



The Corporation of the City of Nelson
2023 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE CITY OF NELSON
Fiscal Year Ended December 31, 2023

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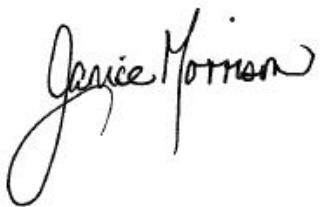
Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2023

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.



Janice Morrison
Mayor



Chris Jury, 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, 2023

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



Chris Jury, CPA, CA
Chief Financial Officer
June 18, 2024



**THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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For the Year Ended December 31, 2023

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THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2023

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the 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 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 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 financial statements. The report of Grant Thornton LLP follows and outlines the scope of their examination and their opinion on the financial statements.



Chris Jury, CPA, CA
Chief Financial Officer

Independent auditor's report

To the Mayor and Council of
The Corporation of the City of Nelson

Opinion

We have audited the financial statements of The Corporation of the City of Nelson ("the City"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Nelson as at December 31, 2023, and its results of operations, its changes in its net financial assets, 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 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the City or 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 audit 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten font.

Trail, Canada
May 7, 2024

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 4,817,935	\$ 2,246,270
Investments (Note 3)	51,398,407	51,494,794
Accounts receivable (Note 4)	9,135,133	8,412,807
Long-term accounts receivable (Note 5)	1,496,147	1,876,449
MFA deposits (Note 6)	<u>279,606</u>	<u>271,178</u>
	<u>67,127,228</u>	<u>64,301,498</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	8,061,476	7,879,516
Deferred revenue (Note 8)	8,264,425	6,970,274
Accrued future payroll benefits (Note 9)	1,911,931	1,871,787
Long-term debt (Note 10)	5,913,435	6,807,277
Asset retirement obligations (Note 11)	<u>1,659,456</u>	<u>-</u>
	<u>25,810,723</u>	<u>23,528,854</u>
Net Financial Assets	41,316,505	40,772,644
Non-Financial Assets		
Tangible capital assets (Note 12)	194,441,068	180,391,422
Inventory (Note 13)	2,775,557	2,231,110
Prepaid expenses	<u>362,301</u>	<u>376,666</u>
	<u>197,578,926</u>	<u>182,999,198</u>
Accumulated Surplus (Note 14)	<u>\$238,895,431</u>	<u>\$223,771,842</u>

Commitments and Contingencies (Note 18)



Chris Jury, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Note 21)	2023	2022
Revenue			
Taxes	\$ 12,209,231	\$ 12,297,471	\$ 11,562,329
Sale of services	4,315,924	3,880,497	4,052,566
Other revenue from own sources	4,649,474	6,059,080	4,563,345
Investment income	899,800	2,579,838	1,584,636
Government transfers - unconditional (Note 19)	816,652	900,843	917,121
Government transfers - conditional (Note 19)	6,815,644	9,023,483	6,142,388
Water user fees	2,640,392	2,639,754	2,571,670
Sewer user fees	4,959,160	4,948,450	4,751,578
Transit user fees	209,845	256,711	252,472
Nelson Hydro sales	22,020,000	21,422,203	20,728,017
Gain on disposal of assets	<u>-</u>	<u>253,375</u>	<u>-</u>
	<u>59,536,122</u>	<u>64,261,705</u>	<u>57,126,122</u>
Expenses			
General government services	5,473,011	4,974,665	4,747,149
Protective services	8,740,339	8,834,149	8,300,291
Transportation services	4,944,950	3,900,212	4,309,332
Environmental health services	583,974	566,476	460,379
Public health and welfare services	279,396	277,179	285,422
Parks, recreation and cultural services	2,684,159	2,665,590	2,409,914
Interest and other debt charges	637,737	464,128	448,330
Water utility operations	1,599,123	1,660,846	1,554,868
Sewer utility operations	2,140,132	1,948,084	1,910,291
Transit operations	1,882,543	2,024,537	1,904,878
Nelson Hydro operations	14,238,877	14,185,834	13,307,021
Library operations	1,017,003	965,584	904,694
Amortization	6,290,426	6,595,885	6,155,398
Accretion	<u>-</u>	<u>74,947</u>	<u>-</u>
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>123,515</u>
	<u>50,511,670</u>	<u>49,138,116</u>	<u>46,821,482</u>
Annual surplus	9,024,452	15,123,589	10,304,640
Accumulated surplus, beginning of the year	<u>223,771,842</u>	<u>223,771,842</u>	<u>213,467,202</u>
Accumulated surplus, end of the year	\$232,796,294	\$238,895,431	\$223,771,842

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2023

	<u>2023 Budget</u>	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 9,024,452	\$ 15,123,589	\$ 10,304,640
Acquisition of tangible capital assets	(25,988,649)	(19,502,990)	(16,199,919)
Initial recognition of asset retirement obligations	-	(1,584,509)	-
Amortization of tangible capital assets	6,290,426	6,595,885	6,155,398
Proceeds on sale of tangible capital assets	-	695,342	350,631
Loss (gain) on disposal of tangible capital assets	-	(253,375)	123,515
	<u>(10,673,771)</u>	<u>1,073,942</u>	<u>734,265</u>
Acquisition of prepaid expenses	-	14,366	(70,536)
Consumption (acquisition) of supply inventory	-	(544,447)	(612,837)
	<u>-</u>	<u>(530,081)</u>	<u>(683,373)</u>
Increase (decrease) in net financial assets	(10,673,771)	543,861	50,892
Net financial assets, beginning of year	<u>40,772,644</u>	<u>40,772,644</u>	<u>40,721,752</u>
Net financial assets, end of the year	\$ 30,098,873	\$ 41,316,505	\$ 40,772,644

