



The Corporation of the City of Nelson
2019 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE CITY OF NELSON
Fiscal Year Ended December 31, 2019

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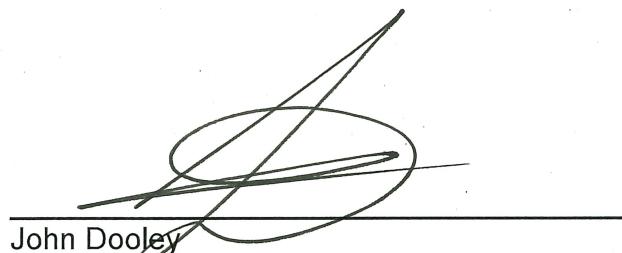
Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2019

STATEMENT OF FINANCIAL INFORMATION APPROVAL

We, the undersigned, approve the attached statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.


John Dooley
Mayor


Colin McClure, CPA, CA
Chief Financial Officer

Prepared as required by *Financial Information Regulation*, Schedule 1, section 9

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2019

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, Grant Thornton, Chartered Professional Accountants, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the *Financial Information Act*. Their examination includes a review and evaluation of the City's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of The Corporation of the City of Nelson



Colin McClure, CPA, CA
Chief Financial Officer
August 17, 2020



**THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

THE CORPORATION OF THE CITY OF NELSON
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For the Year Ended December 31, 2019

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THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2019

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 the accounting principles disclosed in Note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Nelson'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 Corporation of the City of Nelson'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, Grant Thornton LLP, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, The Corporation of the City of Nelson's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Grant Thornton LLP follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



Colin McClure, CPA, CA
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
Corporation of the City of Nelson

Grant Thornton LLP
513 Victoria Street
Nelson, BC
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Opinion

We have audited the accompanying consolidated financial statements of Corporation of the City of Nelson, which comprise the consolidated statement of financial position as at December 31, 2019, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Nelson as at December 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the City's preparation and fair presentation of the consolidated 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Chartered Professional Accountants

May 12, 2020

Nelson, B.C.

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 35,629,836	\$ 32,121,024
Investments (Note 3)	3,108,845	3,045,552
Accounts receivable (Note 4)	6,822,213	7,114,429
Long-term accounts receivable (Note 5)	2,642,079	2,986,334
MFA deposits (Note 6)	<u>328,219</u>	<u>320,748</u>
	<u>48,531,192</u>	<u>45,588,087</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	4,821,548	5,907,884
Deferred revenue (Note 8)	5,045,324	4,533,720
Accrued future payroll benefits (Note 9)	2,023,034	2,010,052
Capital lease obligation (Note 10)	337,040	343,916
Debt (Note 11)	<u>12,727,028</u>	<u>14,048,237</u>
	<u>24,953,974</u>	<u>26,843,809</u>
Net Financial Assets	23,577,218	18,744,278
Non -Financial Assets		
Tangible capital assets (Note 12)	166,317,373	161,267,671
Inventory (Note 13)	1,389,723	1,231,677
Prepaid expenses	<u>337,150</u>	<u>290,853</u>
	<u>168,044,246</u>	<u>162,790,201</u>
Accumulated Surplus (Note 14)	<u>\$191,621,464</u>	<u>\$181,534,479</u>

Commitments and Contingencies (Note 18)
 Subsequent Event (Note 22)



Colin McClure, CPA, CA
 Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2019

	2019 Budget (Note 21)	2019	2018
Revenue			
Taxes	\$ 10,593,104	\$ 10,614,400	\$ 10,520,754
Sale of services	3,943,368	4,082,061	3,709,505
Other revenue from own sources	5,084,033	6,039,526	3,586,966
Investment income	594,600	1,311,918	973,698
Grants - unconditional (Note 19)	790,592	798,756	798,291
Grants - conditional (Note 19)	4,245,228	3,489,215	6,260,536
Water user fees	2,334,759	2,339,485	3,543,563
Sewer user fees	4,414,369	4,435,604	3,037,346
Transit user fees	271,751	304,860	286,702
Nelson Hydro sales	18,231,001	18,681,152	18,509,343
Gain on disposal of tangible capital assets	-	511,965	-
	<u>50,502,805</u>	<u>52,608,942</u>	<u>51,226,704</u>
Expenses			
General government	3,970,296	3,762,723	3,524,459
Protective services	7,322,756	7,253,967	6,619,777
Transportation services	3,949,014	3,884,820	3,389,898
Environmental health services	285,093	240,002	217,230
Public health and welfare services	200,286	206,507	170,686
Parks, recreation and cultural services	1,944,405	2,365,549	2,009,118
Interest and other debt charges	910,097	767,434	797,155
Water utility operations	1,373,895	1,500,788	1,353,784
Sewer utility operations	1,891,262	1,849,628	1,796,446
Transit operations	1,670,587	1,766,004	1,678,083
Nelson Hydro operations	11,862,924	11,910,109	11,427,555
Library	924,659	933,408	904,865
Amortization	5,816,712	6,081,018	5,786,038
Loss on disposal of tangible capital assets	-	-	200,333
	<u>42,121,986</u>	<u>42,521,957</u>	<u>39,875,427</u>
Annual surplus	8,380,819	10,086,985	11,351,277
Accumulated surplus, beginning of the year	<u>181,534,479</u>	<u>181,534,479</u>	<u>170,183,202</u>
Accumulated surplus, end of the year	<u>\$189,915,298</u>	<u>\$191,621,464</u>	<u>\$181,534,479</u>

