



VILLAGE OF HARRISON HOT SPRINGS NOTICE OF MEETING AND AGENDA

SPECIAL COUNCIL MEETING

Date: Thursday, June 25, 2015
Time: 10:00 a.m.
Location: Council Chambers, 495 Hot Springs Road
Harrison Hot Springs, British Columbia

1. CALL TO ORDER

Meeting called to order by Mayor Facio

2. INTRODUCTION OF LATE ITEMS

3. APPROVAL OF AGENDA

4. ITEMS FOR DISCUSSION

(a) Appointment of Chief Administrative Officer

Recommendation:

THAT Council appoint Debra Key as the Chief Administrative Officer and Approving Officer effective July 4, 2015.

5. REPORTS FROM STAFF

(a) Report of Director of Finance Re: 2014 Annual Report

Recommendation:

THAT Council adopts the 2014 Annual Report.

Item 8
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6. BYLAWS

7. QUESTION PERIOD (*pertaining the agenda items only*)

8. ADJOURNMENT

**VILLAGE OF HARRISON HOT SPRINGS****REPORT TO COUNCIL****TO: Mayor and Council****DATE: June 19, 2015****FROM: Director of Finance****FILE: 1880****SUBJECT: 2014 Annual Report**

BACKGROUND: Section 98 and 99 of the *Community Charter* requires that an annual report be considered by Council at a council or other public meeting. The report was made available to the public on June 11, 2015 for public inspection. The report is to be adopted by June 30, 2015.

RECOMMENDATION: That Council adopts the 2014 Annual Report.

Respectfully submitted for your
consideration;

DIRECTOR OF FINANCE

Dale Courtice, CPA, CGA

CHIEF ADMINISTRATIVE OFFICER

Ian Crane
Chief Administrative Officer

2014 ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2014



Village of Harrison Hot Springs
495 Hot Springs Road
PO Box 160
Harrison Hot Springs, BC V0M 1K0



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ELECTED AND APPOINTED OFFICIALS COUNCIL

January 1— November 30, 2014

Mayor Leo Facio

Councillor Allan Jackson
Councillor Zoltan Kiss

Councillor Sonja Reyerse
Councillor John Buckley

December 1—December 31, 2014

Mayor Leo Facio

Councillor John Hansen
Councillor Samantha Piper

Councillor Sonja Reyerse
Councillor John Buckley

2014 Appointed Officials

Chief Administrative Officer.....Ian Crane
Deputy Chief Administrative Officer/Corporate Officer..... Debra Key
Director of Finance.....Dale Courtice
Manager of Revenue Services.....Cindy Richardson
Manager of Development & Community Services.....Lisa Grant
Operations Manager.....Ian Gardner

Municipal Auditors

McConnell, Voelkl

Municipal Bankers

Prospera Credit Union

Municipal Solicitors

Murdy & McAllister

General

INCORPORATED May 27, 1949

Message from the Mayor



Dear fellow Residents,

On behalf of the Village of Harrison Hot Springs Council, I am pleased to provide a brief overview of Village activities for 2014.

In late 2014, municipal elections were held. I am happy to welcome our new Councillors, John Hansen and Samantha Piper and re-elected Councillors, John Buckley and Sonja Reyerse. I look forward to working together and building on the past successes the Village has achieved.

Before I recap 2014 and look to the year ahead, I want to thank our two outgoing Councillors, Allan Jackson and Zoltan Kiss for their dedication to our community and hard work over the past three years. As a Council we have achieved many accomplishments, and have much to be proud of.

In 2014, we continued with our trend of attracting more visitors to our community. It was a busy year with many people coming to enjoy all of the amenities we have to offer. It is important for us to continue investing in our tourism infrastructure. Increasing visitor rates helps our community prosper and to grow our local economy.

Phase One of the Esplanade Avenue Streetscape Revitalization Project was completed in the late spring of 2014. The new streetscape includes widened sidewalks with new street furniture and landscaping, that invites residents and visitors alike to stroll along our front street. We have received many positive comments from residents, business owners and visitors about this project. I look forward to continuing our streetscape revitalization improvements. I encourage you to keep an eye out for beach washroom upgrades in the fall of 2015. This will further enhance our tourism infrastructure.

Our new water treatment facility is now fully certified and operational. Construction began in late 2013 and was completed in early 2014. This is a critical infrastructure improvement that ensures that residents and visitors have access to safe drinking water. We will continue to evaluate the current state of our infrastructure and plan for improvements where required. One of these projects is the Miami River Flood Pump Replacement Project. In 2014, the Village successfully obtained Federal and Provincial government funding to undertake this project. The flood pump replacement will ensure that our community is protected from the risk of flooding. Most of 2015 will be dedicated to the planning and design for the new flood pump system. The project will be completed in early 2016.

Work continued on the Age Friendly Action Plan, with several community engagement opportunities hosted during the late spring and summer of 2014. The plan will be adopted in early 2015 and an implementation strategy drafted that identifies next steps, to ensure we are meeting the needs of our aging population.

As noted above, we have accomplished many projects and plans in 2014. We have an exciting year ahead of us for projects in 2015!

It is important to recognize that these achievements are only possible through the efforts and professionalism of our Village staff; who have continued to serve our community in a dedicated and friendly manner.

Finally, I would like to close by thanking you, the residents of Harrison Hot Springs, for your valued input at public open meetings and your support for myself and Council over the coming four years as we strive to achieve successes one day at a time.

Thank you.