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 15,123,589	\$ 10,304,640
Items not involving cash:		
Amortization of tangible capital assets	6,595,885	6,155,398
Accretion	74,947	-
Actuarial adjustments	(390,493)	(377,410)
Loss (gain) on disposal of tangible capital assets	(253,375)	123,515
	<u>21,150,553</u>	<u>16,206,143</u>
(Increase) decrease in non-cash operating items:		
Accounts receivable	(722,326)	(258,217)
Long-term accounts receivable	380,302	279,210
MFA deposits	(8,428)	(1,588)
Accounts payable and accrued liabilities	181,960	2,575,213
Deferred revenue	1,294,151	(1,101,064)
Accrued future payroll benefits	40,144	36,929
Inventory	(544,447)	(612,837)
Prepaid expenses	14,366	(70,536)
	<u>21,786,275</u>	<u>17,053,253</u>
Financing Activities		
Long-term debt repayment	<u>(503,349)</u>	<u>(498,769)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	695,342	350,631
Acquisition of tangible capital assets	<u>(19,502,990)</u>	<u>(16,199,919)</u>
	<u>(18,807,648)</u>	<u>(15,849,288)</u>
Investing Activities		
Net sale (purchase) of investments	<u>96,387</u>	<u>(3,228,157)</u>
Net increase (decrease) in Cash	<u>2,571,665</u>	<u>(2,522,961)</u>
Cash, beginning of year	<u>2,246,270</u>	<u>4,769,231</u>
Cash, end of year	<u>\$ 4,817,935</u>	<u>\$ 2,246,270</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant Accounting Policies

The Corporation of the City of Nelson ("the City") is a local government in the Province of British Columbia. The 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, Sewer Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the 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 revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Sale of services, user fees and Nelson Hydro sales

Sale of services and user fee revenues are recorded on the accrual basis and recognized as earned when the service or product is provided or facilities are utilized.

Grant revenues

Grant revenues are recognized when the funding becomes receivable. Non-government conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Grants for tangible capital assets are recognized when the eligible expenditures are made. Revenue unearned in the current period is recorded as deferred revenue.

Government transfers

Government transfers are recognized in the 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.

Interest income

Interest income on long-term receivables is recorded on the accrual basis and recognized when earned.

Investment income

Investment income is recorded on the accrual basis and recognized when earned.

A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognized only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost base of the investment.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant accounting policies (continued)

(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) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, long-term 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.

(e) 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.

(f) 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.

(g) Tangible capital assets

Tangible capital assets, comprise of tangible capital assets and tangible 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 into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Buildings	3 to 75 years
Library, furniture, equipment, and vehicles	3 to 30 years
Technology	3 to 50 years
Transportation infrastructure	10 to 100 years
Parks and cemetery	10 to 75 years
Water, sewer, and storm drain infrastructure	10 to 100 years
Nelson Hydro infrastructure	5 to 100 years

(h) 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.

(i) Inventory

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant accounting policies (continued)

(j) 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.

(k) 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.

(l) Use of estimates

The preparation of 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 estimated useful life and related amortization of tangible capital assets, future payroll benefits, allowance for doubtful accounts, provision for contingencies and timing and extent of asset retirement obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2023-2027, adopted by Council on May 9, 2023.

(n) Municipal Pension Plan

The City's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City 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 assets and administration of benefits. The plan is a multi-employer defined benefit plan.

(o) 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 were no liabilities recorded as at December 31, 2023.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant accounting policies (continued)

(p) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

2. Change in accounting policy

On January 1, 2023, the City adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with the standard. As a result of the adoption, for those tangible capital assets in productive use, there was an initial related increase at January 1, 2023 in the carrying amount of the related tangible capital asset and asset retirement obligation liability of \$1,584,509 (Note 11).

On January 1, 2023, the City adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, and PS 1201 Financial Statement Presentation. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 1). The adoption of these standards did not have any impact on the amounts presented in these financial statements.

3. Investments

Investments are recorded at cost, where cost is adjusted to reflect accrued interest less any permanent decline in market value below cost. Investments are composed of the following:

	2023	2022
Bank and provincial issued bonds	\$ 711,668	\$ 848,711
Pooled investment fund	50,204,024	49,683,581
Principal protected notes and other	482,715	962,502
	<u>\$ 51,398,407</u>	<u>\$ 51,494,794</u>

The quoted market value of the investments at December 31, 2023 was \$50,293,566 (2022 - \$49,713,138).

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

4. Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

	2023	2022
Property taxes	\$ 534,460	\$ 421,308
Utility billings	4,382,981	4,598,724
Other governments	435,902	404,401
Trade & other receivables	<u>3,781,790</u>	<u>2,988,374</u>
	<u><u>\$ 9,135,133</u></u>	<u><u>\$ 8,412,807</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 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.

	2023	2022
Selkirk College	\$ 750,362	\$ 1,115,055
Ecosave energy retrofits on-bill financing loans	593,586	581,619
Various other agreements	<u>152,199</u>	<u>179,775</u>
	<u><u>\$ 1,496,147</u></u>	<u><u>\$ 1,876,449</u></u>

6. Municipal Finance Authority debt reserve fund

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. If this occurs the regional districts may be called upon to restore the fund.