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	<u>2019 Budget</u>	<u>2019</u>	<u>2018</u>
Annual surplus	\$ 8,380,819	\$ 10,086,985	\$ 11,351,277
Acquisition of tangible capital assets	(16,387,423)	(11,848,821)	(13,031,609)
Amortization of capital assets	5,816,712	6,081,018	5,786,038
Proceeds on sale of tangible capital assets	-	1,230,066	111,815
Loss (gain) on disposal of tangible capital assets	-	(511,965)	200,333
	<u>(2,189,892)</u>	<u>5,037,283</u>	<u>4,417,854</u>
Consumption (acquisition) of prepaid expenses	-	(46,297)	27,881
Consumption (acquisition) of supply inventory	-	(158,046)	90,184
	<u>-</u>	<u>(204,343)</u>	<u>118,065</u>
Increase (decrease) in net financial assets	(2,189,892)	4,832,940	4,535,919
Net financial assets, beginning of year	<u>18,744,278</u>	<u>18,744,278</u>	<u>14,208,359</u>
Net financial assets, end of the year	\$ 16,554,386	\$ 23,577,218	\$ 18,744,278

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 10,086,985	\$ 11,351,277
Items not involving cash:		
Amortization of tangible capital assets	6,081,018	5,786,038
Actuarial adjustments	(430,168)	(377,944)
Loss (gain) on disposal of tangible capital assets	<u>(511,965)</u>	<u>200,333</u>
	15,225,870	16,959,704
Increase (decrease) in non-cash operating items:		
Accounts receivable	292,216	(991,057)
Long-term accounts receivable	344,255	330,600
MFA deposits	(7,471)	(6,831)
Accounts payable and accrued liabilities	(1,086,336)	108,246
Deferred revenue	511,604	(1,234,600)
Accrued future payroll benefits	12,982	51,462
Inventory	(158,046)	90,184
Prepaid expenses	<u>(46,297)</u>	<u>27,881</u>
	<u>15,088,777</u>	<u>15,335,589</u>
Financing Activities		
Debt repayment	(891,041)	(891,041)
Repayment of capital lease obligations	<u>(6,876)</u>	<u>(6,319)</u>
	<u>(897,917)</u>	<u>(897,360)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	1,230,066	111,815
Acquisition of tangible capital assets	<u>(11,848,821)</u>	<u>(13,031,609)</u>
	<u>(10,618,755)</u>	<u>(12,919,794)</u>
Investing Activities		
Net purchase of investments	<u>(63,293)</u>	<u>(40,184)</u>
Net increase in Cash	<u>3,508,812</u>	<u>1,478,251</u>
Cash and cash equivalents, beginning of year	<u>32,121,024</u>	<u>30,642,773</u>
Cash and cash equivalents, end of year	<u>\$ 35,629,836</u>	<u>\$ 32,121,024</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

1. Significant Accounting Policies

The Corporation of the City of Nelson (the City) is a local government in the Province of British Columbia. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the City's significant accounting policies:

(a) Basis of Presentation

The City of Nelson 's resources and operations are segregated into General, Water Utility, Wastewater Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The consolidated financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the consolidated financial statements.

(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. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the City.

Grant revenues are recognized when the funding becomes receivable. Revenue unearned in the current period is recorded as deferred revenue.

(c) Deferred Revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amount will be recognized as revenues in the fiscal year in which it is used for the specified purpose, the services are performed and or the projects are constructed.

(d) Government Transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

(e) Financial Instruments

The City's financial instruments consist of cash and short term investments, accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long term debt. It is management's opinion that the City 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.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

1. Significant Accounting Policies (continued)

(f) Accrued Future Payroll Benefits

The City records the cost of future payroll benefits over the employee's term of employment. Upon retirement a portion of accumulated sick leave credits are paid to the employee based on years of service.

(g) Interest and Actuarial Gains on Long Term Debt

The City records interest expense on long-term debt on an accrual basis and actuarial gains when realized as a reduction of the principal balance.

(h) Tangible Capital Assets

Tangible capital assets, comprised of capital assets and capital assets under construction, are recorded at cost 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. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land Improvements	15 to 20	years
Buildings	10 to 75	years
Fixtures, Furniture, Equipment & Vehicles	4 to 20	years
Technology	4 to 10	years
Roads and Paving	10 to 100	years
Bridges and other Transportation Structures	10 to 100	years
Water Infrastructure	10 to 100	years
Sewer Infrastructure	10 to 100	years
Nelson Hydro Infrastructure	10 to 100	years
Storm Drain Infrastructure	10 to 100	years

(i) 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.

(j) Inventory of supplies

Inventory of supplies held for consumption are recorded at the lower of weighted average cost and replacement cost.

(k) Statutory Reserves

Statutory reserves are funds that have been restricted by council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(l) Reserves Set Aside by Council

Reserves set aside by Council are non-statutory reserves which represent an appropriation of surplus for specific purposes. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

1. Significant Accounting Policies (continued)

(m) Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, future employee benefits, allowance for doubtful accounts and provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

(n) Budget

Budget data presented in these consolidated financial statements is based on the City's Five Year Financial Plan for the years 2019-2023, adopted by Council on May 6, 2019.

(o) Expenses

Expenses are recorded in the period in which the goods or services are acquired and the liability is incurred.

(p) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2019

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

2. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position are comprised of:

	2019	2018
Cash	\$ 3,089,675	\$ 5,425,275
Cash equivalents	<u>32,540,161</u>	<u>26,695,749</u>
	<u><u>\$ 35,629,836</u></u>	<u><u>\$ 32,121,024</u></u>

Cash equivalents are comprised of high interest savings accounts and pooled investment funds that are considered equivalent to cash because of their liquidity.