Mayor Leo Facio

Community Profile

Our Long Term Vision

A residential and resort community with an attractive and inviting village core of shops and services. A strong commitment to maintaining the scenic qualities, the environment, the quality of life and the vibrant and cultural life combined with a high standard of development.

Nestled against picturesque Southwestern British Columbia's mountains and the sandy beaches of Harrison Lake, the Village of Harrison Hot Springs is a year-round vibrant Fraser Valley community with rich history, natural wonders, and well-rounded glacier-fresh lifestyle.

Families, retirees, artists, and outdoor enthusiasts alike enjoy a high quality of life in Harrison Hot Springs due to the easy 90 minute proximity to Vancouver, mild winters, affordable housing, good range of social, cultural, educational, health, environmental, and economic amenities available in the region. The municipality continually strives to be more sustainable, a complete community that balances social, cultural, environmental and economic values. The Village is also a warm and caring community dedicated to providing a desirable place to work, play, and raise a family.

The municipality offers easy access to sophisticated big-city amenities while retaining the Village charm free of hassle. As a member of the Province of British Columbia Resort Municipality Initiative, Harrison Hot Springs is a tourism hotspot for regional and international visitors alike. Playing host and warmly welcoming all the visitors is what we do best. No wonder folks stop by for a visit and decide they never want to leave.

Our community is growing and investing to develop a diverse economy with careful planning for a sustainable future that will meet the needs of next generations. The Village believes that our engaged and active citizens make our community a better place. Bright, active, creative – that's Harrison Hot Springs!

COUNCIL 2011– 2014



Councillor John Buckley

Mayor Leo Facio

Councillor Allan Jackson

Councillor Sonja Reyerse

Councillor Zoltan Kiss

Council is the legislative body representing the citizens of the Village of Harrison Hot Springs, providing leadership and establishing policies and priorities for municipal government in the Village. Council reviews and establishes a budget for civic operations and capital expenditures. Village Council is made up of the Mayor and four Councillors. The Mayor chairs meetings of Council. All members of Council held office for a three-year term.

Council Committees and Commissions



The Village of Harrison Hot Springs had the following standing and select Committees in 2014:

Communities in Bloom Committee



The Communities in Bloom Committee held their meetings on the third Thursday of each month at 2:00 p.m.

In 2014, Village of Harrison Hot Springs Communities in Bloom Committee was successful in competing in the National Edition and received a 5 Bloom rating and a special mention for the Streetscape Program during the 2014 National Symposium and Awards Ceremonies in Charlottetown, PEI.

Under the Streetscape Program, the revitalization of West Esplanade Avenue gave the waterfront streetscape an added pedestrian, vehicle and business friendly area. The extra wide walkways were adorned with various planters, tree, art and eye-pleasing signage. Hardy perennials and shrubs now have automatic watering systems and are mulched.

The Committee dissolved at the end of the Council term in 2014.



The Village of Harrison Hot Springs has the following Commission:

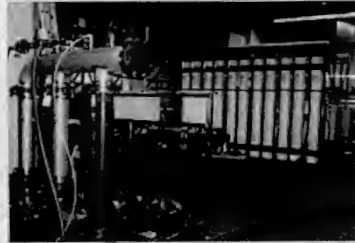
Advisory Planning Commission

The Advisory Planning Commission provides advice to Council on matters with respect to land use, planning and growth strategy issues. The Advisory Planning Commission meets as required.



2014 ACCOMPLISHMENTS

WATER TREATMENT PLANT



ESPLANADE AVENUE STREETSCAPE

BLOCK 1 - BEFORE



BLOCK 1 - AFTER



Council Accomplishments —2014

Many projects and initiatives have been accomplished in 2014 by Council. The following is a brief overview of our accomplishments:

- The new water treatment facility was constructed and was commissioned in 2014.
- Phase One of the Esplanade Avenue Streetscape Revitalization Project was completed.
- Installed traffic calming devices along Balsam Avenue and Miami River Drive.
- Continued the lamp standard replacement program.
- Continued the fleet replacement program for public works vehicles and took delivery of a new rubber tire backhoe.
- Began the design phase of the Miami River flood pump upgrade.
- Design phase for the replacement of the lift station for the replacement of siphon.
- Continuation of electrical preventative maintenance program.
- Continued to be a carbon neutral local government in 2014.

2015 Council Goals and Objectives

We have many exciting projects and goals ahead of us for 2015.

Council's Goals and Objectives for 2015

Council has given priority to the following goals and objectives for 2015. Out of each of these goals and objectives, several projects have been completed or will be undertaken in 2015. Council is committed to achieving a sustainable Village that meets the needs of our residents, businesses and visitors.

Infrastructure Sustainability

Infrastructure is critical for the health and safety of the Village. It is important to ensure that existing infrastructure is maintained and that future infrastructure improvements are undertaken in a manner that is fiscally and environmentally responsible and ensures the continued operation of the Village.

Below are some specific examples of projects and goals to achieve sustainable infrastructure:

- Miami River flood pump replacement
- Design and construction of siphon replacement
- Beach washroom upgrade
- Float Plane dock replacement—Phase I
- Minor expansion of Wastewater Treatment Plant Expansion
- Design Phase of Block II Esplanade Avenue Streetscape Revitalization

Fiscal Responsibility

As a small Village with a limited tax base, fiscal responsibility is an on-going priority for Council. Each year Council adopts a budget that is balanced. This includes undertaking critical capital projects, investing in tourism infrastructure and streamlining processes where possible. Ensuring fiscal responsibility is crucial for the long term success of our Village.

