



The Corporation of the City of Nelson
2024 STATEMENT OF FINANCIAL INFORMATION

Statement of Financial Information (SOFI)
THE CORPORATION OF THE CITY OF NELSON
Fiscal Year Ended December 31, 2024

TABLE OF CONTENTS

Documents are arranged in the following order:

1. Statement of Financial Information Approval
2. Management Report
3. Audited Financial Statements
4. Schedule of Debt
5. Schedule of Guarantee and Indemnity Agreements
6. Statement of Severance Agreements
7. Schedule of Remuneration and Expenses
8. Schedule of Payments for the Provision of Goods and Services
9. Explanation of differences to Audited Financial Statements

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2024

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

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2024

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 17, 2025



THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2024

THE CORPORATION OF THE CITY OF NELSON
INDEX TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

Management Report

Independent Auditor's Report

Financial Statements

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule A - Statement of Tangible Capital Assets

Schedule B - Growing Communities Fund Reconciliation

Exhibit 1 - COVID-19 Province of BC Restart Grant (Unaudited)

Exhibit 2 - Capacity Funding Reconciliation (Unaudited)

THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2024

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, Doane 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, 2024, 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, 2024, 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. Exhibits 1 and 2 are presented for the purposes of additional information and are 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.

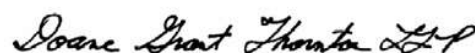
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Trail, Canada
April 15, 2025

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	2024	2023
Financial Assets		
Cash	\$ 3,753,111	\$ 4,817,935
Investments (Note 3)	48,913,344	51,398,407
Accounts receivable (Note 4)	11,317,126	9,135,133
Long-term accounts receivable (Note 5)	1,162,532	1,496,147
MFA deposits (Note 6)	<u>289,343</u>	<u>279,606</u>
	<u>65,435,456</u>	<u>67,127,228</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	6,380,145	8,061,476
Deferred revenue (Note 8)	7,462,131	8,264,425
Accrued future payroll benefits (Note 9)	2,246,838	1,911,931
Long-term debt (Note 10)	4,982,173	5,913,435
Asset retirement obligations (Note 11)	<u>1,761,330</u>	<u>1,659,456</u>
	<u>22,832,617</u>	<u>25,810,723</u>
Net Financial Assets	42,602,839	41,316,505
Non-Financial Assets		
Tangible capital assets (Note 12)	204,119,471	194,441,068
Inventory (Note 13)	2,800,150	2,775,557
Prepaid expenses	<u>188,385</u>	<u>362,301</u>
	<u>207,108,006</u>	<u>197,578,926</u>
Accumulated Surplus (Note 14)	<u>\$249,710,845</u>	<u>\$238,895,431</u>

Commitments and Contingencies (Note 15)



Chris Jury, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2024

	2024 Budget (Note 16)	2024	2023
Revenue			
Taxes (Note 17)	\$ 13,080,608	\$ 13,229,474	\$ 12,297,471
Sale of services	4,812,651	4,330,240	3,880,497
Other revenue from own sources	5,496,409	4,208,104	6,059,080
Investment income	1,593,200	2,270,662	2,579,838
Government transfers - unconditional (Note 18)	801,258	841,253	900,843
Government transfers - conditional (Note 18)	15,569,299	9,377,147	9,023,483
Water user fees	2,738,522	2,720,773	2,639,754
Sewer user fees	5,122,951	5,092,858	4,948,450
Transit user fees	275,612	286,038	256,711
Nelson Hydro sales	22,950,010	22,807,120	21,422,203
Gain on disposal of assets	-	-	253,375
	<u>72,440,520</u>	<u>65,163,669</u>	<u>64,261,705</u>
Expenses			
General government services	6,280,622	5,646,869	4,974,665
Protective services	9,445,192	9,436,636	8,834,149
Transportation services	4,824,821	3,810,831	3,900,212
Environmental health services	629,291	596,725	566,476
Public health and welfare services	288,383	266,181	277,179
Parks, recreation and cultural services	2,644,436	2,688,838	2,665,590
Interest and other debt charges	467,193	501,938	464,128
Water utility operations	1,647,315	1,555,922	1,660,846
Sewer utility operations	2,234,239	2,202,390	1,948,084
Transit operations	4,015,945	3,542,453	2,024,537
Nelson Hydro operations	15,061,553	15,683,010	14,185,834
Library operations	1,176,905	1,138,170	965,584
Amortization	6,661,844	7,088,829	6,595,885
Accretion	-	101,874	74,947
Loss on disposal of assets	-	87,589	-
	<u>55,377,739</u>	<u>54,348,255</u>	<u>49,138,116</u>
Annual surplus	17,062,781	10,815,414	15,123,589
Accumulated surplus, beginning of the year	<u>238,895,431</u>	<u>238,895,431</u>	<u>223,771,842</u>
Accumulated surplus, end of the year	<u>\$255,958,212</u>	<u>\$249,710,845</u>	<u>\$238,895,431</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2024