3. Investments

Investments are carried according to the cost method, where cost is adjusted to reflect accrued interest less any permanent decline in market value below cost. Investments are composed of Government and Bank issued accrual notes and debentures as follows:

<u>Maturity</u>	2019	2019	2018	2018
	Carrying Value	Market Value	Carrying Value	Market Value
2018	\$ -	\$ -	\$ 1,572,332	\$ 1,575,504
2019	1,911,366	1,920,929	305,548	285,600
2020	37,777	37,649	36,722	37,011
2021	43,296	43,223	96,171	88,200
2022	245,684	241,994	296,886	271,578
2023	347,883	340,135	399,800	360,714
2024	47,945	47,911	46,363	45,930
Thereafter	<u>474,894</u>	<u>474,695</u>	<u>291,730</u>	<u>304,666</u>
	<u><u>\$ 3,108,845</u></u>	<u><u>\$ 3,106,536</u></u>	<u><u>\$ 3,045,552</u></u>	<u><u>\$ 2,969,203</u></u>

4. Accounts Receivable

	2019	2018
Property taxes	\$ 373,561	\$ 397,038
Utility billings	3,904,088	3,903,246
Other governments	307,548	224,040
Trade & other receivables	<u>2,237,016</u>	<u>2,590,105</u>
	<u><u>\$ 6,822,213</u></u>	<u><u>\$ 7,114,429</u></u>

5. Long Term Accounts Receivable

The City entered into an agreement with Selkirk College in April 2000, to undertake certain improvements to the Tenth Street Campus. Selkirk College is paying for the improvements over a 25 year term in equal monthly installments at the Municipal Finance Authority lending rate plus 1%.

On-bill financing refers to the financial loan service that the City of Nelson has made available for energy retrofits. The customer repays the on-bill financing loan on their regular Nelson Hydro utility bill through automatic withdrawal. The loan is available to those who reside within the City of Nelson and approval is based on payment history and property ownership verification. The maximum allowable loan is \$16,000 with the choice of a 5 or 10 year repayment term, the current fixed interest rate is 3.5%. The interest rate is subject to change for any new loans on January first of each year.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

5. Long Term Accounts Receivable (continued)

The City has also entered into agreements with various organizations for goods and services or to repay long term financing agreements over an extended period of time.

	<u>2019</u>	<u>2018</u>
Selkirk College	\$ 2,117,582	\$ 2,423,399
Ecosave energy retrofits on-bill financing loans	283,340	270,585
Various other agreements	<u>241,157</u>	<u>292,350</u>
	<u>\$ 2,642,079</u>	<u>\$ 2,986,334</u>

6. Municipal Finance Authority Debt Reserve Fund

The Municipal Finance Authority of British Columbia provides capital financing for regional districts and their member municipalities. As a condition of this financing, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a Debt Reserve Fund. The Municipal Finance Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. Upon maturity of the debt issue, the unused portion is discharged to the municipality. The City recognizes these cash deposits on the financial statements.

The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not recorded in the financial statements.

As at December 31, 2019, the total of the Debt Reserve and Demand Note balances are as follows:

	2019	2019	2018	2018
	Cash Deposit	Demand Note	Cash Deposit	Demand Note
General fund	\$ 202,270	\$ 470,990	\$ 197,666	\$ 470,990
Sewer utility	17,070	40,843	16,682	40,843
Water utility	15,083	36,091	14,739	36,091
Nelson Hydro	<u>93,796</u>	<u>174,898</u>	<u>91,661</u>	<u>174,898</u>
	<u>\$ 328,219</u>	<u>\$ 722,822</u>	<u>\$ 320,748</u>	<u>\$ 722,822</u>

7. Accounts Payable and Accrued Liabilities

	<u>2019</u>	<u>2018</u>
Trades payable	\$ 3,992,678	\$ 5,226,264
Accrued wages and benefits	555,263	397,525
Accrued interest	118,028	122,627
Funds held on deposit	<u>155,579</u>	<u>161,468</u>
	<u>\$ 4,821,548</u>	<u>\$ 5,907,884</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

8. Deferred Revenue

	<u>2019</u>	<u>2018</u>
Taxes and utility prepayments	\$ 3,084,239	\$ 2,992,267
Hydro utility prepayments	614,727	604,922
Grants	558,155	346,918
Fees and charges	446,363	245,134
Other	<u>341,840</u>	<u>344,479</u>
	<u><u>\$ 5,045,324</u></u>	<u><u>\$ 4,533,720</u></u>

9. Accrued Future Payroll Benefits

	<u>2019</u>	<u>2018</u>
Holiday Pay	\$ 754,923	\$ 741,139
Sick Leave	1,087,473	1,111,792
Banked Overtime	<u>180,638</u>	<u>157,121</u>
	<u><u>\$ 2,023,034</u></u>	<u><u>\$ 2,010,052</u></u>

The City accrues holiday pay, sick leave, and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

Employees of the City are entitled to accumulate earned benefits related to sick leave. Employees accumulate sick leave on a pro-rata basis at a rate dependent on the relevant contract or collective agreement with the City. Upon retirement from the City, employees are entitled to a portion of their accumulated sick leave based on years of service in excess of 5 years.

The deferred liability related to sick leave is valued at management's best estimate, which is based on past experience and assumptions about retirement, wage, and salary increases and employee turnover.

10. Capital Lease Obligations

FortisBC Energy Lease

The City has entered into a 35 year capital lease with FortisBC Energy Inc (formerly Terasen Gas Inc.), commencing October 31, 2003 for the natural gas distribution system within the municipality's boundary for \$8,000,000. The City has prepaid \$7,600,000 of the capital lease obligation and has financed the prepayment through debt with the Municipal Finance Authority. The remaining obligation of \$400,000 is being paid through annual lease payments of \$36,354 including interest at 8.614%.