Below are some specific examples of projects and goals to achieve fiscal responsibility:

- Balanced ten year financial plan
- Reducing current debt
- Introduction of electronic home owner grants
- Core review of utility rates
- Exploring new revenue/funding opportunities
- Continuation of electrical preventative maintenance program

Environmental Sustainability

Council continues to make advances in environmental sustainability. As a carbon neutral local government, the Village purchases offsets for our greenhouse gas emissions. The Village continues to look for energy savings, opportunities to reduce our greenhouse gas emissions and ensuring that we are good stewards of the environment.

Below are some specific examples of projects and goals to achieve an environmentally sustainable community:

- Purchase electric vehicle
- Installation of three electrical vehicle charging stations
- Deactivated landfill site and groundwater monitoring
- Implementation of FVRD's Solid Waste Management Plan

Recreation and Culture

The Village is committed to supporting the recreational needs of our residents and visitors. These recreational needs include continued investment in tourism infrastructure, local beach and park improvements, and boat launch improvements. The Village is committed to relationship building with our First Nation partners. This is achieved through the continuation of the Community to Community Forum.

Below are some specific examples of projects and goals to meet our recreational and cultural needs:

- Community to Community forum
- Outdoor recreation equipment
- Boat launch improvements
- Spring park improvements
- East Sector regional park establishment
- Continued development and support of community events such as Canada Day Celebrations, Sasquatch Days and numerous other community events

Municipal Services and Operations

The Village maintains the following funds & reserves as of December 31, 2014

Funds

Operating

- General Revenue
- Sewer Revenue
- Water Revenue

Capital

- General
- Sewer
- Water

Reserves

Statutory Reserves

- Community amenities
- Fire department capital
- Land unexpended funds
- Parkland acquisition
- Public works capital
- Wastewater treatment
- Sewer unexpended funds
- Port divestiture income

Reserves for Future Expenditures

- Assessment
- Beach
- Building
- Contingencies
- Dock replacement
- Flood box / drainage
- General
- Insurance
- Memorial Hall
- Parking
- Office equipment
- Property
- Recreation Centre
- Road/ sidewalk
- Sick Leave/Retirement
- Sewer
- Water

Municipal Services and Operations

Administrative / Financial

- Legislative Services
- General Administration
- Mayor and Council
- Administrative
- Finance
- Business licensing
- Grants
- Property Taxes
- Revenue Collections

Roads and Transportation

- Public Works Department
- Roads & Sidewalks
- Transit
- Street Lighting

Protective Services

- Bylaw Enforcement
- Fire Department
- Emergency Services
- Animal Control

Recreational and Cultural

- Memorial Hall
- Arts Centre
- Boat Launch Facility
- Beach
- Washrooms
- Parks and Playgrounds
- Plaza
- Float Plane Dock and Public Wharf
- Library services

Land Use Planning and Development

- Development Planning – Zoning Changes
- Policy Planning – Official Community Plan
- Building Inspection Services
- Community Sustainability
- Economic Development

Municipal Services and Operations

Solid Waste Management

- Solid Waste Collection and Disposal
- Recycling Collection
- Green waste collection

Wastewater Treatment and Wastewater Collection

The municipality owns and operates a secondary waste water treatment plant located on the west side of Harrison Lake. Each property within the boundaries of Harrison Hot Springs is serviced by the Village's system. It is mandatory for all buildings requiring this service to be connected to the municipal sewer system.

Water Treatment and Distribution

The municipality owns and operates a municipal water system. The source of the water is pumped from Harrison Lake.

Storm Water Management and Flood Protection

- Flood Gate and Flood Pump
- Dyke Maintenance and Vegetation Control
- Storm drainage system

Report from the Director of Finance

The Financial Statements

The Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for implementing and maintaining a system of internal control and exercises this responsibility through the Council of the Village of Harrison Hot Springs. The Council of the Village of Harrison Hot Springs has the responsibility for assessing the management systems, policies and practices of the Village.

Consolidated Statement of Financial Position

This statement discloses the consolidated financial position of the Village at December 31st in 2013 and 2014. The term "net financial assets" is used to describe the Village's financial position where the Village's financial assets exceed its financial liabilities. Should situations arise where financial liabilities exceed financial assets the financial position would be termed "net debt". The Village is in a positive net financial position in both years. The change in net financial position is an increase of \$30,354 in 2014 over 2013.

Added to the net financial assets are the non-financial assets. These are comprised of tangible capital assets and prepaid expenses. The total gives rise to the accumulated surplus of the Village.

Consolidated Statement of Operations

This statement reports the surplus or deficit from operations of the Village in the accounting period. This statement discloses the cost of services that the Village provided in the period and the revenues that were generated and the difference between them. It measures in monetary terms whether the Village has maintained its net assets in the period.

The annual surplus is added to the opening surplus to arrive at the year end's accumulated surplus. This amount equals the accumulated surplus on the Consolidated Statement of Financial Position.

Consolidated Statement of Change in Net Financial Assets

This statement reports the extent to which the expenditures of the accounting period are offset by the revenues recognized in the period. This amount is displayed by reporting items that explain the difference between the surplus or deficit from operations and the change in net financial assets or net debt for the period.

Items commonly on this statement are the acquisition of tangible capital assets, amortization expense and changes in prepaid expenses. These amounts are adjusted from the annual surplus for the year to arrive at the increase or decrease in net financial assets. This amount is added to the net financial assets at the beginning of the year and balances with the net financial assets on the Consolidated Statement of Financial Position.

