



THE VILLAGE OF
N A K U S P

The Corporation of the Village of Nakusp

91—1st Street NW, V0G 1R0

www.nakusp.com

2012 ANNUAL REPORT

For the year ending December 31, 2012

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Message from the Mayor

On behalf of council, I am pleased to present the 2012 Annual Report.

Council worked with staff to put together a three year plan in 2012 to guide us through the next three years. Our main goal is to ensure that the infrastructure upgrades and various projects we have been working on receive completion before moving on to new projects.

One of our goals was to apply for funding for the Nakusp Hot Springs Bridge. We were successful in receiving a \$400,000 grant from the BC Government for this project. We were also successful in convincing BC Hydro to start the wharf replacement process and a public meeting for the final design was held with Requests for Proposal moving forward for a 2013 start.

A second goal was to review the Hot Springs marketing. We met with Premier Christy Clark and Pat Bell, Minister of Jobs, Tourism and Innovation. They arranged for Shanna Mason, Assistant Deputy Minister and two trade representatives to tour our facility and our Village. We received some great input from them and look forward to a further visit.

Nakusp is one of 22 communities in the Columbia Basin participating in the CBT water smart program. This year we exceeded our goal of 15% goal reduction of water usage. This was our 5 year goal and we met it in 3 years. In 2011, we realized a 13% savings.

Council has attended several workshops on Economic Development and Regional Workforce Tables in order to look at ways to bring some jobs, training and economic development to the area. We were successful in our request to have the new Galena Bay Ferry built in Nakusp and Waterbridge starting building in Nakusp in the spring of 2012.



Photo credit: www.valleyvoice.ca

We welcomed a new physician and his family to our community – Dr. Sayed Subswzari.

Nakusp celebrated a 120th birthday and managed to enjoy the celebrations in spite of a very rainy two days.

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

Yours sincerely

Mayor Hamling

Village of Nakusp Council 2012—2014



Council: (left to right)

Joseph Hughes, Guy Duchaine, Karen Hamling (Mayor), Tom Zeleznik,
Ulli Mueller

Council meets:

every second Monday at 6:30 pm in Council Chambers

2012 Council Committees

Committee Appointments	
Mayor Karen Hamling	Downtown/Park Select Committee Ferry Advisory Community Health/Community Consultative Regional District of Central Kootenay (RDCK) West Kootenay Regional Hospital Board Labour Relations
Councillor Joseph Hughes	Recreation Commission #4 Hot Springs Advisory Committee Liaison: Nakusp & Area Youth Society
Councillor Guy Duchaine	Emergency Management BC Chamber of Commerce Liaison: Carbon Neutral & Water Smart Initiatives
Councillor Tom Zeleznik	Nakusp and Area Community Forest Hot Springs Advisory Committee Nakusp & Area Development Board
Councillor Ulli Mueller	Nakusp & Area Development Board Library RDCK Alternate / Resource Recovery Liaison: Tourism Advisory Committee Liaison: Age Friendly Committee
Committee of the Whole (COTW)	Financial Audit Committee Community Pride Week Planning (OCP) Council and Sr. Management Quarterly Meetings Park & Waterfront Plan, DT Revitalization Climate Change
COTW & RDCK Area K Director	Nakusp and Area K Joint Service Commission
Mayor Hamling	RDCK Municipal Director

Progress Report on 2012 Priorities

Objective	Progress in 2012
<p>1 STRONG MANAGEMENT: Completion of large infrastructure projects</p>	<ul style="list-style-type: none"> • Sewer Treatment Plant nearing completion • Water Treatment Plant in progress • Well #2 nearing completion • Micro Hydro project moving forward
<p>2 STRONG MANAGEMENT: Improved quality of financial information provided</p>	<ul style="list-style-type: none"> • Met statutory deadlines for financial report and audit submission. • Provided regular financial reports to council on operations
<p>3 STRONG MANAGEMENT: Improved communication</p>	<ul style="list-style-type: none"> • Financial Open House held in October 2012; high turnout
<p>4 ECONOMY AND TOURISM: Support vibrant business community and recognize the value of tourism to the Village</p>	<ul style="list-style-type: none"> • Provided financial assistance to Visitor Information Centre and Development Board • Worked on initiatives with NADB/Chamber; worked with Nakusp Archives on expansion of Centennial Building • Worked with Ministry to bring in Trade and Investment Reps • Supported initiative to allow ferry building contract—open to opportunities to expand our industrial base
<p>5 VIBRANT HOT SPRINGS Actively support vibrant hot springs and replace the Hot Springs bridge for public safety and reliable water transmission</p>	<ul style="list-style-type: none"> • Clarified terms of reference for Hot Springs Advisory Committee • Worked with Diana Brooks in development of a vision for potential partnership/investment opportunities at Hot Springs. • Hired Marketing contractor • Applied for and received grant funding for the replacement of the Hot Springs bridge and project commenced in 2012.
<p>6 PROACTIVE INFRASTRUCTURE MANAGEMENT: We will ensure we have long term financial projections to mitigate the impact on our residents.</p>	<ul style="list-style-type: none"> • Reviewed and adopted amendments to Water and Sewer rate structure (adopted early 2013)



Projects (left to right): Turbine for the Micro Hydro Project April 2012, Water Treatment Plant Delivery, Sewer Treatment Plant Construction.

2013—2014 Municipal Objectives & Measures

2012– 2014 Priorities	Performance Measures
1. Strong Management	<ul style="list-style-type: none"> • Completion of large infrastructure projects • Up to date bylaws/policies • Improved financial reporting • Training plan for all departments
2. Improved communication	<ul style="list-style-type: none"> • Development of communication strategy
3. Proactive Infrastructure Management	<ul style="list-style-type: none"> • Proceed with repair/maintenance in accordance to Long term plan. • Updated Water Service bylaw • Continued development of Tangible asset management • Development of comprehensive Long term financial projections.
4. Strong economy and tourism	<ul style="list-style-type: none"> • Support Vibrant business community—working relationships with organizations that support business • Recognize value of tourism and agriculture to Nakusp by endeavouring to be open to supporting initiatives that encourage growth of these sectors • Development of power/RV services to municipal campground. • Funding of visitor information centre
5. A Vibrant Hot Springs	<ul style="list-style-type: none"> • Exploration of additional revenue options for Hot Springs • Exploration of investment opportunities

Municipal Officers 2012

Chief Administrative Officer ... Linda Tynan
 Corporate Officer..... Linda Tynan
 Chief Financial Officer..... Robert Richards
 Approving Officer Linda Tynan
 Municipal Auditors Berg Lehmann



Water line being placed for the Sewer Treatment Plant.

Community Profile



Nakusp is situated on the East shore of Upper Arrow Lake in the Selkirk Mountains in the Regional District of Central Kootenay, British Columbia. It lies approximately 160 kms north of the City of Nelson, 147 km north of the City of Castlegar, and 100 kilometres south of Revelstoke. Nakusp lies at the south terminus of Provincial Highway #23, which connects to Highway #6.

The Village of Nakusp covers an area of 1,059 hectares. Nakusp's shoreline, forest cover, hot springs, and wetlands provide habitat for wildlife and a unique place for people to live.

Climate

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

Services provided by the Village

Airport

- 3000' paved runway

Arena / Auditorium

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

Beach

Board of Variance

Building Inspection (contracted—RDCK)

Business Licensing

Campsite

- Municipal
- Hot Springs

Cemeteries

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

Emergency Services Building

Nakusp Hot Springs

Parks

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

Sani-dump

Sewer System & Sewer Treatment Plant

Snow Removal

Street Lighting

Volunteer Fire Department

Water system

Water Treatment Plant

Wharf & Boat Launch

Zoning—municipal



N A K U S P

HOT SPRINGS & CAMPGROUND

RELAX. REFRESH. RETURN.