The City has also entered into a seventeen year operating lease with FortisBC expiring October 31, 2020 whereby the City leases back to FortisBC the operations of the gas distribution system. Under the operating lease FortisBC is required to make annual lease payments to the City calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. At the end of the seventeen year term FortisBC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$7,600,000 prepayment under the capital lease which is estimated to be \$3,900,000, or negotiate a new eighteen year operating lease with a continuation of the annual lease payments which existed under the previous seventeen year operating lease. Discussions with Fortis regarding the continuation or cancellation of the lease have not yet commenced, but are expected to begin in advance of the maturity date.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

11. Debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2019 Balance	2018 Balance
<u>General Purposes:</u>						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 213,745	\$ 224,980
3107	Baker Street bridge	3.85%	2033	900,000	699,528	736,299
3034	Street construction	4.82%	2022	50,341	12,565	16,435
2871	Tenth Street campus	3.15%	2025	6,080,000	2,146,574	2,452,397
3036	Highway 3A	4.00%	2021	300,000	50,891	74,878
2978	Fortis Gas	4.50%	2020	<u>4,200,000</u>	<u>497,906</u>	<u>976,661</u>
				<u>11,805,341</u>	<u>3,621,209</u>	<u>4,481,650</u>
Short-term financing						
		CDOR+.5%			<u>2,753,604</u>	<u>2,753,604</u>
<u>Water Purposes:</u>						
3038	Fairview reservoir	4.82%	2022	240,000	59,903	78,354
3106	Water improvements	4.90%	2029	<u>1,000,000</u>	<u>596,814</u>	<u>644,611</u>
				<u>1,240,000</u>	<u>656,717</u>	<u>722,965</u>
<u>Sewer Purposes:</u>						
3037	Sewage treatment plant	4.00%	2021	550,000	93,301	137,277
3109	Sewer improvements	4.90%	2029	<u>500,000</u>	<u>298,407</u>	<u>322,306</u>
				<u>1,050,000</u>	<u>391,708</u>	<u>459,583</u>
<u>Hydro Purposes:</u>						
3110	Hydro improvements	4.90%	2029	1,500,000	895,221	966,917
3223	Hydro improvements	3.05%	2032	<u>6,000,000</u>	<u>4,408,569</u>	<u>4,663,518</u>
				<u>7,900,000</u>	<u>5,303,790</u>	<u>5,630,435</u>
Total Debt						
					<u>\$ 12,727,028</u>	<u>\$ 14,048,237</u>

Principal payments and expected actuarial additions for the next 5 years and thereafter are as follows:

	General	Water	Sewer	Hydro	Total
2020	\$ 3,649,988	\$ 68,899	\$ 70,590	\$ 339,712	\$ 4,129,189
2021	416,015	71,665	73,414	353,300	914,394
2022	407,344	74,521	26,883	367,432	876,180
2023	420,855	55,916	27,959	382,129	886,859
2024	439,512	58,153	29,076	397,414	924,155
Thereafter	<u>1,041,099</u>	<u>327,563</u>	<u>163,786</u>	<u>3,463,803</u>	<u>4,996,251</u>
	<u>\$ 6,374,813</u>	<u>\$ 656,717</u>	<u>\$ 391,708</u>	<u>\$ 5,303,790</u>	<u>\$ 12,727,028</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

12. Tangible Capital Assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Land	\$ 8,985,717	\$ -	\$ 8,985,717	\$ 9,011,828
Buildings	37,034,522	27,937,642	9,096,880	8,831,760
Vehicles	9,645,121	5,344,216	4,300,905	4,294,918
IT, equipment & furniture	4,017,080	2,085,573	1,931,507	2,158,021
Library	257,282	199,158	58,124	64,863
Natural gas system capital lease	8,186,404	3,976,251	4,210,153	4,444,050
Transportation infrastructure	31,510,962	11,833,292	19,677,670	18,847,698
Parks & cemetery	7,519,415	3,177,248	4,342,167	4,302,110
Water infrastructure	52,124,824	14,816,671	37,308,153	37,499,111
Sewer infrastructure	33,554,987	13,432,343	20,122,644	19,220,569
Storm sewer infrastructure	20,358,241	7,493,197	12,865,044	12,926,945
Hydro generators & substations	21,196,277	7,820,362	13,375,915	13,658,007
Hydro infrastructure	37,674,647	8,215,949	29,458,698	25,286,652
Assets under construction	<u>583,796</u>	<u>-</u>	<u>583,796</u>	<u>721,139</u>
	<u>\$272,649,275</u>	<u>\$106,331,902</u>	<u>\$166,317,373</u>	<u>\$161,267,671</u>

See schedule of consolidated tangible capital assets for more information.

13. Inventory

Inventories recognized in the statement of financial position are comprised of:

	2019	2018
General, Water, Sewer, Transit, Garage and Library supplies	\$ 415,053	\$ 349,860
Fuel	61,600	46,772
Hydro operating supplies	<u>913,070</u>	<u>835,045</u>
	<u>\$ 1,389,723</u>	<u>\$ 1,231,677</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