Report from the Director of Finance

Consolidated Statement of Cash flows

This statement reports the change in cash and cash equivalents in the accounting period and how the Village financed its activities and met its cash requirements.

Items affecting the operating activities are listed by non cash items such as amortization and changes in prepaid expenses followed by changes in financial assets and liabilities. Activities of a capital nature are listed followed by activities that helped finance the acquisition and repayment of debt.

The balance on this statement is the resulting change in cash during the year then when added to the opening balance of cash equivalents will equal the cash and cash equivalents on the Consolidated Statement of Financial Position.

Notes and Schedule to the Financial Statements

The notes and schedule that accompany the financial statements are an integral part of the financial statements in that they provide important and additional information that assists the reader in interpreting the financial information.

They include the Village's significant accounting policies and other relevant information that further describes the information on the Consolidated Financial Statements.

The schedule containing the Consolidated Statement of Tangible Capital assets breaks down the tangible capital assets by class and shows the corresponding historical cost and accumulated amortization resulting in the net book value for each class of tangible capital asset.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Management is also responsible for all the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Council. The Council reviews internal financial statements on a monthly basis and external Audited Financial Statements annually.

The external auditors, McConnell, Voelkl, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination includes a review and evaluation of the Village's system of internal control and appropriate tests and procedures to provide reasonable assurance that the consolidated financial statements are presented fairly. The external auditors have full and free access to financial management of the Village of Harrison Hot Springs and meet when required.

On behalf of the Village of Harrison Hot Springs

Dale Courtice, CPA, CGA
Director of Finance
April 20, 2015

Village of Harrison Hot Springs

Consolidated Financial Statements

December 31, 2014



CHARTERED ACCOUNTANTS

F.W. Voelkl, B.Comm., C.A.
C.M. Kelley Inc., B.B.A., C.A.

P.O. Box 819
228 Wallace St.
Hope, B.C. V0X 1L0

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INDEPENDENT AUDITOR'S REPORT

To the Mayor Council of the VILLAGE OF HARRISON HOT SPRINGS

We have audited the Consolidated Statement of Financial Position of the VILLAGE OF HARRISON HOT SPRINGS as at DECEMBER 31, 2014, the Consolidated Statement of Financial Activities, and the Consolidated Statement of Changes in Financial Position for the year then ended.

These financial statements are the responsibility of the Village's Management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and to have in place such internal control as management determines necessary to enable the consolidated financial statements to be free from material misstatements, whether due to fraud or error.

Our responsibility is to express an opinion on the consolidated financial statements based on our audit and its result. 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 an audit to obtain reasonable assurance whether these financial statements are free of material misstatements.

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

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the VILLAGE OF HARRISON HOT SPRINGS as at DECEMBER 31, 2014, and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles for local governments modified as disclosed in Note 1 to the consolidated Financial Statements. We report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

McConnell, Voelkl

CHARTERED ACCOUNTANTS

April 20, 2015

Hope, B.C., Canada

Village of Harrison Hot Springs

Consolidated Statement of Financial Position

As at December 31, 2014

	2014	2013
Financial assets		
Cash and Investments (Note 2)	6,401,201	6,361,742
Accounts Receivable (Note 3)	805,739	1,027,857
	7,206,940	7,389,599
Financial liabilities		
Accounts Payable and Accrued Liabilities (Note 4)	421,257	543,247
Developer's Deposits and Other Trust Liabilities (Note 5)	391,277	392,949
Deferred Revenue (Note 6)	648,936	871,715
Development Cost Charges (Note 7)	978,021	858,814
Capital lease (Note 8)	161,989	47,768
Interim financing debt (Note 9)	600,000	700,000
	3,201,480	3,414,493
Net financial assets	4,005,460	3,975,106
Non-financial assets		
Tangible Capital Assets (Note 10, Schedule 1)	31,421,843	30,082,655
Prepaid expenses	54,696	95,084
	31,476,539	30,177,739
Accumulated surplus	35,481,999	34,152,845
Represented by:		
Operating fund	2,608,376	2,507,590
Capital fund (Note 12)	1,389,874	1,312,385
Statutory reserve fund (Note 12)	855,580	1,011,051
Equity in tangible capital assets (Note 11)	30,628,169	29,321,819
	35,481,999	34,152,845

Approved on behalf of Mayor and Council

Dale Courtice, CPA, CGA
Director of Finance

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Village of Harrison Hot Springs

Consolidated Statement of Operations

for the year ended December 31, 2014

	Budget (Unaudited Note 19)	2014	2013
Revenue			
Property Taxes (Notes 13, 22)	1,886,100	1,886,821	1,849,972
Sale of Services (Note 14)	836,200	900,016	879,967
Utility Service Fees (Note 15)	387,000	395,167	395,276
Government Transfers (Note 16)	1,815,750	1,785,708	943,096
Investment Income	21,700	28,859	32,404
Penalties and interest	23,000	39,561	28,889
Development Cost Charges (Note 7)	279,800	-	-
Other revenue	225,800	88,975	38,418
	5,475,350	5,125,107	4,168,022
Expenses (Note 20)			
Legislative Services	127,950	117,012	120,379
General Government	972,800	900,771	876,408
Protective Services	181,750	161,697	158,985
Public Works	225,150	204,036	197,265
Transportation Services	119,550	102,711	96,262
Public Health	7,200	6,284	6,110
Planning and Development	25,900	43,517	37,522
Tourism, Community and Economic Development	54,300	58,310	49,070
Sustainability	12,500	8,856	11,831
Solid Waste Management and Recycling	121,000	121,232	119,056
Beaches, Parks, Recreation and Culture	371,000	395,987	402,372
Water Services	264,000	183,233	146,616
Sewer Services	760,000	553,079	484,559
Non-capital items expensed (Note 17)	-	140,660	102,415
Debt financing	13,850	14,987	19,345
Amortization (Note 1, Schedule 1)	710,000	747,914	708,791
	3,966,950	3,760,286	3,536,986
Annual surplus	1,508,400	1,364,821	631,036
Prior period adjustment (Note 18)	-	(35,667)	59,729
Accumulated surplus, beginning of year	34,152,845	34,152,845	33,462,080
	35,661,245	35,481,999	34,152,845