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2023, the total of the Debt Reserve Fund was comprised of:

	2023	2023	2022	2022
	<u>Cash deposit</u>	<u>Demand note</u>	<u>Cash deposit</u>	<u>Demand note</u>
General fund	\$ 154,637	\$ 230,493	\$ 149,976	\$ 230,493
Water utility	14,898	31,435	14,449	31,435
Sewer utility	7,449	15,718	7,224	15,718
Nelson Hydro	<u>102,622</u>	<u>174,898</u>	<u>99,529</u>	<u>174,898</u>
	<u><u>\$ 279,606</u></u>	<u><u>\$ 452,544</u></u>	<u><u>\$ 271,178</u></u>	<u><u>\$ 452,544</u></u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Accounts payable and accrued liabilities

	2023	2022
Trades payable	\$ 6,745,148	\$ 5,245,147
Accrued wages and benefits	1,023,998	1,185,968
Accrued interest	80,179	78,109
Funds held on deposit	<u>212,151</u>	<u>1,370,292</u>
	<u><u>\$ 8,061,476</u></u>	<u><u>\$ 7,879,516</u></u>

8. Deferred revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax grant *	\$ -	\$ 546,111	\$ (546,111)	\$ -
Tax prepayments	2,524,166	2,555,308	(2,524,166)	2,555,308
Utility and Hydro prepayments	1,850,997	2,187,978	(1,850,997)	2,187,978
Other grants	1,204,928	3,181,313	(2,055,190)	2,331,051
Other	<u>1,390,183</u>	<u>1,125,607</u>	<u>(1,325,702)</u>	<u>1,190,088</u>
	<u><u>\$ 6,970,274</u></u>	<u><u>\$ 9,596,317</u></u>	<u><u>\$ (8,302,166)</u></u>	<u><u>\$ 8,264,425</u></u>

* The Federal Gas Tax grant is recognized into revenue and immediately transferred into the Community Works Fund reserve.

9. Accrued future payroll benefits

	2023	2022
Holiday pay	\$ 874,202	\$ 795,008
Sick leave	862,009	898,038
Banked overtime	<u>175,720</u>	<u>178,741</u>
	<u><u>\$ 1,911,931</u></u>	<u><u>\$ 1,871,787</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.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

10. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2023 Balance	2022 Balance
<u>General purposes:</u>						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 164,125	\$ 177,269
3108	Baker Street bridge	3.85%	2033	900,000	537,132	580,150
2863	Tenth Street campus	6.45%	2025	<u>6,080,000</u>	<u>779,357</u>	<u>1,144,050</u>
				<u>7,255,000</u>	<u>1,480,614</u>	<u>1,901,469</u>
<u>Water purposes:</u>						
3110	Water improvements	4.90%	2029	<u>1,000,000</u>	<u>385,726</u>	<u>441,642</u>
<u>Sewer purposes:</u>						
3109	Sewer improvements	4.90%	2029	<u>500,000</u>	<u>192,863</u>	<u>220,821</u>
<u>Hydro purposes:</u>						
3106	Hydro improvements	4.90%	2029	1,500,000	578,588	662,462
3223	Hydro improvements	2.90%	2032	<u>6,000,000</u>	<u>3,275,644</u>	<u>3,580,883</u>
				<u>7,500,000</u>	<u>3,854,232</u>	<u>4,243,345</u>
Total long-term debt				\$ <u>5,913,435</u>	\$ <u>6,807,277</u>	

Principal payments and expected actuarial additions are as follows:

	General	Water	Sewer	Hydro	Total
2024	\$ 439,512	\$ 58,153	\$ 29,076	\$ 397,414	\$ 924,155
2025	458,998	60,479	30,239	413,311	963,027
2026	63,174	62,898	31,449	429,843	587,364
2027	65,701	65,414	32,707	447,037	610,859
2028	68,329	68,030	34,015	464,919	635,293
Thereafter	<u>384,900</u>	<u>70,752</u>	<u>35,377</u>	<u>1,701,708</u>	<u>2,192,737</u>
	<u>\$ 1,480,614</u>	<u>\$ 385,726</u>	<u>\$ 192,863</u>	<u>\$ 3,854,232</u>	<u>\$ 5,913,435</u>

11. Asset retirement obligations

Existing laws and regulations require the City to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Following the adoption of the Public Accounting Standard PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal of these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings, sewer, and storm sewer infrastructure capital assets. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The City has adopted the standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption or the standard. Estimated costs totaling \$3,839,286 have been discounted using a present value calculation with a discount rate of 4.73%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2026 and 2071 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

11. Asset retirement obligations (continued)

The following is a summary of asset retirement obligation transactions for the year:

	<u>2023</u>	<u>2022</u>
Opening asset retirement obligation	\$ -	\$ -
Initial recognition of expected discounted cash flows	1,584,509	-
Increase due to accretion	74,947	-
Closing asset retirement obligation	<u>\$ 1,659,456</u>	<u>\$ -</u>

12. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2023 Net book value</u>	<u>2022 Net book value</u>
Land	\$ 8,801,152	\$ -	\$ 8,801,152	\$ 8,831,717
Buildings	40,104,030	31,269,758	8,834,272	8,115,862
Vehicles	12,879,713	6,355,309	6,524,404	5,033,706
IT, equipment & furniture	5,648,261	2,786,660	2,861,601	2,660,450
Library	363,500	278,316	85,184	83,089
Transportation infrastructure	39,905,643	15,666,795	24,238,848	21,943,829
Parks & cemetery	9,996,998	4,384,776	5,612,222	5,547,911
Water infrastructure	58,983,541	17,750,577	41,232,964	41,404,813
Sewer infrastructure	35,037,473	15,878,819	19,158,654	19,084,803
Storm sewer infrastructure	20,887,219	8,584,209	12,303,010	12,553,374
Hydro generators & substations	22,935,229	9,775,937	13,159,292	13,190,230
Hydro infrastructure	46,139,655	11,372,933	34,766,722	33,610,623
Assets under construction	<u>16,862,743</u>	<u>-</u>	<u>16,862,743</u>	<u>8,331,015</u>
	<u>\$318,545,157</u>	<u>\$124,104,089</u>	<u>\$194,441,068</u>	<u>\$180,391,422</u>

See schedule of tangible capital assets for more information.

13. Inventory

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

	<u>2023</u>	<u>2022</u>
General, water, sewer, transit, garage and library supplies	\$ 806,262	\$ 656,334
Fuel	56,923	82,717
Hydro operating supplies	<u>1,912,372</u>	<u>1,492,059</u>
	<u>\$ 2,775,557</u>	<u>\$ 2,231,110</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

14. Accumulated surplus

	2023	2022
Reserves		
Set aside by Council		
Affordable housing	\$ 125,113	\$ -
Capital projects	1,784,395	1,718,387
Community works fund	1,757,613	2,393,996
Equipment replacement	3,051,050	4,139,116
Financial stabilization	1,000,000	-
Future power purchase	1,253,042	1,213,330
Growing communities	4,275,530	-
Legacy	991,425	1,408,889
Nelson Public Library	23,737	21,899
Nelson Hydro capital	4,938,517	7,621,674
Sewer utility capital	16,677,463	13,822,854
Waterfront development	34,015	33,415
Water licence	616,922	1,424,069
Water utility capital	<u>5,812,931</u>	<u>5,886,872</u>
	42,341,753	39,684,501
Statutory reserves		
Active transportation	66,973	11,081
Land sales	742,621	1,236,975
Parks acquisition	51,501	50,602
Tax sale	<u>25,983</u>	<u>25,483</u>
	<u>887,078</u>	<u>1,324,141</u>
Total reserves	<u>43,228,831</u>	<u>41,008,642</u>
Surplus		
Surplus set aside by Council		
Airport	130,595	101,038
Art in public places	48,099	18,228
Bridge	459,789	419,789
Building reserve	1,878,563	1,346,279
Economic development	345,710	345,710
Downtown & waterfront	360,793	260,321
Insurance	424,762	412,217
Legal	20,000	20,000
Parking	7,578	7,578
Recycling reserve	-	340
911	106,589	99,089
10th street	<u>255,493</u>	<u>235,493</u>
	4,037,971	3,266,082
Unappropriated surplus	<u>4,010,087</u>	<u>4,797,920</u>
Total surplus	<u>8,048,058</u>	<u>8,064,002</u>
Invested in tangible capital assets	<u>187,618,542</u>	<u>174,699,198</u>
Total accumulated surplus	<u>\$238,895,431</u>	<u>\$223,771,842</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

15. Trust funds

The Cemetery Care, Cemetery Replacement, Justice McDonald, Better Gardens, Spurway Estate and Habitat for Humanity trust funds are not reported in these financial statements. The following is a summary of trust fund transactions for the year:

	2023	2022
Balances, beginning of year	\$ 1,030,805	\$ 1,028,619
Contributions received	15,180	16,005
Interest earned	35,623	22,181
Expenses and transfers	(24,000)	(36,000)
Balances, end of year	<u>\$ 1,057,608</u>	<u>\$ 1,030,805</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.

	2023	2022
Provincial Government - school taxes	\$ 9,860,928	\$ 9,702,320
Regional District of Central Kootenay	5,491,525	5,150,312
West Kootenay - Boundary Regional Hospital District	676,204	718,181
British Columbia Assessment Authority	191,140	186,678
Municipal Finance Authority	841	787
	<u>\$ 16,220,638</u>	<u>\$ 15,758,278</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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

17. Pension plan (continued)

The City of Nelson paid \$1,746,418 (2022 - \$1,631,203) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024 with results available in 2025.

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 Community Charter of B.C., 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 City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful, will be recorded when a liability is likely and determinable.

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. Government transfers

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

	2023 Unconditional	2023 Conditional	2022 Unconditional	2022 Conditional
Federal government	\$ 156,208	\$ 774,739	\$ 159,726	\$ 391,742
Provincial government	455,828	7,411,122	522,845	2,834,067
Regional/other	<u>288,807</u>	<u>837,622</u>	<u>234,550</u>	<u>2,916,579</u>
	<u>\$ 900,843</u>	<u>\$ 9,023,483</u>	<u>\$ 917,121</u>	<u>\$ 6,142,388</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

20. Segmented information

The City is a diversified municipal government institution that provides a wide range of services. City services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information and the services they provide, are as follows:

General government services

The departments and divisions within general government services are responsible for bylaws, administrative policy, taxes and utilities billing, developing and maintaining information technology systems, ensuring effective financial management and communication, administering City grants, developing an effective labour force, administering collective agreements and payroll, emergency planning, economic development, monitoring and reporting performance, preparing land use plans, bylaws and policies for sustainable development of the City, 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 services is responsible for parking and other bylaw enforcement, and domestic animal control. The mandate of the fire and rescue services is to protect life, property and the environment through 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 services

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

Public health and welfare services

Public health and welfare maintains the cemetery grounds and operations for the City.