14. Accumulated Surplus

	<u>2019</u>	<u>2018</u>
Reserves set aside by Council		
Capital projects	\$ 1,423,711	\$ 2,291,437
Community works fund	2,560,706	1,640,770
Equipment replacement	4,079,231	3,688,032
Future power purchase	1,131,721	1,106,571
Nelson municipal library	20,244	19,653
Nelson Hydro capital	6,950,075	6,359,648
Sewer utility capital	5,725,152	4,323,239
Waterfront development	31,080	30,183
Water licence	1,608,126	1,432,198
Water utility capital	<u>5,814,902</u>	<u>5,440,596</u>
	29,344,948	26,332,327
Statutory reserves		
Land sales	1,253,214	141,366
Off street parking	10,304	10,007
Parks acquisition	47,073	43,744
Tax sale	23,662	22,979
Total reserves	<u>30,679,201</u>	<u>26,550,423</u>
Surplus set aside by Council		
Airport	180,905	240,470
Art in public places	8,625	7,968
Bridge	399,789	359,789
Building reserve	666,943	949,170
Economic development	225,710	225,710
Downtown & waterfront	191,820	94,860
Fortis	577,904	640,286
Insurance	381,055	370,051
Legal	20,000	20,000
Parking	7,578	7,578
Recycling reserve	103,340	103,340
911	76,589	69,089
10th street	<u>173,089</u>	<u>152,285</u>
Unappropriated surplus	<u>3,013,347</u>	<u>3,240,596</u>
Total surplus	<u>2,558,032</u>	<u>2,444,542</u>
Invested in capital assets	<u>5,571,379</u>	<u>5,685,138</u>
Total Accumulated Surplus	<u>\$191,621,464</u>	<u>\$181,534,479</u>

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

15. Trust Funds

The Cemetery Care, Cemetery Replacement, Justice McDonald, Better Gardens and Spurway Estate Trust Funds are not reported in these financial statements. The following is a summary of Trust Fund transactions for the year:

	<u>2019</u>	<u>2018</u>
Balances, beginning of year	\$ 989,465	\$ 971,257
Contributions received	11,621	13,555
Interest earned	<u>18,464</u>	<u>19,653</u>
	1,019,550	1,004,465
Expenses and transfers	<u>(18,000)</u>	<u>(15,000)</u>
Balances, end of year	<u>\$ 1,001,550</u>	<u>\$ 989,465</u>

16. Taxes Levied For Other Paid Authorities

In addition to taxes levied for municipal purposes, the City is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	<u>2019</u>	<u>2018</u>
Provincial Government - School taxes	\$ 8,825,908	\$ 8,568,817
Regional District of Central Kootenay	4,440,939	4,107,175
West Kootenay Boundary Hospital District	757,077	721,113
British Columbia Assessment Authority	156,953	153,195
Municipal Finance Authority	<u>585</u>	<u>525</u>
	<u>\$ 14,181,462</u>	<u>\$ 13,550,825</u>

17. Pension Plan

The City of Nelson and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

17. Pension Plan (continued)

The City of Nelson paid \$1,578,684 (2018 - \$1,602,878) for employer contributions to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021 with results available in 2022.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

18. Commitments and Contingencies

Regional District Debt

Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the District and each member municipality within the District, including the City of Nelson.

Claims for Damages

In the normal course of a year the City is faced with lawsuits and claims for damages of a diverse nature. The outcome of these claims cannot be reasonably determined at this time.

Reciprocal Insurance Exchange Agreement

The City 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 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 Municipality is assessed a premium and specific deductible based on population and claims experience. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The City 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.

19. Grants

Grants received during the year were composed of the following government transfers and other:

	2019	2019	2018	2018
	Unconditional	Conditional	Unconditional	Conditional
Federal Government	\$ 160,071	\$ 133,326	\$ 155,012	\$ 2,175,249
Provincial Government	432,624	2,439,223	430,338	3,908,794
Regional / Other	<u>206,061</u>	<u>916,666</u>	<u>212,941</u>	<u>176,493</u>
	\$ 798,756	\$ 3,489,215	\$ 798,291	\$ 6,260,536

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

20. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens. City Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

The Departments and Divisions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; developing and maintaining information technology systems and applications; ensuring effective financial management and communication; administering City grants; developing an effective labour force; administering collective agreements and payroll; emergency planning; economic development; preparing land use plans, bylaws and policies for sustainable development of the City; monitoring and reporting performance; and ensuring that high quality City service standards are met.

Protective Services

Protective Services comprises Police and Fire services. The mandate of Police Services is to keep our community safe by enforcing the law, and by preventing and reducing crime. Bylaw is responsible for parking and other bylaw enforcement, as well as domestic animal control.

The mandate of the Fire and Rescue Services is to protect life, property and the environment through the provision of emergency response, inspections, code enforcement and public education, ensuring safety for the public.

Transportation Services

Transportation Services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services, and fleet services.

Environmental Health

Environmental Health is responsible for the City's solid waste and recycling collection services.

Public Health and Welfare

Public Health and Welfare maintains the cemetery grounds and operations for the City.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

20. Segmented Information (continued)

Parks, Culture and Recreation Services

Parks, Culture and Recreation is responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and programs, the youth centre and cultural services.

Water and Sewer Utility Operations

The Water Utility operates and distributes over 8 million cubic meters of drinking water annually, and maintains water mains and pump stations. The Sewer and Drainage Utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

Transit

Transit is tasked with providing safe, timely and efficient public transit services within the City limits.

Nelson Hydro

This segment includes all the operating activities related to the generation, distribution and supply of the City's electricity.