Commitments and contingencies are specified in Note 21.

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Village of Harrison Hot Springs

Consolidated Statement of Change in Net Financial Assets

for the year ended December 31, 2014

	Budget (Unaudited Note 19)	2014	2013
Annual Surplus	1,606,900	1,364,821	631,036
Acquisition of tangible capital assets	(3,196,500)	(2,121,402)	(788,796)
Amortization	710,000	747,914	708,791
Write down of tangible capital assets at NBV	-	34,300	14,569
Prior period adjustment	-	(35,667)	59,729
	(879,600)	(10,034)	625,329
Acquisition of prepaid expenses	-	(54,696)	(95,084)
Use of prepaid expenses	-	95,084	37,009
	-	40,388	(58,075)
Increase (decrease) in net financial assets	(879,600)	30,354	567,254
Net financial assets, beginning of year	3,975,106	3,975,106	3,407,852
Net financial assets, end of year	3,095,506	4,005,460	3,975,106

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Village of Harrison Hot Springs

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2014

	2014	2013
Cash provided by (used in):		
Operating Activities		
Annual surplus / (deficit)	1,364,821	631,036
Non Cash items:		
Amortization	747,914	708,791
(Increase) Decrease in prepaid expenses	40,388	(58,075)
Prior period adjustment	(35,667)	59,729
Debt Forgiveness	132,725	(26,484)
Changes to financial assets / liabilities:		
Accounts receivable	222,118	(443,956)
Lease Receivable	-	-
Accounts payable and accrued liabilities	(123,662)	560,887
Deferred revenue	(222,779)	211,584
Development Cost Charges	119,207	11,791
Net change in cash from operating activities	2,245,065	1,655,303
Capital Activities:		
Write down of tangible capital assets at net book value	34,300	14,569
Acquisition of tangible capital assets	(2,121,402)	(788,796)
Net change in cash from capital activities	(2,087,102)	(774,227)
Financing Activities		
Debt repayment	(118,504)	(161,923)
Actuarial adjustments	-	(6,935)
Proceeds from capital lease - net of deferred charges	-	54,325
Net change in cash from financing activities	(118,504)	(114,533)
Net change in cash	39,459	766,543
Cash and cash equivalents, beginning of year	6,361,742	5,595,199
Cash and cash equivalents, end of year	6,401,201	6,361,742

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant Accounting Policies

The Consolidated Financial Statements of the Village of Harrison Hot Springs which are the representation of management are prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Village are as follows:

a. Basis of consolidation

The Consolidated Financial Statements reflect the combined results and activities of the reporting entity which is comprised of the Operating, Capital and Reserve funds. Inter-fund transactions have been eliminated on consolidation.

- i. Operating Funds: These funds include the General, Water and Sewer operations of the Village. They are used to record the operating costs of the services provided by the Village.
- ii. Capital funds: These funds include the General, Water and Sewer capital funds. They are used to record the acquisition and disposal of property and equipment and their financing.
- iii. Reserve funds: Under the *Community Charter*, Village Council may, by bylaw establish reserve funds for specified purposes. Money in a Statutory Reserve Fund, and interest earned thereon, must be expended by bylaw only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, Village Council may, by bylaw, transfer all or part of the balance to another reserve fund. Non-statutory Reserves require being included in an approved council budget or a resolution before these funds can be expended.

b. Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues and the expenses include any liabilities incurred and transfers made. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services, user fee revenues, investment income, penalties and interest and other revenues are recognized when they are rendered by the Village or are due by convention, bylaw, or received. Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue and is recognized as revenue in the fiscal year the services are performed.

c. Investments

Investments are recorded at cost. When in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

d. Long-term debt

Long-term debt is recorded net of related sinking fund balances.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant Accounting Policies continued

e. Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Tangible Capital Assets

Tangible capital assets, comprised of capital assets and assets under construction, 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.

Asset	Useful Life - Years
Land improvements	10-25
Parks infrastructure	10-50
Buildings	40-50
Machinery and equipment	5-10
IT infrastructure	4-10
Vehicles	5-20
Roads infrastructure	15-20
Water infrastructure	10-100
Sewer infrastructure	10-100
Drainage infrastructure	10-100

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the time of donation.

iii. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iv. Leased tangible capital assets

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant Accounting Policies continued

f. Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period.