Nakusp Hot Springs

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

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

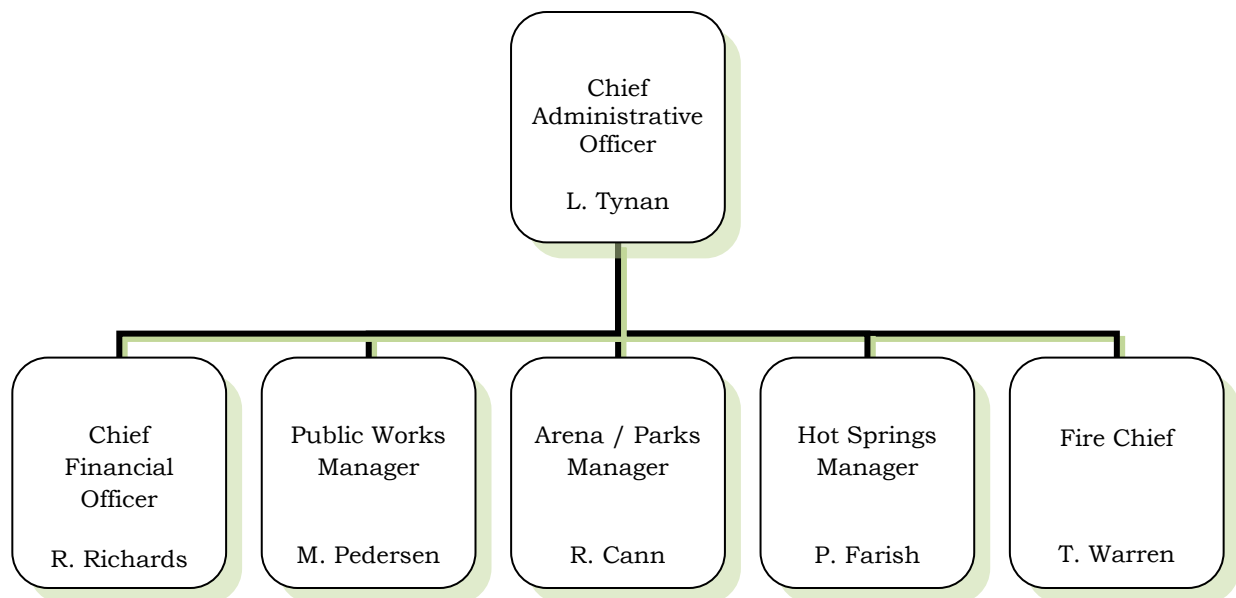
Nakusp Hot Springs to soak away stress,
invigorate energy and restore inner balance
while enjoying the healing mineral water.

We've been told that Nakusp Hot Springs
is one of the cleanest, clearest soaking
mineral pools — 200,000 litres of fresh,
filtered water enters each pool every day.



Photo credit: Weixl

Village Operations



Staff Contacts:

Chief Administrative Officer		
Linda Tynan	250-265-3689 250-265-1727 (cell)	ltynan@nakusp.com
Treasurer		
Robert Richards	250-265-3689	rrichards@nakusp.com
Public Works Manager		
Mike Pedersen	250-265-3556	mike.publicworks@nakusp.com
Arena - Parks Manager		
Richard Cann	250-265- 4500	rcann@nakusp.com
Hot Springs Manager		
Pat Farish	250-265-4528	pfarish@nakusp.com
Fire Chief		
Terry Warren	250-265-3563	trwarren@nakusp.com

Municipal Departments

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

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

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

Robert Richards, CA, Chief Financial Officer (CFO)

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

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

Mike Pedersen, Public Works Manager

The Village of Nakusp Public Works Department, located on Hot Springs Rd, oversees outside Municipal services within the Village. These services include, water utility, sewer utility, public works, airport and Village buildings/facilities.

Richard Cann, Arena & Parks Manager

The Parks and Recreational Facility is responsible for the maintenance / operation of municipal parks, playing fields, arena, curling rink, auditorium, cemeteries. They also care for the flowers and trees in the downtown area.

Pat Farish, Hot Springs Manager

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

Terry Warren, Fire Chief

Nakusp Fire Department services is responsible for the prevention, inspection, investigation, suppression, control and extinguishment of fires and for the protection of life and property, including technical rescue operations and the administration of first aid.

Financial Section

In accordance with Section 98 of the *Community Charter*, it is with pleasure that we have prepared the Village of Nakusp 2012 Annual Report. The report is broken down into three sections:

1. **Introductory Section** which provides an overview of the Village and the nature and scope of the services provided.
2. **Financial Section** which presents the 2012 audited consolidated financial statements, notes, schedules and the independent auditor's report.
3. **Statistical Section** presents a variety of statistical and financial information.

Included in this report are the 2012 Financial Statements prepared by Village of Nakusp and audited by Berg Lehmann LLP. The consolidated financial statements are prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

New in 2012 for the Village's audited statements is the presentation of each of the individual funds. This provides readers of the statements better understanding and hopefully better transparency of the Village's operations.

2012 continued to be a busy year for the Village of Nakusp's major projects. These infrastructure projects—largely funded through grants- include the Sewer Treatment Plant, the Water Treatment Plant, Generator installation at the sewage lift station and the continuation of the Arena project.

The results for 2012 also moved the Village from a deficit at the start of the year to a surplus of \$220,882 by the end of the year. Some of this is due to how we are required to record grants. Overall this is an encouraging first step of rebuilding financial resiliency of the Village.

2012 also saw changes in administrative personnel and with these changes comes a renewed commitment to best practices in providing solid financial reporting to ensure that council, the public, and managers of Village Departments are provided with accurate financial information in a timely manner.

DEBT

As at December 31, 2012 the Village's debt was \$1,074,118. This debt has allowed various capital projects to be completed at the Village, including upgrades to the Hot Springs Infrastructure, Sewer upgrades and most recently the Emergency Services Building. Recent borrowings have been completed at historically low rates and debt service expenses for the Village's debt represents less than 5% of normalized reoccurring revenues.

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

Financial Section

RESERVE FUNDS

The replenishment of Reserve funds will be an area of focus for the next few years. Reserve funds are created to fund capital programs and to ensure that monies are available in the case of unforeseen emergency situations (eg. watermain break, extreme snow event, etc) affecting Village operations. As can be seen on the financial statements, the Equipment Replacement reserve is funded and allows Village equipment to be replaced on a rotating basis without impacting taxation at the time of replacement. In addition, the Water Reserve is funded with approximately \$825,000, though much of these funds will be used in the next couple of years.

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

The operating results in 2012 reflect the pressure that the reserve funds have experienced. The large capital projects have required partial funding and the use Village labour forces which has had an impact on operating expenses. With the large projects scheduled for completion in 2013, we will then turn our focus on replenishing the reserve funds and reducing some of the operating expenses which have increased as a result of the oversight needed to bring the capital projects to completion and resolve some on-going issues with these large projects.

2012 was a significant step in right direction for the Village. In 2013 we are looking forward to the completion and commissioning of the large existing capital projects that have been a focus over the past few years. I look forward to 2013.