Library

As a controlled entity the City reports and is responsible for the successful operations of the Nelson Municipal Library.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

20. Segmented Information (continued)

Statement of Operations by Object and Function:

	General Government	Protective Services	Transportation Services	Environmental Health
Revenues				
Taxes	\$10,552,165	\$ -	\$ 62,235	\$ -
Sales of Service	268,046	2,225,845	332,250	412,200
Other revenue from own services	1,866,574	302,835	90,000	753
Investment income	731,715	-	-	-
Grants - unconditional	418,954	114,523	-	-
Grants - conditional	1,148,881	259,908	3,478	-
Water/Sewer user fees	-	-	-	-
Transit user fees	-	-	-	-
Nelson Hydro sales	-	-	-	-
Gain (loss) on disposal of assets	<u>1,139,953</u>	<u>-</u>	<u>(287,174)</u>	<u>-</u>
	<u>16,126,288</u>	<u>2,903,111</u>	<u>200,789</u>	<u>412,953</u>
Expenditures				
Wages and benefits	2,322,097	6,340,576	2,014,040	133,219
Supplies and services	1,440,625	913,392	1,870,781	106,783
Interest and other debt charges	425,637	-	51,620	-
Amortization	<u>1,489,165</u>	<u>109,294</u>	<u>1,725,376</u>	<u>-</u>
	<u>5,677,524</u>	<u>7,363,262</u>	<u>5,661,817</u>	<u>240,002</u>
Annual Surplus (Deficit)	<u>\$10,448,764</u>	<u>\$(4,460,151)</u>	<u>\$(5,461,028)</u>	<u>\$ 172,951</u>

Public Health & Welfare	Parks Recreation & Cultural	Water & Sewer Utilities	Transit	Nelson Hydro	Library	2019 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,614,400
70,779	747,520	-	-	-	25,422	4,082,061
12,250	61,375	960,087	2,077	2,699,910	43,665	6,039,526
-	-	319,656	-	255,748	4,799	1,311,918
-	-	-	-	-	265,279	798,756
2,400	681,949	-	1,194,283	162,600	35,716	3,489,215
-	-	6,775,089	-	-	-	6,775,089
-	-	-	304,860	-	-	304,860
-	-	-	-	18,681,152	-	18,681,152
-	-	(44,095)	-	(296,719)	-	511,965
<u>85,429</u>	<u>1,490,844</u>	<u>8,010,737</u>	<u>1,501,220</u>	<u>21,502,691</u>	<u>374,881</u>	<u>52,608,942</u>
186,129	1,055,055	1,961,259	904,486	2,448,493	722,764	18,088,118
20,377	1,310,494	1,389,157	861,518	9,461,616	210,644	17,585,387
-	-	65,601	-	224,576	-	767,434
-	262,632	1,307,315	-	1,187,236	-	6,081,018
<u>206,506</u>	<u>2,628,181</u>	<u>4,723,332</u>	<u>1,766,004</u>	<u>13,321,921</u>	<u>933,408</u>	<u>42,521,957</u>
\$ (121,077)	\$ (1,137,337)	\$ 3,287,405	\$ (264,784)	\$ 8,180,770	\$ (558,527)	\$ 10,086,985

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

21. Budget Data

The reconciliation of the approved budget for the current year to the budget figures reported in these consolidated financial statement is as follows:

	<u>2019</u>
Budget surplus per Consolidated Statement of Operations	\$ 8,380,819
Less: Capital expenditures	16,387,424
Debt principal repayments	897,918
Budgeted transfers to reserves	3,517,994
Add: Budgeted transfers from surplus and reserves	6,605,805
Amortization	5,816,712
Net annual budget	\$ <u> </u> -

22. Subsequent Event

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, will have a significant impact on the local and global economy. The City is anticipating a significant decrease in own source revenue from reduced parking and operations at some facilities. While the City expects this to be partially mitigated by a corresponding decrease in operating costs, there will likely be a need to draw down on reserve balances in 2020 in order to fund operations. The impact on the City's financial results for 2020 will depend on the length and severity of the COVID-19 outbreak and is not possible to reliably estimate at this time.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE A - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019

Tangible Capital Assets	Additions & reallocation of assets under Construction			Accumulated Amortization Opening balance			Amortization Expense			Reduction on Disposals			Accumulated Amortization Closing Balance			Net Carrying Amount End of year	
	Opening Balance	Disposals	Closing Balance														
Land	\$ 9,011,828	\$ (26,111)	\$ 8,985,717	\$ (26,111)	\$ 37,034,522	\$ 27,229,934	\$ 1,016,512	\$ (308,804)	\$ -	\$ (308,804)	\$ 27,937,642	\$ (325,409)	\$ 9,096,880	\$ 9,096,880	\$ 9,096,880	\$ 8,985,717	
Buildings	36,061,694	1,281,632	(308,804)	(389,410)	9,645,121	5,090,106	579,519	(19,217)	269,227	(19,217)	2,085,573	1,931,507	4,300,905	4,300,905	4,300,905	4,300,905	
Vehicles	9,385,024	649,507	(389,410)	(19,217)	4,017,080	1,835,563	269,227										
IT, equipment & furniture	3,993,584	42,713	(19,217)														
Library	260,440	-	(3,158)	257,282	195,577	6,739	(3,158)										
Natural gas system capital lease	8,186,404	-		8,186,404	3,742,354	233,897											
Transportation infrastructure	29,928,848	2,055,125	(473,011)	31,510,962	11,081,150	947,689	(195,547)										
Parks and cemetery	7,235,757	311,645	(27,987)	7,519,415	2,933,647	262,632	(19,031)										
Water infrastructure	51,627,001	545,516	(47,693)	52,124,824	14,127,890	707,179	(18,398)										
Sewer infrastructure	32,057,977	1,517,010	(20,000)	33,554,987	12,837,408	600,135	(5,200)										
Storm sewer infrastructure	20,151,308	209,108	(2,175)	20,358,241	7,224,363	270,255	(1,421)										
Hydro generators & substations	21,050,645	175,632	(30,000)	21,196,277	7,392,638	437,106	(9,382)										
Hydro infrastructure	33,080,560	5,198,276	(604,189)	37,674,647	7,793,908	750,129	(328,088)										
Assets under construction	721,139	397,393	(534,736)	583,796													
Total	\$ 262,752,209	\$ 12,383,557	\$ (2,486,491)	\$ 272,649,275	\$ 101,484,538	\$ 6,081,019	\$ (1,233,655)	\$ 106,331,902	\$ 166,317,373	\$ 166,317,373							

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2019

SCHEDULE OF DEBT

Information on all long term debt is included in the Audited Financial Statements of The Corporation of the City of Nelson.