2. Cash and Investments

	2014	2013
Restricted cash and investments		
Statutory reserves	\$ 900,942	\$ 1,056,503
Non-Statutory Reserves	3,232,488	3,286,767
	4,133,430	4,343,270
Unrestricted cash and investments	2,267,771	2,018,472
Total cash and investments	\$ 6,401,201	\$ 6,361,742

3. Account Receivable

	2014	2013
Accounts Receivable - Property Taxes	\$ 380,081	\$ 207,787
Accounts Receivable - Other Governments	109,645	497,169
Accounts Receivable - Trade and Other	316,013	322,901
	\$ 805,739	\$ 1,027,857

4. Accounts Payable and Accrued Liabilities

	2014	2013
Trade and Other	\$ 397,515	\$ 461,368
Holdbacks payable	7,493	48,961
Other government	193	615
Accrued benefits	16,056	32,303
	\$ 421,257	\$ 543,247

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

5. Developer's Deposits and Other Trust Liabilities

	2014	2013
Property and event damage deposits	\$ 30,307	\$ 36,800
Non-refundable deposits	28,118	27,741
Letter of credit	331,596	327,152
Community groups funds held in trust	1,256	1,256
	\$ 391,277	\$ 392,949

6. Deferred Revenue

	2014	2013
Prepaid taxes	\$ 120,731	\$ 116,086
Deferred Gas Tax Revenue	205,707	427,248
Facility rentals and other	322,498	328,381
	\$ 648,936	\$ 871,715

7. Development Cost Charges

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sewer DCC	\$ 693,906	\$ 62,687	\$ 10,328	\$ -	\$ 766,921
Water DCC	151,471	37,005	2,398	-	190,874
Drainage DCC	8,763	4,294	134	-	13,191
Parks DCC	4,674	2,290	71	-	7,035
	\$ 858,814	\$ 106,276	\$ 12,931	\$ -	\$ 978,021

Development Cost Charges are restricted revenue liabilities representing funds received from developers and deposited into separate deferred revenue liability accounts for specified future capital expenses. In accordance with generally accepted accounting principles, the Village records these funds as restricted revenue which is then recognized when the related costs are incurred.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

8. Capital Lease Liability

In 2013, the Village entered into a 4 year capital lease agreement with the Municipal Finance Authority to finance the acquisition of two pick-up trucks. In 2014, the Village entered into a capital lease agreement with Caterpillar Financial Services Limited to finance the acquisition of a new backhoe in the amount of \$132,725. The term of the lease is five years with an option to purchase at the end of the lease of \$47,723.

Changes in capital lease liability are as follows:

	2014	2013
Balance, December 31, 2013	\$ 47,768	\$ 54,323
Add: Lease additions	132,725	-
Less: Principal repayments	(18,504)	(6,555)
Balance, December 31, 2014	\$ 161,989	\$ 47,768

The minimum lease payments over the next four years of the leases are as follows:

2015	\$ 29,632
2016	30,635
2017	24,575
2018	18,342
	\$ 103,184

Total interest expense during the year was \$2,774. Total interest over the term of the leases is \$22,660.

9. Interim Financing

In 2009 the Village borrowed \$1,500,000 under the Interim Financing Program from the Municipal Finance Authority of British Columbia for the purpose of constructing a new water reservoir. The Village has until 2016 to pay back the principal amount. Any principal balance unpaid will be converted into long-term debt at that time. The Village can pay down any amount on the principal in the next year. Interest is paid monthly. During the year the Village paid \$12,213 in interest, in 2013 \$14,613.

	2014	2013
Balance, December 31, 2013	\$ 700,000	\$ 850,000
Principal repayments	(100,000)	(150,000)
Balance, December 31, 2014	\$ 600,000	\$ 700,000

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

10. Tangible Capital Assets

	2014	2013
Land	\$ 9,984,913	\$ 9,984,913
Buildings	1,058,979	1,124,032
Equipment, furniture and vehicles	755,811	653,565
Engineering Structures:		
Engineering structures - water	6,538,610	5,031,527
Engineering structures - sewer and drainage	6,970,531	7,074,151
Engineering structures - roads	4,571,458	4,123,000
Engineering structures - other	1,242,043	1,314,436
Other tangible capital assets	299,498	777,031
Total	\$ 31,421,843	\$ 30,082,655

For additional information, see Consolidated Schedule of Tangible Capital Assets. (Schedule 1)

The Village has \$128,477 of tangible capital assets under construction at December 31, 2014.

11. Equity in Tangible Capital Assets

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2014	2013
Equity in TCA, beginning of year	\$ 29,321,819	\$ 29,128,432
Add:		
Capital Expenditures	1,970,060	788,796
Debt forgiveness - Sewer - Issue 75	-	26,484
Debt Repayments	118,504	161,923
Actuarial adjustment	-	6,936
Less:		
Gain on disposal of asset	-	(9,108)
Proceeds from capital lease	-	(58,284)
Dispositions at NBV	(34,300)	(14,569)
Amortization	(747,914)	(708,791)
Equity in TCA, end of year	\$ 30,628,169	\$ 29,321,819

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

12. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2014	2013
Surplus:		
Invested in tangible capital assets	\$ 30,628,169	\$ 29,321,819
Operating fund	2,608,376	2,507,590
Total surplus	33,236,545	31,829,409
Reserves set aside by Council:		
Capital Fund Reserves		
Recreation Centre	413,275	407,737
Assessment appeal	95,725	69,603
Beach	35,967	35,485
Building	59,296	58,502
Contingencies	10,854	10,708
Dock replacement	58,091	27,715
Flood box / drainage	14,715	14,514
General	27,823	27,450
Insurance	9,423	9,296
Memorial Hall restoration	5,263	5,192
Parking / traffic management	36,380	35,893
Office Equipment	22,067	21,772
Property	44,904	44,302
Road/Sidewalk	12,759	12,588
Sick leave/Retirement	98,337	119,215
Sewer	322,640	291,698
Water	122,355	120,715
Total Capital Fund Reserves	1,389,874	1,312,385
Statutory Fund Reserves:		
Community amenities	128,015	106,415
Fire department capital	187,147	159,437
Land unexpended funds	12,473	12,306
Parkland acquisition	94,569	68,525
Public works capital	71,889	70,926
Sewage treatment replacement	262,673	495,496
Sewer unexpended funds	79,039	77,987
Port Divestiture income	19,775	19,959
Total Statutory Fund Reserves	855,580	1,011,051
	\$ 35,481,999	\$ 34,152,845