Parks, culture and recreation services

Parks, culture and recreation is responsible for providing, developing, 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 operations

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

Nelson Hydro operations

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

Library operations

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

20. Segmented information (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health	Public health & welfare
Revenues					
Taxes	\$12,234,291	\$ -	\$ 63,180	\$ -	\$ -
Sales of service	151,462	1,723,844	499,203	728,514	67,940
Other revenue from own sources	1,910,155	323,974	112,879	2,213	18,000
Investment income	1,469,391	-	-	-	-
Grant transfers - unconditional	410,900	107,100	-	-	-
Grant transfers - conditional	1,129,374	360,008	4,151,678	-	2,400
Water and sewer user fees	-	-	-	-	-
Transit user fees	-	-	-	-	-
Nelson Hydro sales	-	-	-	-	-
Gain on disposal of assets	-	-	387,697	-	-
	<u>17,305,573</u>	<u>2,514,926</u>	<u>5,214,637</u>	<u>730,727</u>	<u>88,340</u>
Expenditures					
Wages and benefits	3,188,804	7,404,230	1,678,785	358,281	225,039
Supplies and services	1,785,861	1,429,919	2,221,427	208,195	52,140
Interest and other debt charges	145,920	-	47,308	-	-
Amortization	1,114,890	105,974	2,086,188	151,634	-
Accretion	46,041	-	-	-	-
Loss on disposal of assets	-	-	-	-	-
	<u>6,281,516</u>	<u>8,940,123</u>	<u>6,033,708</u>	<u>718,110</u>	<u>277,179</u>
Annual Surplus (Deficit)	<u>\$11,024,057</u>	<u>\$(6,425,197)</u>	<u>\$ (819,071)</u>	<u>\$ 12,617</u>	<u>\$ (188,839)</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Parks, recreation & cultural	Water & sewer utilities	Transit	Nelson Hydro	Library	2023 Total	2022 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,297,471	\$ 11,562,329
698,488	-	-	-	11,046	3,880,497	4,052,566
144,561	392,627	3,412	3,111,151	40,108	6,059,080	4,563,345
-	632,277	-	448,466	29,704	2,579,838	1,584,636
-	-	-	-	382,843	900,843	917,121
1,716,390	128,249	1,448,374	50,800	36,210	9,023,483	6,142,388
-	7,588,204	-	-	-	7,588,204	7,323,248
-	-	256,711	-	-	256,711	252,472
-	-	-	21,422,203	-	21,422,203	20,728,017
-	(33,606)	-	(100,716)	-	253,375	-
<u>2,559,439</u>	<u>8,707,751</u>	<u>1,708,497</u>	<u>24,931,904</u>	<u>499,911</u>	<u>64,261,705</u>	<u>57,126,122</u>
1,404,149	2,271,094	999,837	3,608,014	741,322	21,879,555	20,305,227
1,261,441	1,337,836	1,024,700	10,577,820	224,262	20,123,601	19,789,012
-	33,750	-	237,150	-	464,128	448,330
264,876	1,440,204	-	1,432,119	-	6,595,885	6,155,398
-	28,794	-	112	-	74,947	-
-	-	-	-	-	-	123,515
<u>2,930,466</u>	<u>5,111,678</u>	<u>2,024,537</u>	<u>15,855,215</u>	<u>965,584</u>	<u>49,138,116</u>	<u>46,821,482</u>
<u>\$ (371,027)</u>	<u>\$ 3,596,073</u>	<u>\$ (316,040)</u>	<u>\$ 9,076,689</u>	<u>\$ (465,673)</u>	<u>\$ 15,123,589</u>	<u>\$ 10,304,640</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

21. Budget data

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

	2023
Budget surplus per statement of operations	\$ 9,024,452
Less: Capital expenditures	25,988,649
Long-term debt principal repayments	501,767
Budgeted transfers to reserves	6,199,749
Add: Budgeted transfers from surplus and reserves	16,583,787
Amortization	6,290,426
Debt proceeds	<u>791,500</u>
Net annual budget	\$ <u>-</u>

22. Financial instruments and risk management

Financial instruments include cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long-term debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, interest risk, currency risk and liquidity risk. Management is responsible for safe guarding resources, managing risks, and implementing appropriate policies and framework.

Credit risk

Credit risk refers to the risk of financial loss to the City if a debtor fails to discharge their obligation. The City is exposed to this arising from its cash, investments and receivables. The City mitigates credit risk in its investments by adhering to the City's Financial Management Investment policy and regulations set out by the Community Charter. Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. In the current and prior years, all of the impairment allowance relate to trade and other receivables. As at December 31, 2023, there were no significant collection issues related to outstanding receivable accounts. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Interest risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The City is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

22. Financial instruments and risk management (continued)

Currency risk

Currency risk arises from exposure to transactions throughout the year that are denominated in a foreign currency. The City's investment portfolio has minimal exposure to foreign exchange risk as the securities held are mainly denominated in Canadian currency. Furthermore, the City issues debentures in Canadian currency, which has no exposure to currency risk as debt repayments and interest payments are denominated in Canadian currency. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City is exposed to this arising from its accounts payable and accrued liabilities, accrued future payroll benefits and long-term debt. The City mitigates that risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cashflows arise. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

23. Comparative figures

Prior year comparative figures have been reclassified to conform with the current year's presentation.