Prepared as required by *Financial Information Regulation*, Schedule 1, section 4

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2019

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

The Corporation of the City of Nelson has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Prepared under the Financial Information Regulation, Schedule 1, section 5

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2019

STATEMENT OF SEVERANCE AGREEMENTS

There was 1 (one) severance agreements under which payment commenced between The Corporation of the City of Nelson and its non-unionized employees during the fiscal year ended December 31, 2019.

The agreement represented 4 months of compensation.*

* “Compensation” means based on salary.

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(8)

The Corporation of the City of Nelson
PAYMENT TO FINANCIAL STATEMENT RECONCILIATION
Fiscal Year Ended December 31, 2019

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 11,645,058
Employee Expenses	238,900
Employer CPP/EI	<u>561,847</u>
	<u>\$ 12,445,805</u>
Payments for Goods and Services	<u>33,459,435</u>
Total of Scheduled Payments	<u>\$45,905,240</u>
Total of Financial Statement Expenditures	<u>\$42,521,957</u>

The difference between the Total of Scheduled Payments and the Total Financial Statements Expenditures are due to:

- Adjustments to account for the difference between payments made on a cash basis, and the audited financial statements reporting expenditures on an accrual basis of accounting. This would include adjustments for opening and closing balances of inventories, prepaid expenses, and accrued liabilities.
- List of payments to suppliers include 100% GST while the expenditures in the financial statements are net of the applicable GST rebate.
- The remuneration schedule excludes the Nelson Police Department. In addition, the Nelson Municipal Library is required to complete their own SOFI report so their remuneration and expenses have not been included; however, the Library is included in the consolidated financial statements numbers.
- Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.
- The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.
- Payments to some suppliers are reported directly to the Balance Sheet and therefore are not reported as expenditures

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF REMUNERATION AND EXPENSE
YEAR ENDED DECEMBER 31, 2019

NAME	REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION	
Anderson, Brittny	Councillor	\$ 29,828
Dooley, John	Mayor	\$ 62,230
Logtenberg, Richard	Councillor	11,082
Morrison, Janice	Councillor	28,578
Page, Keith	Councillor	28,403
Renwick, Calvin	Councillor	27,878
Woodward, Jesse	Councillor	5,406
		5,671
TOTAL ELECTED OFFICIALS		232,714
		53,722
DETAILED EMPLOYEES > \$75,000		
Arabia, Frank	\$ 77,343	94
Arabia, Leonard	75,562	44
Arcand, Sebastien	75,734	2,934
Austin, Timothy	86,392	4,809
Baker, Jeremy	75,286	-
Bouvet-Boisclair, Gabriel	81,528	10,911
Capriglione, Joe	81,667	-
Centrone, Dean	90,672	125
Colgan, Andrew	98,792	899
Cormack, Kevin	185,491	10,309
Daloise, Michael	127,002	813
Dermody, Neal	95,952	14,225
Eagleson, Scott	98,757	270
Ellison, Sam	84,562	2,977
Gainham, Chris	117,641	3,295
Grill, Martin	89,193	85
Hamilton, Dana	170,107	291
Harding, Trevor	156,759	256
Hebert, Jeffrey	117,994	-
Innes, Colin	138,680	2,556
Jeffery, Scott	114,314	763
Johnson, Kevin	110,152	256
Jones, Brian	78,020	28
Jury, Christopher	102,471	3,071
Knight, Christopher	103,487	-
Koehle, Jody	107,056	-
Laminski, Chris	81,531	-
Lauritzen, Kalum	83,135	-
Love, Alex	186,907	6,276
Lynn, Logan	109,044	-
MacCharles, Len	140,931	8,952
Maida, Rick	122,214	2,803
Markin, Joanna	117,103	4,748
McClure, Colin	155,008	9,273
McNeil, Bruce	80,682	3,202

Mierau, Pam	121,583	3,268
Nystrom, Robin	113,604	2,161
Olsson, Carl	142,857	399
Ouellette, Martin	102,935	348
Patton, Robert	126,353	263
Pickering, Steve	75,725	263
Proctor, Greg	99,428	348
Reese, Aaron	75,774	-
Rorick, Suzanne	93,737	2,424
Rothkop, Jordon	160,676	256
Schmidtke, Gerald	89,194	494
Sinstadt, Peter	96,599	833
Stanley, Craig	98,757	3,894
Sutherland, Allison	99,566	2,438
Tenant, Gerry	76,908	-
Thast, Chris	98,036	1,889
Thibault, Marc	122,636	616
Thumm, Alex	78,518	5,547
Winton, Sarah	104,770	8,323
TOTAL DETAILED EMPLOYEES > \$75,000	5,794,823	128,029
TOTAL EMPLOYEES <= \$75,000	5,617,521	57,149
TOTAL	\$ 11,645,058	\$ 238,900
TOTAL EMPLOYER PREMIUM FOR CPP/EI		\$ 561,847

Prepared under the Financial Information Regulation, Schedule 1, section 6 to subsection 6(6)

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
YEAR ENDED DECEMBER 31, 2019