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

13. Taxation

Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	Budget	2014	2013
Taxes collected			
Municipal property taxes	\$ 1,850,000	\$ 1,849,861	\$ 1,810,353
1 % Utility taxes	32,100	32,247	32,312
Payments in lieu of taxes	4,000	4,733	7,450
School taxes	1,237,000	1,236,786	1,300,367
Regional District	117,000	116,846	111,345
Regional hospital district	103,500	103,271	110,176
Police tax	114,600	114,554	117,660
Other agencies	29,600	29,436	31,242
	3,487,800	3,487,734	3,520,905
Less transfers to other governments			
School taxes paid	1,237,000	1,236,776	1,300,367
Regional district taxes paid	117,000	116,858	111,407
Regional hospital district taxes paid	103,500	103,279	110,237
Police taxes paid	114,600	114,564	117,660
Other agencies taxes paid	29,600	29,436	31,262
	1,601,700	1,600,913	1,670,933
	\$ 1,886,100	\$ 1,886,821	\$ 1,849,972

14. Sale of Services, User Rates, Rentals

	Budget	2014	2013
Sewer user fees	\$ 475,000	\$ 501,160	\$ 500,538
Water user fees	176,000	190,552	177,733
Curbside collection fees	90,000	91,966	90,213
Licenses and permits	35,800	48,735	43,497
Facility rentals	43,500	47,458	46,179
Fines	2,800	4,078	3,475
Other	4,100	3,523	4,989
Penalties	9,000	12,544	13,343
	\$ 836,200	\$ 900,016	\$ 879,967

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

15. Utility Service Fees

	Budget	2014	2013
Sewer service utility fee - residential	\$ 176,000	\$ 179,709	\$ 179,852
Sewer service utility fee - business	20,000	19,997	19,947
Water service utility fee - residential	170,000	174,226	174,386
Water service utility fee - business	21,000	21,235	21,091
Total	\$ 387,000	\$ 395,167	\$ 395,276

16. Government Transfers

The Village recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	Budget	2014	2013
Provincial:			
Conditional			
Infrastructure - water treatment plant	\$ 790,000	\$ 790,955	\$ 412,958
Infrastructure - Miami River Dike Pump Station	-	13,212	-
Resort Municipality Initiative	515,000	420,589	268,846
Other	750	2,584	50,327
Unconditional	210,000	209,651	210,965
Federal			
Conditional			
Infrastructure - Miami River Dike Pump Station	-	13,212	-
Gas tax	300,000	335,505	-
	\$ 1,815,750	\$ 1,785,708	\$ 943,096

17. Non-Capital items expensed

This includes items that although budgeted for as capital expenditures did not qualify as tangible capital assets under the Village's Tangible Capital Asset policy.

18. Prior period adjustment

Prior period adjustments represent the accumulated effect of recording Development Cost Charge revenue, Gas Tax revenue and Resort Municipality Initiative revenue in the year the revenue is received rather than when the revenue is actually used for a particular capital project.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

19. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets adopted by Council on May 5, 2014. The chart below reconciles the approved balanced budget to the budget figures reported in these consolidated financial statements.

2014 Adopted Operating and Capital Budget	Budget Amount
Revenues:	
Operating budget	\$ 4,178,950
Capital budget	2,896,500
Total revenue	7,075,450
Expenses:	
Operating budget	4,178,950
Capital Budget	2,896,500
Total expenses	7,075,450
Budgeted surplus (deficit)	\$ -
Add:	
Capital expenses	\$ 2,896,500
Transfers to reserves	273,000
Principal repayments	78,400
Appropriation from surplus	98,500
Less:	
Transfers from reserves	(1,128,000)
Amortization	(710,000)
Annual budgeted surplus (see statement of operations page 4)	\$ 1,508,400

20. Classification of Expenses by Object

The Schedule of Operating Fund Activities represents the expenditures by function; the following table classifies those same expenditures by object:

	Budget	2014	2013
Salaries, wages and employee benefits	\$ 1,457,500	\$ 1,477,415	\$ 1,428,395
Operating Materials and supplies	804,000	587,389	509,083
Contracted services	287,200	213,005	188,945
Administrative services and supplies	446,000	336,041	348,422
Utilities	144,450	149,031	135,862
Rentals and contractual obligations	103,950	93,844	95,728
Debt financing	13,850	14,987	19,345
Capital Items Expensed	-	140,660	102,415
Amortization	710,000	747,914	708,791
Total expenditures by object	\$ 3,966,950	\$ 3,760,286	\$ 3,536,986

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

21. Commitments and Contingencies

- a. The municipality 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 Plan, including investment of the assets and administration of benefits. The plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Village of Harrison Hot Springs paid \$93,372 for employer contributions to the Plan in fiscal 2014.

