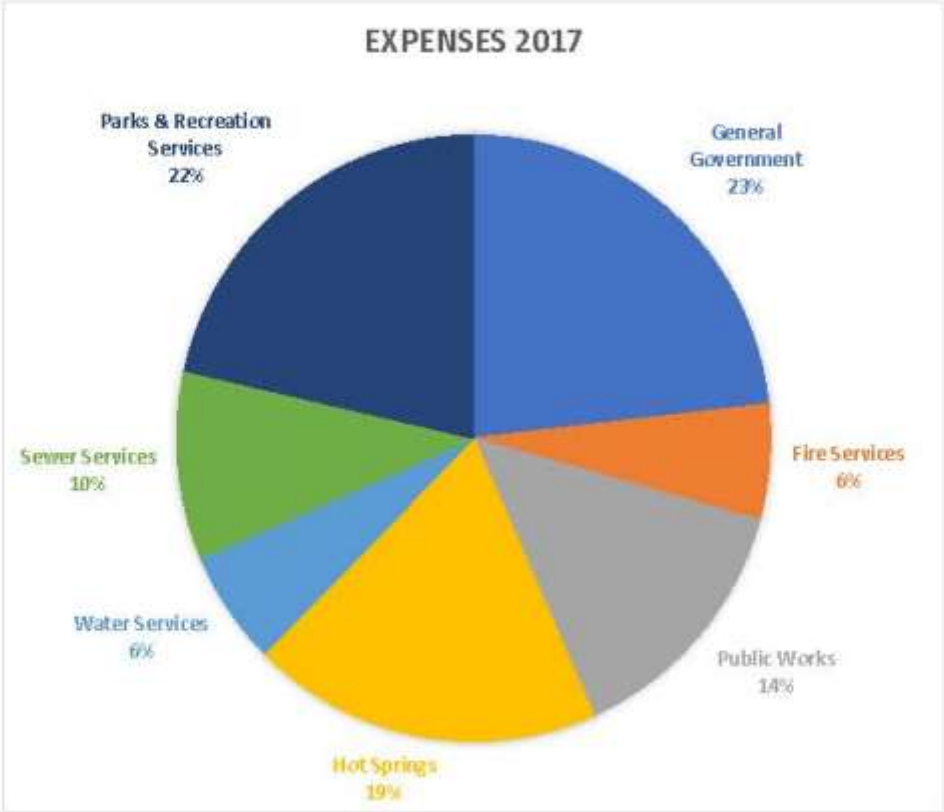
2017 Summary of Permissive Tax Exemptions	2017 Value of Exemption
Royal Canadian Legion, Branch 20	\$327
Arrow and Slocan Lakes Community Services Association	\$5,405
Nakusp Launch Club	\$5,244
Halcyon Assisted Living Society	\$3,189
Nakusp Childcare Society	\$925
Arrow Lakes Hospital Auxiliary	\$957
Arrowtarian Senior Citizens Society	\$3,075
Arrowtarian Senior Citizens Society	\$1,919
Total of Permissive Tax Exemptions Under Bylaw 652	\$21,041
Total of General Statutory Exemptions (Bylaw 570 - Public Worship)	\$5,991
Grand Total of all Tax Exemptions	\$27,032
<i>Grand Total of all Tax Exemptions, as a % of 2017 Municipal Levy</i>	<i>2.76%</i>

Statistical Information

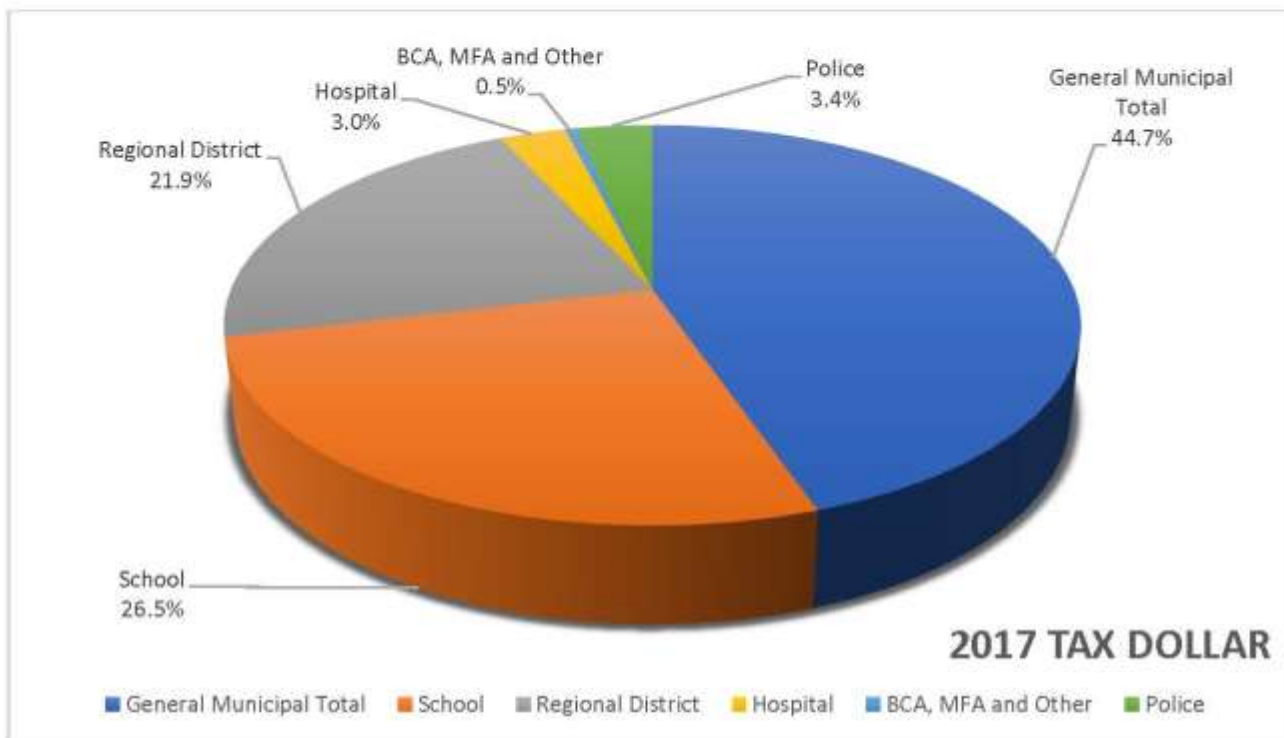


REVENUE SOURCES 2017

EXPENSES 2017



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	34.3
Km of Sewers:	Storm - 5.6 Sanitary - 26.2
Employees:	24