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
Aardvark Pavement Marking Services	\$ 43,003
Advanced Utility Systems	95,085
A-Mais Technologies Inc.	58,742
Andrew Sheret Limited	80,327
Aon Reed Stenhouse Inc.	179,861
Aqua Diversities Inc.	30,188
Arcright Plumbing & Heating Ltd	32,937
Arctic Arrow Powerline Group Ltd	449,421
Arrow Professional Landscaping	79,433
Austin Engineering Ltd.	28,933
BC Transit	732,125
Bee-Clean Building Maintenance Inc	36,330
Bill's Heavy Duty Enterprises (2004) Ltd	53,319
Black Press Group Ltd.	42,686
Brandt Tractor Ltd	174,185
Cam Tran Co Ltd	242,967
Canada Safety Equipment Ltd	25,961
Canadian Dewatering LP	166,952
Canadian Pacific Railway Company	57,213
Caro Analytical Services Ltd.	32,736
Castlegar Sculpturewalk Society	27,356
Centrix Control Solutions LP	60,704
CIMA Canada Inc	44,906
Cornerstone General Contracting Ltd.	369,370
Cowan's Office Supplies Ltd	79,444
Crews Control Flagging Ltd	78,584
Davey Tree Expert Co. of Canada, Limited	354,919
DBS Energy Services Inc.	83,765
DDC Excavating Ltd	80,545
DHC Communications Inc	62,804
Domino Highvoltage Supply Inc	91,093
F12.net Inc	66,795
Fining (Canada)	159,128
Fortis BC	6,951,467
Fraser Burrard Diving Limited	747,142
Fred Surridge Ltd.	166,872
Gall Legge Grant Zwack LLP	146,464
Georama Holdings Ltd	31,880
Gilbert Parts Depot	49,291
Glacier View Glass Ltd.	29,381
Grant Thornton LLP	39,900
Guillevin International Co.	45,064
Hadean Aggregate Solutions Inc.	93,173
Hall Printing	26,401
Heritage Roofing & Sheet Metal Ltd	34,062

High Five Maintenance Services	296,110
Hywood Truck & Equipment Ltd	36,495
ICBC	88,346
Inland Allcare	65,538
Insituform Technologies Ltd	526,223
IRL International Truck Centres Ltd	158,778
Itron Canada Inc.	32,454
J.J. Mackay Canada Limited	62,368
Jetson Consulting Engineers Ltd	30,828
John Dam & Associates Inc.	30,991
Joy of Art	56,169
Kal-Tire	51,791
Kleysen Group Ltd.	33,175
Kon Kast Products (2005) Ltd	28,304
Kootenay Association for Science and	30,000
Kootenay Complete Tree Service Ltd	279,791
Kootenay Industrial Supply Ltd	34,950
Lordco Auto Parts	68,231
Magnum Wear Parts Ltd.	36,018
Maple Leaf Power Corporation	312,761
Martech Electrical Systems Ltd	1,547,399
Martech Motor Winding Ltd	74,384
Marwest Industries Ltd	1,524,636
McNally Excavating Inc.	1,091,243
Minister of Finance - Accomodation & Real Estate	227,827
Minister of Finance - Queen's Printer	100,052
Minister of Finance - Transportation	55,909
Minister of Finance - Water Management	221,237
Mountain Bin Service Ltd	64,752
Municipal Finance Authority	1,564,736
Municipal Insurance Assoc. of BC	120,861
Municipal Pension Plan	1,124,157
Nedco, a division of Rexel Canada	27,086
Nelson Building Centre Limited	37,627
Nelson Ford Sales (2003) Inc.	56,291
Noramco	64,842
North Mountain Construction Ltd.	65,306
Owen Bird Law Corporation	48,694
Pacific Powertech Inc.	75,806
Parkland Refining (B.C.) Ltd	500,165
PetroValue Products Canada Inc.	112,046
Prism Engineering	35,416
Purcell Powerline Ltd.	124,915
Rectec Industries Inc.	28,053
Regional District of Central Kootenay	121,810
Ricoh Canada Inc.	34,395
Safesidewalks Canada Alberta Inc.	31,080
Selkirk College	46,400
Sensible Solutions Inc	39,842
SK Electronics Ltd.	25,107
SNC-Lavalin Inc	28,614
SNT Engineering Ltd	34,724

SNT Geotechnical Ltd	48,931
Softchoice LP	84,299
Stella-Jones Inc	764,735
Structurlam Mass Timber Corporation	30,520
Superior Propane Inc.	61,031
T2 Systems Canada Inc.	86,687
Telus Mobility (BC)	47,355
Terry Andreychuk Consulting Ltd.	188,416
Terus Construction Ltd	2,460,819
Toter	32,440
Trainor Mechanical Contractors Ltd	40,623
Trowelex Rentals & Sales	33,147
TRUE Consulting Ltd	112,712
Twin Rivers Controls Ltd	118,373
Urban Systems Ltd	324,241
Venture Mechanical Systems Ltd	83,716
Voith Hydro Inc.	62,757
Waterhouse Environmental Services Corp.	47,040
Wesco Distribution Canada LP	53,460
Wesco Utility	232,818
West Kootenay Mechanical (2001) Ltd.	78,190
Westcan Advanced Communication Solutions	30,147
Westek Controls Ltd.	93,030
WorkSafe BC	231,968
WSP Canada Group Limited	138,124
YRB - Yellowhead Road & Bridge	41,690
TOTAL DETAILED SUPPLIERS >\$25,000	29,604,920
TOTAL SUPPLIERS <= \$25,000	3,140,135
TOTAL SUPPLIERS	32,745,055

GRANTS AND CONTRIBUTIONS >\$25,000

Capitol Theatre	67,500
Community Futures Central Kootenay	87,700
Nelson & District Arts Council	38,000
Nelson & District Chamber of Commerce	79,520
Nelson Curling Club	30,000
Regional District of Central Kootenay	184,200
Touchstones Nelson	227,460
TOTAL GRANTS AND CONTRIBUTIONS >\$25,000	714,380
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	\$ 33,459,435

Prepared under the Financial Information Regulation, Schedule 1, section 7(1) and (2)