THE CORPORATION OF THE CITY OF NELSON
SCHEDELE A - STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023

	Opening balance	Additions & reallocation of assets under construction	Disposals	Closing balance	Accumulated amortization opening balance	Amortization expense	Reduction on disposals	Accumulated amortization closing balance	Net carrying amount end of year
Tangible capital assets									
Land	\$ 8,831,717	\$ -	\$ (30,565)	\$ 8,801,152	\$ -	\$ -	\$ -	\$ -	\$ 8,801,152
Buildings	38,698,001	1,605,463	(199,434)	40,104,030	30,582,139	875,555	(187,936)	31,269,758	8,834,272
Vehicles	11,214,598	2,352,989	(687,874)	12,879,713	6,180,892	685,410	(510,993)	6,355,309	6,524,404
IT, equipment & furniture	5,065,412	592,849	(10,000)	5,648,261	2,404,962	391,698	(10,000)	2,786,660	2,861,601
Library	335,453	28,319	(272)	363,500	252,364	26,224	(272)	278,316	85,184
Transportation infrastructure	36,504,983	3,586,625	(185,965)	39,905,643	14,561,154	1,202,905	(97,264)	15,666,795	24,238,848
Parks and cemetery	9,667,811	329,187	-	9,996,998	4,119,900	264,876	-	4,384,776	5,612,222
Water infrastructure	58,385,268	663,573	(65,300)	58,983,541	16,980,455	801,816	(31,694)	17,750,577	41,232,964
Sewer infrastructure	34,325,234	712,239	-	35,037,473	15,240,431	638,388	-	15,878,819	19,158,654
Storm sewer infrastructure	20,860,690	26,529	-	20,887,219	8,307,316	276,893	-	8,584,209	12,303,010
Hydro generators & substations	22,465,856	469,373	-	22,935,229	9,275,626	500,311	-	9,775,937	13,159,292
Hydro infrastructure	44,132,194	2,188,624	(181,163)	46,139,655	10,521,571	931,809	(80,447)	11,372,933	34,766,722
Assets under construction	8,331,015	8,531,728	-	16,862,743	-	-	-	-	16,862,743
2023 Totals	\$ 298,818,232	\$ 21,087,498	\$ (1,360,573)	\$ 318,545,157	\$ 118,426,810	\$ 6,595,885	\$ (918,606)	\$ 124,104,089	\$ 194,441,068
2022 Totals	\$ 283,836,781	\$ 16,443,617	\$ (1,462,166)	\$ 298,818,232	\$ 113,015,734	\$ 6,155,398	\$ (744,322)	\$ 118,426,810	\$ 180,391,422

Included in the current year additions of buildings, sewer infrastructure, and storm sewer infrastructure is \$993,625, \$564,355, and \$26,528 related to the initial recognition of asset retirement obligations, respectively.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE B - GROWING COMMUNITIES FUND RECONILIATION
December 31, 2023

Province of BC Growing Communities Fund reconciliation

The following is a summary of fund transactions for the current year:

	<u>2023</u>	<u>2022</u>
Growing Communities Fund opening balance	\$ -	\$ -
Initial funds	4,151,000	-
Interest earned during the year	124,530	-
Less: Eligible use of funds	<u>-</u>	<u>-</u>
Remaining grant	<u>\$ 4,275,530</u>	<u>\$ -</u>

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2023

Province of BC COVID-19 Restart Grant reconciliation

The following is a summary of grant transactions for the current year:

	<u>2023</u>	<u>2022</u>
COVID-19 Restart Grant opening balance	\$ 666,405	\$ 849,641
Less grant recognition:		
Revenue shortfalls	-	-
Facility reopening & operating costs	200,000	50,000
Emergency planning and response	-	50,000
Computer & other electronic technology costs	<u>107,105</u>	<u>83,236</u>
Remaining grant	<u>\$ 359,300</u>	<u>\$ 666,405</u>

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2023

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, 2023

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, 2023

STATEMENT OF SEVERANCE AGREEMENTS

There were no severance agreements made between the Corporation of the City of Nelson and its non-unionized employees during the fiscal year ended December 31, 2023.