Robert Richards, CA
Chief Financial Officer

Financial Section


Financial Section

Responsibility For Financial Reporting


Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the Village of Nakusp's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that the Village of Nakusp's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

The independent external auditors, Berg Lehmann, Chartered Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Village of Nakusp's financial position, results of operations, and changes in financial position in accordance with Canadian public sector accounting standards. The report of Berg Lehmann, Chartered Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Linda Tynan
Chief Administrative Officer



Robert Richards
Chief Financial Officer

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, 2012, 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.

Financial Section

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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

April 22, 2013

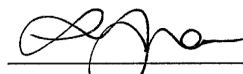
Nelson, B.C.

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and equivalents	\$ 758,423	\$ 981,181
Investments (note 2)	1,260,864	55,511
Accounts receivable (note 3)	536,760	1,154,221
MFA debt reserve cash deposits (note 4)	16,575	16,089
Investment in NACFOR (note 5)	605,257	279,531
	3,177,879	2,486,533
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	337,977	539,835
Deferred revenue (note 7)	818,801	442,239
Deposits	1,250	2,276
Capital lease obligation (note 8)	39,700	57,461
Long-term debt (note 9)	1,074,118	1,132,284
	2,271,846	2,174,095
NET FINANCIAL ASSETS	906,033	312,438
NON-FINANCIAL ASSETS		
Prepaid expenses	44,331	99,248
Inventory of materials and supplies	73,851	50,718
Tangible capital assets (schedule)	15,381,560	14,502,005
	15,499,742	14,651,971
ACCUMULATED SURPLUS	\$16,405,775	\$14,964,409
Represented by:		
Unappropriated surplus (note 10)	\$ 1,057,532	\$ 930,721
Statutory reserves (note 10)	475,244	441,898
Equity in tangible capital assets (note 10)	14,267,742	13,312,259
Investment in NACFOR (note 5)	605,257	279,531
	\$16,405,775	\$14,964,409

CONTINGENCIES (note 16)


 Linda Tynan
 Chief Administrative Officer


 Robert Richards
 Chief Financial Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2012

	2012 Budget (note 15)	2012 Actual	2011 Actual
REVENUE			
Municipal property taxes	\$ 878,947	\$ 878,881	\$ 857,570
Interest and penalties on taxes	22,500	32,076	23,272
Utility taxes and grants in lieu of taxes	69,453	74,049	62,842
General fees and charges	253,060	294,078	253,205
Hot Springs fees and other revenue	481,754	423,648	435,872
Sewer user fees and charges	264,049	269,844	227,526
Water user fees and charges	359,310	361,746	356,452
Permits and licences	18,950	22,556	20,798
Interest income	2,000	16,355	14,314
Conditional transfers from other governments	2,497,171	1,247,020	1,208,180
Unconditional transfer - Province of BC	366,986	500,152	485,424
Gain on sale of tangible capital assets	-	3,400	31,113
Contributed tangible capital assets (note 11)	-	221,570	-
Equity income (loss) from NACFOR (note 5)	-	325,726	(37,175)
	5,214,180	4,671,101	3,939,393
EXPENDITURES (note 12)			
General government	677,654	592,662	786,105
Protective services	268,622	247,434	241,647
Transportation and public works	412,958	438,077	419,304
Waste disposal	74,001	65,481	64,006
Cemetery services	29,993	25,999	32,068
Economic development and promotion	66,060	39,551	57,241
Parks, recreation and cultural services	590,041	671,965	583,823
Hot Springs	500,261	464,024	462,706
Sewer services	301,675	295,322	297,613
Water services	392,161	389,220	362,074
	3,313,426	3,229,735	3,306,587
ANNUAL SURPLUS	1,900,754	1,441,366	632,806
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,964,409	14,964,409	14,331,603
ACCUMULATED SURPLUS, END OF YEAR	\$16,865,163	\$16,405,775	\$14,964,409


Linda Tynan
Chief Administrative Officer


Robert Richards
Chief Financial Officer

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2012

	2012	2011
ANNUAL SURPLUS	\$ 1,441,366	\$ 632,806
Acquisition of tangible capital and assets	(1,503,449)	(1,253,319)
Amortization of tangible capital assets	623,894	587,473
Gain on sale of tangible capital assets	(3,400)	(31,113)
Proceeds on sale of tangible capital assets	3,400	35,928
	561,811	(28,225)
Net change in inventory and prepaid expenses	31,784	(20,440)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	593,595	(48,665)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	312,438	361,103
NET FINANCIAL ASSETS, END OF YEAR	\$ 906,033	\$ 312,438

Financial Section

VILLAGE OF NAKUSP
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

	2012	2011
OPERATING TRANSACTIONS		
Annual surplus	\$ 1,441,366	\$ 632,806
Non-cash items included in annual surplus		
Amortization	623,894	587,473
Actuarial gain on MFA long-term debt	(9,185)	(10,297)
Gain on sale of tangible capital assets	(3,400)	(31,113)
Investment (income) loss from NACFOR	(325,726)	37,175
Contributed tangible capital assets	(221,570)	-
Changes in non-cash operating balances		
Accounts receivable	617,461	14,330
MFA debt reserve cash deposits	(486)	(7,542)
Prepaid expenses and inventory	31,784	(20,440)
Accounts payable and accrued liabilities	(201,858)	(202,195)
Deferred revenue and deposits	375,536	3,568
Cash provided by operating transactions	2,327,816	1,003,765
CAPITAL TRANSACTIONS		
Cash paid for purchase of tangible capital assets	(1,281,879)	(1,253,319)
Proceeds from disposal of capital assets	3,400	35,928
Cash applied to capital transactions	(1,278,479)	(1,217,391)
FINANCING TRANSACTIONS		
Proceeds from long-term debt	-	820,000
Repayment of long-term debt	(66,743)	(345,881)
Cash received from (applied to) financing transactions	(66,743)	474,119
INVESTING TRANSACTIONS		
Decrease (increase) in investments	(1,205,352)	632
INCREASE (DECREASE) IN CASH	(222,758)	261,125
CASH, BEGINNING OF YEAR	981,181	720,056
CASH, END OF YEAR	\$ 758,423	\$ 981,181

Financial Section

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Financial Section

Village of Nakusp
Consolidated Financial Statements Schedule - Tangible Capital Assets
For the Year Ended December 31, 2012

	Land	Park Improvements & Other	Buildings	Equipment, Furniture & Vehicles	Transportation System	Sewer System	Water System	Assets Under Construction	2012 Total	2011 Total
COST										
Opening Balance	1,368,606	357,549	8,183,534	1,954,170	2,748,800	3,666,516	3,614,648	1,374,384	23,268,207	22,319,294
Add: Additions	-	-	31,147	121,830	18,777	-	25,946	1,327,971	1,525,671	3,216,493
Less: Disposals	-	-	-	13,009	-	-	-	22,222	35,231	2,267,580
Closing Balance	1,368,606	357,549	8,214,681	2,062,991	2,767,577	3,666,516	3,640,594	2,680,133	24,758,647	23,268,207
ACCUMULATED AMORTIZATION										
Opening Balance		21,928	3,068,616	812,418	1,495,770	1,600,826	1,766,644		8,766,202	8,478,319
Add: Amortization		7,680	218,823	154,712	67,658	93,502	81,519		623,894	587,473
Less: Acc. Amortization on Disposals		-	-	13,009	-	-	-		13,009	299,590
Closing Balance		29,608	3,287,439	954,121	1,563,428	1,694,328	1,848,163	-	9,377,087	8,766,202
Net Book Value, year ended										
December 31, 2012	1,368,606	327,941	4,927,242	1,108,870	1,204,149	1,972,188	1,792,431	2,680,133	15,381,560	14,502,005
Net Book Value, year ended										
December 31, 2011	1,368,606	335,621	5,114,918	1,141,752	1,253,030	2,065,690	1,848,004	1,374,384	14,502,005	

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As At December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

Basis of Accounting

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

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

Investment in Government Business Enterprise

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

Cash & 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, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial Assets

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

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Estimated useful lives are as follows:

Land	not amortized
Buildings and building components	15 to 50 years
Machinery and equipment	5 to 20 years
Furniture and equipment	5 to 20 years
Information technology	3 to 5 years
Vehicles and mobile equipment	5 to 25 years
Infrastructure	15 to 50 years

Contributed tangible capital assets are reported at fair value at the time of donation and are also recorded as revenue.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Revenue Recognition

Municipal Property Taxation

Taxation levies for Village services are recognized as revenue at the time of issuing the property tax notices for the fiscal year. Taxation levies imposed by other taxing authorities are not included in these statements.