- b. Debts of the Fraser Valley Regional District are, under provisions of the Local Government Act, a direct, joint and several liability of the District and each member municipality within the District, including the Village of Harrison Hot Springs.
- c. The Village is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the Village is assessed a premium and specific deductible for its claims based on population. The obligation of the Village with respect to the Exchange and/or contracts and obligations entered into by the Exchange are in every case several, not joint and several. The Village irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.
- d. The Village has an agreement with the Harrison Hot Springs Tourism Society to provide annual funding of \$31,000. The term of the agreement ends December 31, 2018.

22. Significant Taxpayer

The Village is reliant upon one taxpayer for approximately 19% of the municipal property tax revenue.

23. Landfill assessment

In 2014, the Ministry of Environment directed the Village to assess any potential effects the closure of the landfill in 1983 has on well water. Water samples were taken and the results prompted the Ministry to direct the Village to drill test wells and monitor the water which will begin in 2015. The Village is to continue this process for three years at which time the results will determine if any further action is required.

Village of Harrison Hot Springs

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

24. Comparative Figures

Certain balances of the preceding year have been reclassified to conform to the current year's financial statement presentation.

Village of Harrison Hot Springs

Schedule 1 - Consolidated Statement of Tangible Capital Assets

For the Year Ended December 31, 2014

	Engineered Structures									
	Land	Building	Equipment Furniture Vehicles	Water	Sewer Drainage	Roads	Other	Other Tangible Capital Assets	2014	2013
COST										
Opening balance	\$ 9,984,913	\$ 1,984,778	\$ 1,883,320	\$ 6,094,049	\$ 8,883,230	\$ 7,875,377	\$ 1,830,731	\$ 923,306	\$ 39,459,704	\$ 38,768,278
Add: Additions	-	-	200,912	1,608,866	47,064	732,300	-	(467,739)	2,121,403	788,796
Less: Disposals	-	-	(102,891)	-	-	(85,754)	-	-	(188,645)	(97,370)
Closing Balance	9,984,913	1,984,778	1,981,341	7,702,915	8,930,294	8,521,923	1,830,731	455,567	41,392,462	39,459,704
ACCUMULATED AMORTIZATION										
Opening Balance	-	860,746	1,229,755	1,062,522	1,809,079	3,752,377	516,295	146,275	9,377,049	8,751,059
Add: Amortization	-	65,053	98,666	101,783	150,684	249,541	72,393	9,794	747,914	708,791
Less: Acc. Amortization on Disposals	-	-	(102,891)	-	-	(51,453)	-	-	(154,344)	(82,801)
Closing Balance	-	925,799	1,225,530	1,164,305	1,959,763	3,950,465	588,688	156,069	9,970,619	9,377,049
	\$ 9,984,913	\$ 1,058,979	\$ 755,811	\$ 6,538,610	\$ 6,970,531	\$ 4,571,458	\$ 1,242,043	\$ 299,498	\$ 31,421,843	\$ 30,082,655

The accompanying notes and schedule are an integral part of these consolidated financial statements.

Property Assessments & Tax Rates By Property Class

Class	Residential (1)	Business Other (6)	Recreational Non Profit (8)
Analysis of 2014 Taxable Values			
For General Purposes	\$305,450,972	\$54,121,470	\$4,234,300
Percentage of Taxable Values	83.96%	14.88%	1.16%
Percentage of General Taxation	59.31%	36.78%	3.91%
Analysis of 2014 Rates (Per \$1,000)			
General	3.59231	12.57309	17.06347
School	2.83220	6.00000	3.40000
B.C Assessment Authority	.06190	.17550	.06190
Municipal Finance Authority	.00020	.00050	.00020
Regional District	.26122	.63999	.26122
Regional Hospital District	.23087	.56563	.23087
Police	<u>.25610</u>	<u>.62740</u>	<u>.25610</u>
	<u>\$ 7.13480</u>	<u>20.58211</u>	<u>\$ 21.27376</u>

Note: Properties are categorized into 9 different classes for assessment purposes.

*For General tax purposes The Village of Harrison Hot Springs has no properties with classes:
2 (utilities) 3 (supportive housing) 4 (major industry) 5 (light industry) 7 (managed forest land)
and 9 (farm)*

Annual Report 2014— Village of Harrison Hot Springs

General Statistics

	<u>2014</u>	<u>2013</u>
Population – Canada Census	1468 (est.)	1,468 (est.)

Building Permit Statistics

Single Family	6	4
Commercial	0	0
Other & Renovations	0	0
Construction Values	\$1,332,000	\$671,650

	<u>2014</u>	<u>2013</u>
General Assessed Values		
Authenticated Roll	\$ 363,806,742	\$ 373,283,972
Residential	305,450,972	307,129,795
Business	54,121,470	63,562,477
Rec. Non-Profit	4,234,300	2,591,700
Tax Rates		
Residential	3.59231	3.44899
Business	12.57309	11.20922
Rec. Non-Profit	17.06347	15.52046

GENERAL MUNICIPAL 2014 RATES

<u>CLASS</u>	<u>VALUES</u>	<u>RATE/M</u>	=	<u>REVENUE</u>	<u>RATIO</u>
Residential (1)	\$ 305,450,972	x 3.59231		\$ 1,097,274	1:1
Business (6)	54,121,470	x 12.57309		680,474	1:3.50
Rec/Non Profit (8)	4,234,300	x 17.06347		<u>72,252</u>	1:4.75
Total				<u>\$ 1,850,000</u>	