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

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF REMUNERATION AND EXPENSE
YEAR ENDED DECEMBER 31, 2023

NAME	REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION	
Logtenberg, R	Councillor	27,534
Morrison, J	Mayor	69,913
Page, K	Councillor	27,534
Payne, L	Councillor	27,534
Pineiro, J	Councillor	27,534
Tait, E	Councillor	27,534
Woodward, J	Councillor	27,534
TOTAL ELECTED OFFICIALS		235,117
		34,852
DETAILED EMPLOYEES > \$75,000		
Allum, J	\$ 88,994	\$ 2,771
Andrijancic, N	98,296	1,906
Arabia, L	91,319	2,425
Arcand, S	138,003	3,602
Austin, T	121,458	364
Banilevic, A	97,221	764
Beck, D	79,649	-
Berndt, C	82,533	-
Berthier, V	75,696	402
Block, M	85,768	188
Blomme, B	138,049	10,783
Bouvet-Boisclair, G	121,711	1,775
Centrone, D	89,648	483
Chambers, D	136,403	2,120
Cimolai, D	101,295	-
Cormack, K	213,098	12,009
Craig, M	86,262	2,410
Dermody, N	143,619	4,444
Desrosiers, C	119,172	14,074
Dryden, I	78,596	-
Eagleson, S	115,357	163
Ellison, S	109,215	2,683
Elsdon, M	82,740	2,520
Espinoza, L	84,279	-
Ferguson, S	77,122	520
Fleming, J	75,506	-
Fortier, L	88,429	-
Gordon, G	76,037	-
Gould, B	81,796	2,916
Grill, M	90,868	188
Hamilton, D	168,940	-
Harder, A	84,294	4,537
Harding, T	162,707	2,053
Hebert, J	153,176	4,833
Henderson, C	148,002	163
Henderson, L	98,244	4,342
Innes, C	149,918	303
Jameson, R	83,120	163
Jansen, C	104,254	756
Jaques, C	84,196	2,239
Jeffery, S	121,735	721

Jmaiff, B	80,515	5,260
Johnson, B	76,705	188
Johnson, C	105,766	3,888
Johnson, K	125,467	465
Jones, B	84,531	-
Jury, C	150,470	5,658
Kelly, P	80,040	450
Koehle, J	120,601	1,671
Kratz, S	75,342	-
Laminski, C	84,767	351
Lauritzen, K	96,783	2,388
Lauther, A	76,800	188
Lester, G	83,135	2,079
Lynn, L	122,993	-
Mackinnon, C	79,649	-
Maida, R	127,105	3,846
Martin, J	88,224	1,164
Martineau, S	80,390	4,262
McIntyre, A	88,157	1,426
McIvor, D	140,250	-
McNeil, B	95,491	5,288
Miedreich, A	110,552	1,200
Misener, C	77,430	-
Mooney, A	111,237	4,658
Moyle, J	80,258	1,505
Nystrom, R	127,631	1,328
Ouellette, M	124,792	370
Patterson, S	75,409	264
Penner, M	84,679	188
Pickering, S	83,765	1,884
Proctor, C	99,906	921
Proctor, G	124,021	482
Procyshyn, J	152,565	-
Quillan, H	75,937	1,386
Reese, A	85,899	2,424
Rorick, S	104,970	1,050
Rothkop, J	153,326	-
Russ, N	110,781	4,170
Sabo, S	75,402	-
Schmidtke, G	108,507	914
Slack, H	78,479	1,355
Smit, C	142,512	4,484
Spencer, S	203,044	428
Steffler, P	77,058	-
Stefiuk, M	77,804	-
Thast, C	122,795	326
Thibault, M	135,945	1,682
Topolovec, J	79,576	-
Wilkinson, T	77,140	1,611
Winton, S	136,406	7,553
TOTAL DETAILED EMPLOYEES > \$75,000	9,587,732	168,375
TOTAL EMPLOYEES <= \$75,000	4,143,209	184,234
TOTAL	\$ 13,966,058	\$ 387,461
TOTAL EMPLOYER PREMIUM FOR CPP/EI		\$ 563,178

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES
YEAR ENDED DECEMBER 31, 2023

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
Aardvark Pavement Marking Services	\$ 69,748
Acklands-Grainger Inc.	65,847
AdvantageOne Technology Inc	31,940
Air Canada	28,028
Albarrie GeoComposites Ltd.	51,975
Altec Industries Ltd.	418,533
Alumichem Canada Inc	59,584
AM Ford (Sales) Ltd	114,230
A-Mais Technologies Inc.	45,038
Andrew Sheret Limited	130,071
Aon Reed Stenhouse Inc.	427,636
Arcright Plumbing & Heating Ltd	61,981
Arrow Professional Landscaping	66,150
ATCO Power (2010) Ltd.	50,747
AtkinsRealis Canada Inc	175,640
B.F. Roofing Ltd	356,895
BAE Batteries Canada Inc.	45,360
BARR Plastics Inc.	152,170
BBA Field Services Ltd.	86,297
BC Eco Industrial Services Ltd	200,572
BC Public Interest Advocacy Centre	50,839
BC Transit	687,980
Black Press Group Ltd.	28,740
CAC Industrial Equipment Ltd.	27,485
Cam Tran Co Ltd	214,468
Canadian Dewatering LP	44,850
Caro Analytical Services Ltd.	27,746
CEATI International	36,052
Charter Telecom Inc	86,298
CIMA Canada Inc	43,209
Cleaning Genies	101,139
Colliers Project Leaders Inc	172,377
Columbia Fuels	660,428
ConeTec Investigations Ltd.	32,627
Cornerstone General Contracting Ltd.	185,974
Cover Architectural Collaborative Inc.	201,401
Cowan's Office Supplies Ltd	70,217
DDC Excavating Ltd	195,652
DHC Communications Inc	128,500
Diligent Canada Inc.	29,999
Domino Highvoltage Supply Inc	115,163