Fees and Charges (including permits and licences)

Fees and charges are recognized as revenue when the service or product is provided by the Village. Fees include charges for water and sewer usage.

Government Transfers (conditional and unconditional grants)

Unconditional transfer revenue is recognized when it has been authorized by the transferor. Conditional transfer revenue is recognized when the transfer has been authorized by the transferor and the Village has met all the eligibility criteria, unless the transfer creates a liability (conditions on the use of the funds that have not yet been fulfilled by the Village). Conditional transfers for capital expenditures revenue are recognized when eligible expenditures are incurred by the Village.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Figures

The budget figures are based on the Five-Year Financial Plan for the year 2012, per bylaw #641 adopted May 9, 2012.

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

	2012	2011
MFA Money Market and CIBC Flexible GIC Funds	\$ 1,255,516	\$ 50,265
MFA Intermediate Fund	2,232	2,203
MFA Short Term Bond Fund	<u>3,116</u>	<u>3,043</u>
	<u>\$ 1,260,864</u>	<u>\$ 55,511</u>

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

3. ACCOUNTS RECEIVABLE

	2012	2011
Municipal property taxes	\$ 217,890	\$ 250,854
Government and agency grants	171,733	678,382
Sewer user fees	26,420	23,206
Water user fees	29,605	30,167
HST rebate	29,400	96,354
Other	<u>61,712</u>	<u>75,258</u>
	<u>\$ 536,760</u>	<u>\$ 1,154,221</u>

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

4. MUNICIPAL FINANCE AUTHORITY (MFA) DEBT RESERVE DEPOSITS

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

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

	Demand Notes	Cash Deposits	2012	2011
General Fund	\$ 24,927	\$ 9,209	\$ 34,136	\$ 33,866
Sewer Fund	14,181	7,366	21,547	21,331
	<u>\$ 39,108</u>	<u>\$ 16,575</u>	<u>\$ 55,683</u>	<u>\$ 55,197</u>

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

5. INVESTMENT IN NAKUSP & AREA COMMUNITY FOREST INC. (NACFOR)

NACFOR is a wholly owned subsidiary that was created for the purpose of managing a timber license in the Nakusp area. The Village accounts for its investment in this government business enterprise using the modified equity method. The condensed financial information of this investment for the year ending December 31, 2012 with comparative figures for December 31, 2011 are as follows:

	December 31, 2012	December 31, 2011
Assets		
Current assets	\$ 1,043,584	\$ 162,982
Long-term assets (logging roads)	-	146,157
	<u>1,043,584</u>	<u>309,139</u>
Liabilities		
Current liabilities	246,327	3,648
Silviculture accrual	192,000	25,960
	<u>438,327</u>	<u>29,608</u>
Shareholder's equity	<u>\$ 605,257</u>	<u>\$ 279,531</u>
Results of operations, net income (loss) for year	<u>\$ 325,726</u>	<u>\$ (37,175)</u>

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2012	2011
Payroll related	\$ 78,829	\$ 74,121
Trade accounts payable	168,639	402,635
Accrued liabilities	<u>90,509</u>	<u>63,079</u>
	<u>\$ 337,977</u>	<u>\$ 539,835</u>

7. DEFERRED REVENUE

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

	Balance, Beginning of Year	Contributions Received	Interest	Eligible Expenditures	Balance, End of Year
Federal Gas Tax Grant	\$ 17,183	\$ 111,435	\$ 260	\$(15,557)	\$ 113,321
Provincial grant - water	267,834	-	-	(62,227)	205,607
Provincial grant - recreation	-	340,000	-	(26,884)	313,116
Columbia Basin Trust grants	-	62,500	-	(10,994)	51,506
Municipal insurance grant	3,002	-	-	(3,002)	-
RDCK grants	23,269	27,989	-	(31,138)	20,120
Parkland acquisition	13,272	-	-	-	13,272
Prepaid taxes	<u>117,679</u>	<u>101,859</u>	<u>-</u>	<u>(117,679)</u>	<u>101,859</u>
	<u>\$ 442,239</u>	<u>\$ 643,783</u>	<u>\$ 260</u>	<u>\$(267,481)</u>	<u>\$ 818,801</u>

Federal gas tax funding is provided by the Government of Canada and use of the funding is restricted by the terms of the funding agreement between the local government and the Union of British Columbia municipalities. Gas tax funding may be used towards certain public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

8. CAPITAL LEASE OBLIGATION

	2012	2011
Municipal Finance Authority lease obligation for dump truck, with blended monthly payments of \$1,563 including interest of 1.25% per annum, secured by the leased asset, maturing January, 2015.	<u>\$ 39,700</u>	<u>\$ 57,461</u>

The required minimum lease payments over the next three years are as follows:

2013	\$ 18,751
2014	18,751
2015	<u>3,093</u>
Total minimum lease payments	40,595
Less amount representing interest	<u>895</u>
	<u>\$ 39,700</u>

9. LONG-TERM DEBT

	Balance, Beginning of Year	Additions	Principal	Actuarial Adjustment	Balance, End of Year
General Capital Fund					
MFA issue 117 bylaw 637	\$ 710,000	\$ -	\$ 23,843	\$ 209	\$ 685,948
MFA issue 117 bylaw 638	110,000	-	3,694	32	106,274
MFA issue 110 bylaw 573	49,328	-	11,244	793	37,291
	<u>869,328</u>	-	<u>38,781</u>	<u>1,034</u>	<u>829,513</u>
Sewer System Capital Fund					
MFA issue 63 bylaw 419	49,657	-	4,573	5,219	39,865
MFA issue 79 bylaw 546	213,299	-	5,627	2,932	204,740
	<u>262,956</u>	-	<u>10,200</u>	<u>8,151</u>	<u>244,605</u>
Total Long-term Debt	<u>\$1,132,284</u>	\$ -	<u>\$ 48,981</u>	<u>\$ 9,185</u>	<u>\$1,074,118</u>

Interest rates range from 3.0% to 5.49%. Actuarial adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

9. LONG-TERM DEBT (continued)

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

	General Capital	Sewer Capital	Total
2013	\$ 39,801	\$ 10,201	\$ 50,002
2014	\$ 39,801	\$ 10,201	\$ 50,002
2015	\$ 39,801	\$ 10,201	\$ 50,002
2016	\$ 27,537	\$ 10,201	\$ 37,738
2017	\$ 27,537	\$ 5,628	\$ 33,165

10. ACCUMULATED SURPLUS

Accumulated surplus is represented by:

	2012	2011
Unappropriated surplus (deficit)		
General Operating Fund	\$ 220,882	\$(50,710)
Water Operating Fund	824,974	812,171
Sewer Operating Fund	<u>11,676</u>	<u>169,260</u>
	<u>1,057,532</u>	<u>930,721</u>
Reserve Funds		
Operations Equipment	351,227	324,862
General Capital	13,852	39,246
Fire Services Equipment	<u>110,165</u>	<u>77,790</u>
	<u>475,244</u>	<u>441,898</u>
Investment in NACFOR	<u>605,257</u>	<u>279,531</u>
Equity in tangible capital assets		
General Capital Fund	8,310,560	8,309,358
Water Capital Fund	3,102,264	2,521,840
Sewer Capital Fund	<u>2,854,918</u>	<u>2,481,061</u>
	<u>14,267,742</u>	<u>13,312,259</u>
Total Accumulated Surplus	<u>\$ 16,405,775</u>	<u>\$ 14,964,409</u>

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

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

10. ACCUMULATED SURPLUS (continued)

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

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

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

11. CONTRIBUTED TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2012, the Village's work-in-progress tangible capital assets include contributions with a total cost of \$221,570 for the expansion of the Centennial Building. These contributed tangible capital assets are made through the fund raising efforts of the Arrow Lakes Historical Society, a tenant of the building.

12. EXPENDITURES BY OBJECT

	2012	2011
Interest and bank charges	\$ 48,980	\$ 39,503
Goods and services	1,082,095	1,225,746
Wages and benefits	1,491,674	1,501,060
Amortization of tangible capital assets	623,894	587,473
Less labour included in tangible capital additions	<u>(16,908)</u>	<u>(47,195)</u>
Total operating expenditures	<u>\$ 3,229,735</u>	<u>\$ 3,306,587</u>

13. PENSION LIABILITY

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

13. PENSION LIABILITY (continued)

The most recent actuarial valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to the individual entities participating in the Plan.

The Village paid \$93,208 (2011 - \$87,904) for employer contributions to the Plan in fiscal 2012.

14. COLLECTION FOR OTHER GOVERNMENTS

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

Provincial Government - School Taxes	\$ 663,922
Provincial Government - Police Tax Levy	70,827
Regional District Central Kootenay	383,720
Regional Hospital District	50,453
British Columbia Assessment Authority	15,518
Municipal Finance Authority	<u>48</u>
	<u>\$ 1,184,488</u>

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

15. BUDGET RECONCILIATION

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the budget as presented in bylaw #641 adopted May 9, 2012.

Budgeted surplus as presented	\$ 1,900,754
Proposed borrowing proceeds	400,000
Budgeted transfers from reserves	221,000
Budgeted transfers to reserves	(111,442)
Amortization	575,000
Budgeted debt principal payments	(61,234)
Budgeted capital expenditures	(3,063,331)
Budgeted use of prior year surplus	163,301
Budgeted increase in surplus	<u>(24,048)</u>
	<u>\$ -</u>

Financial Section

VILLAGE OF NAKUSP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
As At December 31, 2012

16. CONTINGENT LIABILITIES

Regional District Debt

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

17. CEMETERY CARE TRUST FUND

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

The condensed financial information for the period ended December 31, 2012 with 2011 comparative figures are as follows:

	2012	2011
Assets		
Short-term investments	\$ 28,443	\$ 26,236
Accrued interest	<u>18</u>	<u>310</u>
Equity	<u>\$ 28,461</u>	<u>\$ 26,546</u>
Operations		
Contributions	\$ 1,550	\$ 1,549
Interest	<u>365</u>	<u>1,116</u>
Change in equity	<u>\$ 1,915</u>	<u>\$ 2,665</u>

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

Financial Section

VILLAGE OF NAKUSP
GENERAL FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

FINANCIAL ASSETS	2012	2011
ASSETS		
Cash	\$ 758,423	\$ 981,181
Investments - MFA	1,260,864	55,511
Investment in NACFOR	605,257	279,531
Accounts receivable	91,111	171,612
Government and other grants receivable	9,353	216,745
Taxes receivable	217,890	250,854
MFA debt reserve cash deposits	9,209	8,939
Due from Sewer Fund	124,537	-
	3,076,644	1,964,373
LIABILITIES		
Accounts payable and accrued liabilities	337,978	539,836
Deferred revenue	805,528	428,967
Deposits	1,250	2,276
Capital lease obligation	39,700	57,461
Long-term debt	829,513	869,328
Due to Sewer Fund	-	36,764
Due to Water Fund	735,415	422,506
Due to Reserve Funds	488,516	455,170
	3,237,900	2,812,308
NET DEBT	(161,256)	(847,935)
NON-FINANCIAL ASSETS		
Prepaid expenses and deposits	73,851	50,718
Inventory of materials and supplies	44,331	99,248
Tangible capital assets	9,179,773	9,236,148
	9,297,955	9,386,114
ACCUMULATED SURPLUS	\$ 9,136,699	\$ 8,538,179
Represented by:		
Unappropriated surplus (deficit)	\$ 220,882	\$(50,710)
Equity in tangible capital assets	8,310,560	8,309,358
Equity in NACFOR	605,257	279,531
	\$ 9,136,699	\$ 8,538,179

Financial Section

VILLAGE OF NAKUSP
GENERAL OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2012

	2012	2011
REVENUE		
General taxation	\$ 869,093	\$ 847,783
Interest and penalties on taxes	32,076	23,272
Utility taxes and grants-in-lieu of taxes	74,049	62,842
General fees and charges	294,078	253,205
Hot Springs fees and other revenue	423,648	435,872
Permits and licences	22,556	20,798
Conditional transfers from other governments	402,720	612,613
Unconditional transfer - Province of BC	500,152	485,424
Investment interest	6,313	6,825
Equity income (loss) in NACFOR	325,726	(37,175)
Proceeds on sale of tangible capital assets	3,400	35,928
Contributed tangible capital assets	221,570	-
	3,175,381	2,747,387
EXPENDITURES		
General government	582,664	772,927
Protective services	162,328	164,941
Transportation services	287,826	288,887
Waste disposal services	55,443	53,968
Cemetery services	22,589	28,658
Economic development and promotion	39,551	57,241
Parks, recreation and cultural services	500,249	423,479
Hot Springs	445,670	444,743
Amortization	448,873	416,871
	2,545,193	2,651,715
TOTAL REVENUES OVER EXPENDITURES	630,188	95,672
Transfers from Reserve Funds	95,432	252,401
Transfers to Reserve Funds	(127,102)	(378,902)
General Capital expenditures	(392,496)	(544,129)
General Capital debt principal repayments	(57,577)	(46,725)
(Increase) decrease in investment in NACFOR	(325,726)	37,175
Prior year transfer from internal borrowing	-	253,000
Amortization transferred to equity in tangible capital assets	448,873	416,871
	(358,596)	(10,309)
ANNUAL SURPLUS	271,592	85,363
UNAPPROPRIATED DEFICIT, BEGINNING OF YEAR	(50,710)	(136,073)
UNAPPROPRIATED SURPLUS (DEFICIT), END OF YEAR	\$ 220,882	\$(50,710)

Financial Section

VILLAGE OF NAKUSP
WATER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

FINANCIAL ASSETS	2012	2011
ASSETS		
Water fees receivable	\$ 29,606	\$ 30,167
Grants receivable	59,953	359,498
Due from General Operating and Capital Fund	<u>735,415</u>	<u>422,506</u>
NET FINANCIAL ASSETS	824,974	812,171
TANGIBLE CAPITAL ASSETS	3,102,264	2,521,840
ACCUMULATED SURPLUS	\$ 3,927,238	\$ 3,334,011
Represented by:		
Unappropriated surplus	\$ 824,974	\$ 812,171
Equity in tangible capital assets	<u>3,102,264</u>	<u>2,521,840</u>
	\$ 3,927,238	\$ 3,334,011

Financial Section

VILLAGE OF NAKUSP
WATER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2012

	2012	2011
REVENUE		
User fees	\$ 361,746	\$ 356,452
Conditional transfers from other governments	620,702	487,971
	<u>982,448</u>	<u>844,423</u>
EXPENSES		
Water services	307,701	279,380
Amortization	81,519	82,694
	<u>389,220</u>	<u>362,074</u>
NET OPERATING REVENUES OVER EXPENDITURES	593,228	482,349
Amortization to equity in tangible capital assets	81,519	82,694
Water capital expenditures	(661,944)	(521,632)
Transfer from internal borrowing	-	100,000
	<u>12,803</u>	<u>143,411</u>
ANNUAL SURPLUS	12,803	143,411
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	812,171	668,760
UNAPPROPRIATED SURPLUS, END OF YEAR	\$ 824,974	\$ 812,171

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

FINANCIAL ASSETS	2012	2011
ASSETS		
Sewer fees receivable	\$ 26,420	\$ 23,206
Grants receivable	102,427	102,139
Due from General Fund	-	36,764
MFA debt reserve cash deposits	7,366	7,151
	<u>136,213</u>	<u>169,260</u>
LIABILITIES		
Due to General Fund	124,537	-
Long-term debt	244,605	262,956
	<u>369,142</u>	<u>262,956</u>
NET DEBT	(232,929)	(93,696)
TANGIBLE CAPITAL ASSETS	3,099,523	2,744,017
ACCUMULATED SURPLUS	\$ 2,866,594	\$ 2,650,321
Represented by:		
Unappropriated surplus	\$ 11,676	\$ 169,260
Equity in tangible capital assets	2,854,918	2,481,061
	<u>\$ 2,866,594</u>	<u>\$ 2,650,321</u>

Financial Section

VILLAGE OF NAKUSP
SEWER UTILITY OPERATING FUND
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2012

	2012	2011
REVENUE		
Parcel and specified area taxes	\$ 9,788	\$ 9,788
User fees	269,844	227,526
Interest income	8,366	7,487
Conditional transfers from other governments	223,598	107,596
	<u>511,596</u>	<u>352,397</u>
EXPENSES		
Sewer Service	201,820	204,888
Amortization	93,502	92,723
	<u>295,322</u>	<u>297,611</u>
TOTAL REVENUES OVER EXPENSES	<u>216,274</u>	<u>54,786</u>
Amortization to equity in tangible capital assets	93,502	92,723
Sewer capital expenditures	(449,009)	(187,557)
Sewer capital debt principal repayments	(18,351)	(17,453)
Transfer from internal borrowing	-	175,000
	<u>(373,858)</u>	<u>62,713</u>
ANNUAL SURPLUS (DEFICIT)	<u>(157,584)</u>	<u>117,499</u>
UNAPPROPRIATED SURPLUS, BEGINNING OF YEAR	<u>169,260</u>	<u>51,761</u>
UNAPPROPRIATED SURPLUS, END OF YEAR	<u>\$ 11,676</u>	<u>169,260</u>

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF FINANCIAL POSITION
As At December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Due from General Operating Fund	\$ 488,516	\$ 455,170
LIABILITIES		
Deferred revenue - parkland acquisition	13,272	13,272
	\$ 475,244	\$ 441,898
RESERVES		
Equipment Reserve	\$ 351,227	\$ 324,862
Fire Equipment Reserve	110,165	77,790
General Capital Reserve	13,852	39,246
	\$ 475,244	\$ 441,898

Financial Section

VILLAGE OF NAKUSP
RESERVE FUND
STATEMENT OF TRANSACTIONS
For the Year Ended December 31, 2012

	Balance, Beginning of Year	Contributions	Transfers to Other Funds	Interest Earned	Balance, End of Year
Equipment Reserve	\$ 324,862	\$ 95,102	\$(69,932)	\$ 1,195	\$ 351,227
Fire Equipment Reserve	77,790	32,000	-	375	110,165
General Capital Reserve	39,246	-	(25,500)	106	13,852
	<u>\$ 441,898</u>	<u>\$ 127,102</u>	<u>\$(95,432)</u>	<u>\$ 1,676</u>	<u>\$ 475,244</u>

Statistical Information

PROPERTY TAX EXEMPTIONS (PTE) 2012

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*.

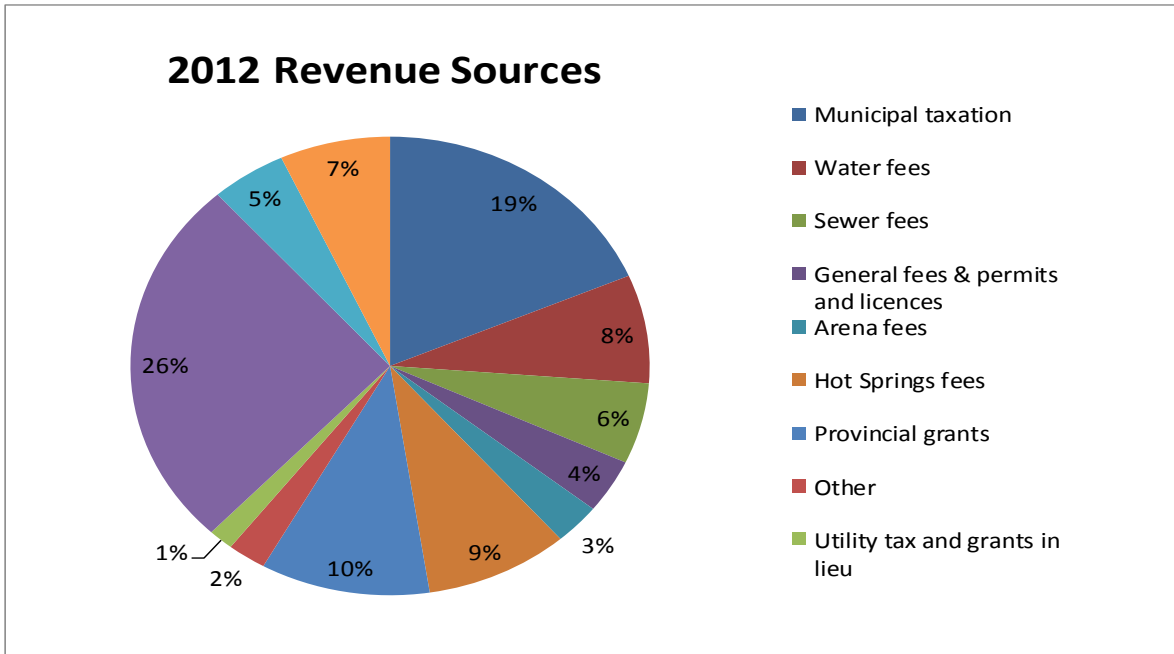
To be considered for a permissive tax exemption, an organization must submit an application and illustrate that their goals, policies, and operating principles that reflect those of the municipality; that the services provided are an extension of municipal services and that their programs are deemed 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 2012 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