Elymer and Associates	50,597
EMSPEC Inc.	45,943
Engen Services Ltd.	26,038
ESRI Canada	30,985
F12.net Inc	28,355
Fall Line Forestry Ltd.	262,791
Fast and Epp	25,903
Food Cycle Sciences Corporation	807,020
FortisBC - Electricity	7,440,286
Fred Surridge Ltd.	176,217
Gall Legge Grant Zwack LLP	75,461
GFL Environmental Inc	105,752
Gilbert Parts Depot	47,086
Glacier View Glass Ltd.	28,195
Grant Thornton LLP	51,160
Great West Equipment Ltd	108,198
Guillevin International Co.	67,888
Hall Printing	44,196
HARTerra Spatial Solutions	46,544
Hayward Gordon ULC	27,757
Heavy Metal Hygiene Consulting Ltd.	44,021
High Five Maintenance Ltd	92,183
ICBC	56,183
Inland Allcare	155,097
Insight Canada Inc.	58,256
Integrity Pole Inspections Inc.	26,205
Intergroup Consultants	56,332
Itron Canada Inc.	109,294
Jetson Consulting Engineers Ltd	101,682
Johnston Davidson Architecture &	39,822
Joy of Art	74,813
Kal-Tire	69,428
Kon Kast Concrete Products Inc	68,231
Kootenay Complete Tree Service Ltd	268,216
Kootenay-Columbia Environmental	51,300
L&S Electric Inc	222,110
Lidstone & Company	65,152
LineStar Utility Supply Inc.	88,020
Long View Systems Corporation	51,485
Lordco Auto Parts	71,125
Maple Leaf Power Corporation	459,587
Martech Electrical Systems Ltd	881,538
Marwest Industries Ltd	851,336
McNally Excavating Inc.	101,251
Meiden America Switchgear Inc.	288,409
MERCS Abatement	33,609
Michelin North America	34,109

Micro Com Systems Ltd.	33,742
Minister of Finance	655,699
Mountain Logic Solutions Inc	120,128
Municipal Finance Authority	965,407
Municipal Insurance Assoc. of BC	122,593
MVA Power Inc.	57,529
MWG Apparel Corp.	25,245
Nelson & District Airport Society	39,690
Nelson Building Centre Limited	39,495
Nelson Farmers Supply Ltd.	31,447
Nelson Ford Sales (2003) Inc.	286,746
Nolan's Contracting Ltd.	80,477
Noramco	167,516
North Mountain Construction Ltd.	67,010
Northern Transformer Corporation	1,172,693
Norton Rose Fulbright Canada LLP	42,568
NSC Minerals Ltd.	38,354
Oakcreek Golf & Turf LP.	39,387
Opus Consulting Group Ltd.	55,268
Owen Bird Law Corporation	32,127
Paymentus (Canada) Corporation	33,653
PetroValue Products Canada Inc.	76,155
Prestige Lakeside Resort	32,330
Primary Engineering and Construction	231,499
Prism Engineering	39,905
Profire Emergency Equipment Inc	49,233
QED Technical Services Inc.	51,401
Raven Hydronic Supply Ltd	46,175
Rexel Utility	82,831
Riteway Mechanical Repairs Ltd	304,528
Rokform Solutions Ltd.	138,883
Rollins Machinery Ltd	78,028
RR Power Consulting Inc.	55,440
Safe Start Safety Ltd	52,708
Safetek Emergency Vehicles Ltd.	1,101,884
Selkirk College	75,516
Sensible Solutions Inc	73,452
Shasheen Machine Inc	55,066
Shaw's Enterprises Ltd	35,118
SK Electronics Ltd.	41,099
SLR Consulting (Canada) Ltd.	63,029
SMP Sullivan Motor Products Nelson Ltd	66,420
SNT Geotechnical Ltd	34,827
SolidCAD	33,431
Stella-Jones Inc	685,721
Superior Propane Inc.	88,593
System Innovators	25,323

Tamarack	36,604
Telus Mobility (BC)	53,776
Terus Construction Ltd	2,269,200
The Nelson Arborist	68,651
TRUE Consulting Ltd	76,208
Twin Rivers Controls Ltd	235,465
ULS Corporate Inc.	73,913
Unit Electrical Engineering Ltd.	677,021
Unitech Construction Management Ltd	2,145,883
Urban Systems Ltd	505,828
VFA Canada Corporation	31,070
Vimar Equipment Ltd	567,318
Voith Hydro Inc.	48,990
Wesco Distribution Canada LP	64,763
Western Compensation & Benefits	47,553
WorkSafe BC	406,405
X10 Technologies Inc	133,382
TOTAL DETAILED SUPPLIERS >\$25,000	34,862,151
TOTAL SUPPLIERS <= \$25,000	4,745,968
TOTAL SUPPLIERS	39,608,119

GRANTS AND CONTRIBUTIONS >\$25,000

Capitol Theatre	102,220
Community Futures Development Corp.	80,000
Nelson & District Arts Council	34,450
Nelson & District Chamber of Commerce	83,520
Regional District of Central Kootenay	184,200
Touchstones Nelson	250,206
TOTAL GRANTS AND CONTRIBUTIONS >\$25,000	734,596
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	\$ 40,342,715

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

THE CORPORATION OF THE CITY OF NELSON
PAYMENT TO FINANCIAL STATEMENT RECONCILIATION
YEAR ENDED DECEMBER 31, 2023

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 13,966,058
Employee expenses	\$ 387,461
Employer CPP/EI	<u>563,178</u> 14,916,697
Payments for Goods and Services	<u>40,342,715</u>
Total of Scheduled Payments	55,259,412
Total of Financial Statement Expenditures	49,138,116

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.
- 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

Prepared under the Financial Information Regulation, Schedule 1, subsection 6(2d) and subsection 7(1b)