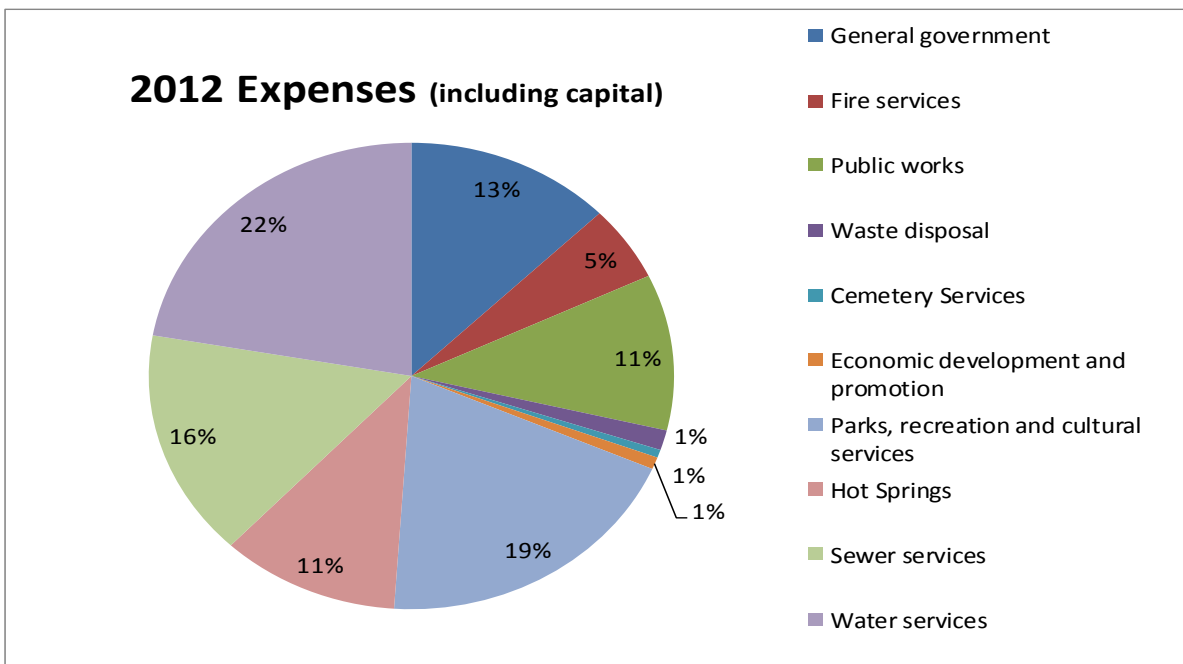
Organization	Civic Address	Municipal Taxes 2012
Royal Canadian Legion	94 – 4 th Ave NW	\$ 304.59
Arrow & Slocan Lakes Community Services	205 – 6 th Ave NW	3,977.27
	97 – 2 nd Ave NW	938.84
Arrow Lakes Hospital Auxiliary	418 Broadway	872.65
Nakusp Launch Club	Nakusp Waterfront	3,181.32
Halcyon Assisted Living Society	715 Broadway	5,367.99
Arrow Lakes Historical Society	92 – 7 th Ave NW	430.61
Nakusp Childcare Society	110 - 8 th Ave NW	761.39
	TOTAL	\$ 15,834.66

Statistical Information

REVENUE SOURCES 2012



EXPENSES Including Capital 2012

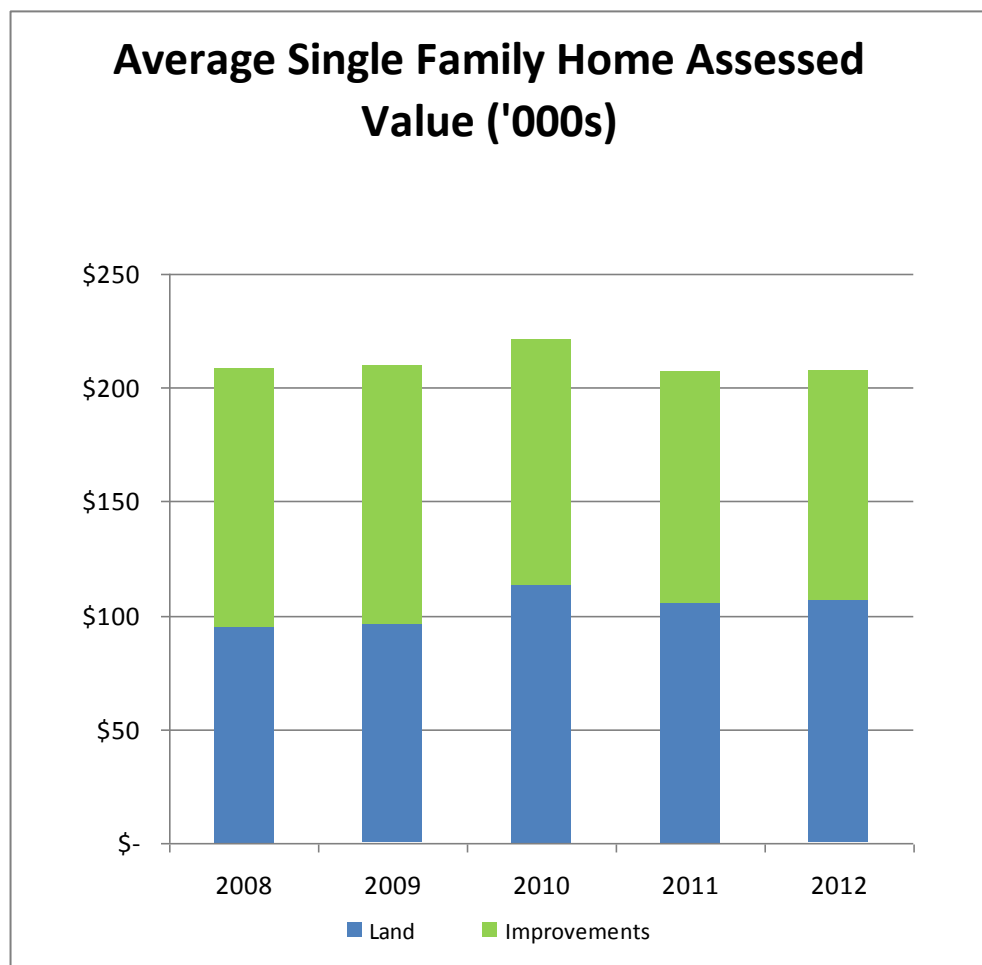


Statistical Information

TAXABLE PROPERTY ASSESSEMENTS 2012

Taxable Property Assessments	2008	2009	2010	2011	2012
01 - Residential	\$ 168,074,100	\$ 168,669,000	\$ 180,299,600	\$ 170,249,700	\$ 169,870,100
06 - Business And Other	20,237,800	20,238,750	23,727,900	25,621,750	26,596,200
05 - Light Industry	1,535,600	2,091,100	2,197,500	981,800	990,900
02 - Utilities	737,400	739,300	788,800	787,500	777,000
08 - Rec/Non Profit	517,600	533,300	427,300	336,400	539,900
09 - Farm	60,345	56,768	52,312	46,408	55,192
Total	\$ 191,162,845	\$ 192,328,218	\$ 207,493,412	\$ 198,023,558	\$ 198,829,292

Percent change from prior year	27.1%	0.6%	7.9%	-4.6%	0.4%
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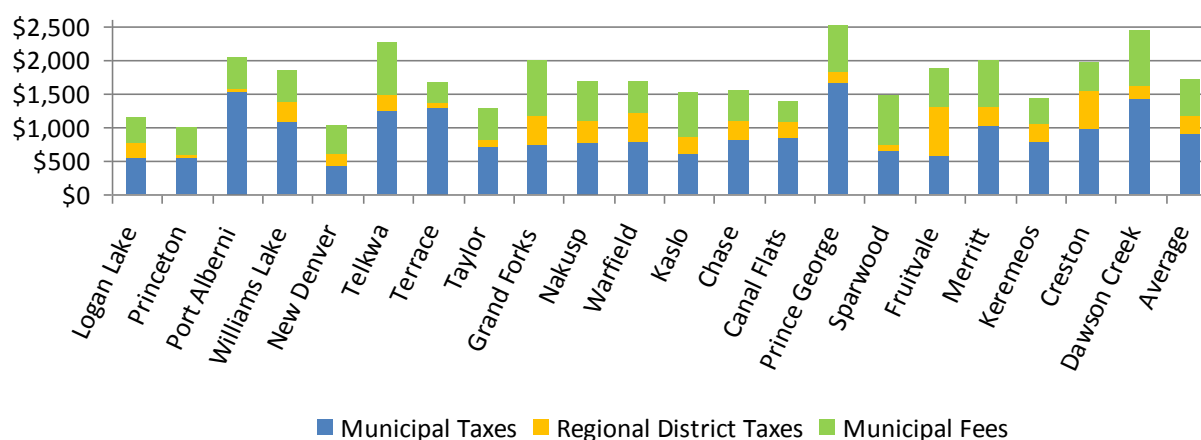


Statistical Information

MUNICIPAL COMPARISON 2012

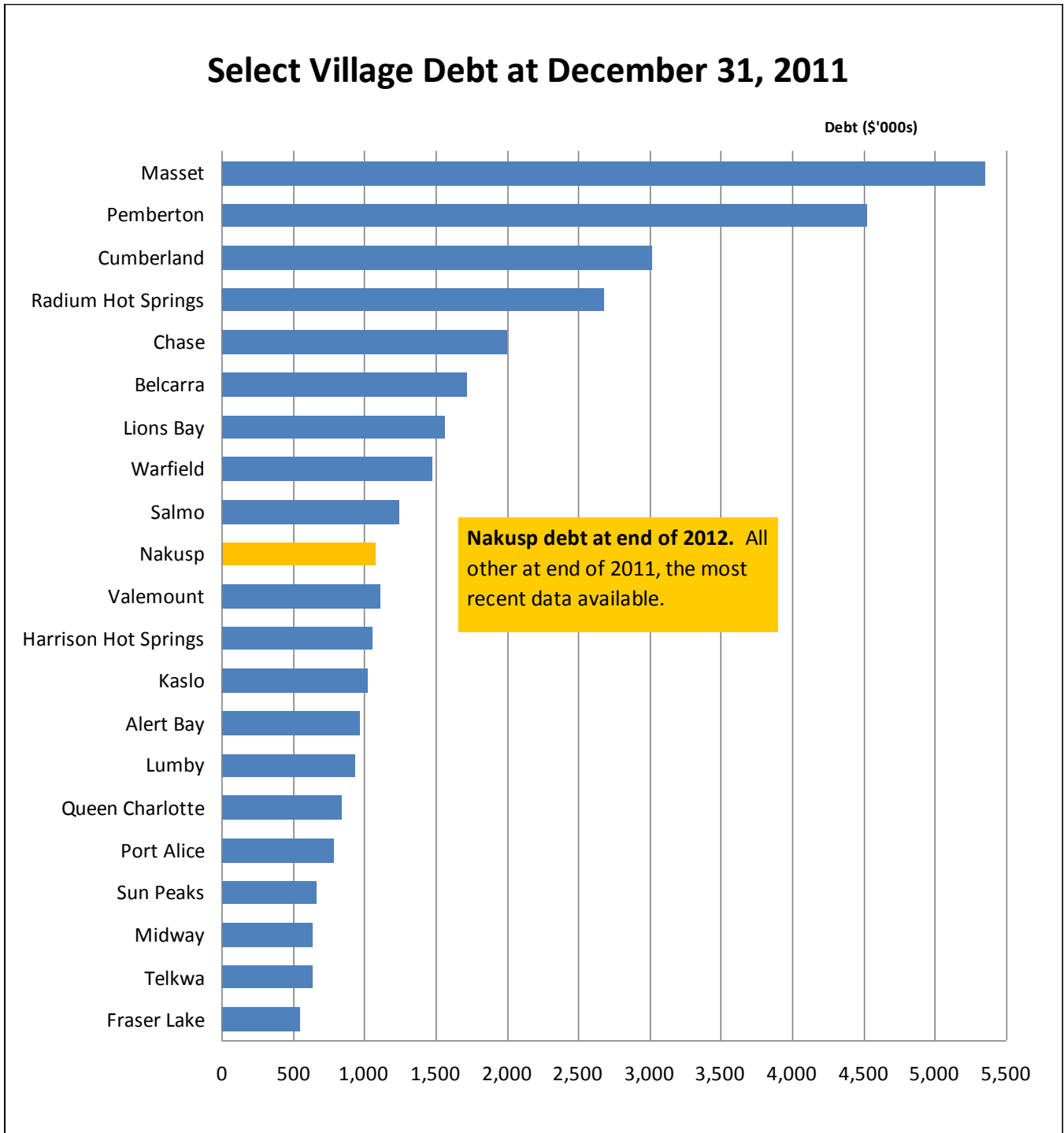
Municipality	Representative House Value	Municipal Taxes	Regional District Taxes	Municipal Fees	Total Taxes & Fees
Logan Lake	\$ 190,545	\$ 547	\$ 212	\$ 395	\$ 1,921
Princeton	190,822	539	67	407	2,102
Port Alberni	195,208	1,535	48	477	2,668
Williams Lake	196,544	1,081	292	499	2,769
New Denver	196,777	431	173	411	1,805
Telkwa	198,041	1,238	243	783	3,401
Terrace	202,380	1,299	50	331	2,647
Taylor	204,176	708	113	458	2,183
Grand Forks	205,186	733	427	836	2,721
Nakusp	207,469	770	333	583	2,611
Warfield	208,311	787	428	475	2,890
Kaslo	208,525	588	262	676	2,385
Chase	212,116	810	289	440	2,423
Canal Flats	213,278	844	224	318	2,149
Prince George	214,411	1,671	155	696	3,295
Sparwood	215,300	650	98	735	2,125
Fruitvale	215,719	565	754	555	3,158
Merritt	217,666	1,033	289	681	3,069
Keremeos	219,119	788	264	370	2,279
Creston	219,252	990	561	441	2,906
Dawson Creek	219,817	1,434	184	830	3,297
Average	207,174	907	260	543	2,610

2012 Municipal Comparison of Taxes and User Fees on a Typical House



Statistical Information

LONG TERM DEBT COMPARISONS



Statistical Information

MUNICIPAL STATISTICS

Incorporated:	November 24, 1964
Location:	Regional District of Central Kootenay, 200 km east of Vernon, 162 km northwest of Nelson. School District No. 10, Arrow Lakes
Area:	742 hectares
Population:	1,598
Km of Roads:	Paved - 32 Unpaved - 2
Km of Lanes:	6.6
Km of Sewers:	Storm - 1 Sanitary - 13
Employees:	22



Photo credit: Rory McLeod

The Village of Nakusp

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THE VILLAGE OF
N A K U S P

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