	<u>2024 Budget</u>	<u>2024</u>	<u>2023</u>
Annual surplus	\$ 17,062,781	\$ 10,815,414	\$ 15,123,589
Acquisition of tangible capital assets	(30,950,141)	(16,870,591)	(19,502,990)
Initial recognition of asset retirement obligations	-	-	(1,584,509)
Amortization of tangible capital assets	6,661,844	7,088,829	6,595,885
Proceeds on sale of tangible capital assets	-	15,771	695,342
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>87,589</u>	<u>(253,375)</u>
	<u>(7,225,516)</u>	<u>1,137,012</u>	<u>1,073,942</u>
Acquisition of prepaid expenses	-	173,915	14,366
Acquisition of supply inventory	<u>-</u>	<u>(24,593)</u>	<u>(544,447)</u>
	<u>-</u>	<u>149,322</u>	<u>(530,081)</u>
Increase in net financial assets	(7,225,516)	1,286,334	543,861
Net financial assets, beginning of year	<u>41,316,505</u>	<u>41,316,505</u>	<u>40,772,644</u>
Net financial assets, end of the year	<u>\$ 34,090,989</u>	<u>\$ 42,602,839</u>	<u>\$ 41,316,505</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024	2023
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 10,815,414	\$ 15,123,589
Items not involving cash:		
Amortization of tangible capital assets	7,088,829	6,595,885
Accretion	101,874	74,947
Actuarial adjustments	(424,175)	(390,493)
Loss (gain) on disposal of tangible capital assets	<u>87,589</u>	<u>(253,375)</u>
	<u>17,669,531</u>	<u>21,150,553</u>
(Increase) decrease in non-cash operating items:		
Accounts receivable	(2,181,993)	(722,326)
Long-term accounts receivable	333,615	380,302
MFA deposits	(9,737)	(8,428)
Accounts payable and accrued liabilities	(1,681,331)	181,960
Deferred revenue	(802,294)	1,294,151
Accrued future payroll benefits	334,907	40,144
Inventory	(24,593)	(544,447)
Prepaid expenses	<u>173,915</u>	<u>14,366</u>
	<u>13,812,020</u>	<u>21,786,275</u>
Financing Activities		
Long-term debt repayment	<u>(507,087)</u>	<u>(503,349)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	15,771	695,342
Acquisition of tangible capital assets	<u>(16,870,591)</u>	<u>(19,502,990)</u>
	<u>(16,854,820)</u>	<u>(18,807,648)</u>
Investing Activities		
Net sale of investments	<u>2,485,063</u>	<u>96,387</u>
Net increase (decrease) in Cash	(1,064,824)	2,571,665
Cash, beginning of year	<u>4,817,935</u>	<u>2,246,270</u>
Cash, end of year	<u>\$ 3,753,111</u>	<u>\$ 4,817,935</u>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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'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

Revenue from these transactions are recorded as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

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.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1. Significant accounting policies (continued)

(b) Revenue recognition (continued)

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.

(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 year in which it is used for the specified purpose, services are performed and/or 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, asset retirement obligations, and long-term debt. All financial instruments are recorded at their cost or amortized cost. Financial liabilities are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

(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 100 years
Water, sewer, and storm drain infrastructure	10 to 100 years
Nelson Hydro infrastructure	5 to 100 years

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1. Significant accounting policies (continued)

(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.

(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 2024-2028, adopted by Council on May 7, 2024.

(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.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1. Significant accounting policies (continued)

(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, 2024.

(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, 2024, the City adopted new Public Sector Accounting Standard Section PS 3400 Revenue. This section establishes standards on how to account for and report on revenue. The standard was applied prospectively and had no impact on the comparative figures.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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:

	2024	2023
Bank and provincial issued bonds	\$ 570,734	\$ 711,668
Pooled investment fund	45,071,846	35,739,720
Principal protected notes and other	<u>3,270,764</u>	<u>14,947,019</u>
	<u>\$ 48,913,344</u>	<u>\$ 51,398,407</u>

The quoted market value of the investments at December 31, 2024 was \$48,706,247 (2023 - \$50,293,566).

4. Accounts receivable

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

	2024	2023
Property taxes	\$ 641,220	\$ 534,460
Utility billings	4,955,163	4,382,981
Other governments	729,972	435,902
Grant receivables	3,616,387	1,017,999
Trade & other receivables	<u>1,374,384</u>	<u>2,763,791</u>
	<u>\$ 11,317,126</u>	<u>\$ 9,135,133</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.

	2024	2023
Selkirk College	\$ 369,258	\$ 750,362
Ecosave energy retrofits on-bill financing loans	556,618	593,586
Various other agreements	<u>236,656</u>	<u>152,199</u>
	<u>\$ 1,162,532</u>	<u>\$ 1,496,147</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

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, 2024, the total of the Debt Reserve Fund was comprised of:

	2024	2024	2023	2023
	Cash deposit	Demand note	Cash deposit	Demand note
General fund	\$ 160,022	\$ 230,493	\$ 154,637	\$ 230,493
Water utility	15,417	31,435	14,898	31,435
Sewer utility	7,708	15,718	7,449	15,718
Nelson Hydro	106,196	174,898	102,622	174,898
	<u>\$ 289,343</u>	<u>\$ 452,544</u>	<u>\$ 279,606</u>	<u>\$ 452,544</u>

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are payable within 1 year and are comprised of the following:

	2024	2023
Trades payable	\$ 5,345,498	\$ 6,745,148
Accrued wages and benefits	791,181	1,023,998
Accrued interest	84,437	80,179
Funds held on deposit	159,029	212,151
	<u>\$ 6,380,145</u>	<u>\$ 8,061,476</u>

8. Deferred revenue

The City records deferred revenue for the funds received in advanced for services that are not yet rendered. This revenue is recognized during the period in which the related services are provided. Because these funds are restricted in nature, they are shown as a liability.

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax grant *	\$ -	\$ 569,111	\$ (569,111)	\$ -
Tax prepayments	2,555,308	2,674,934	(2,555,308)	2,674,934
Utility and Hydro prepayments	2,187,978	2,289,978	(2,187,978)	2,289,978
Other grants	2,331,051	8,143,846	(8,808,036)	1,666,861
Other	1,190,088	765,877	(1,125,607)	830,358
	<u>\$ 8,264,425</u>	<u>\$ 14,443,746</u>	<u>\$ (15,246,040)</u>	<u>\$ 7,462,131</u>

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

9. Accrued future payroll benefits

	2024	2023
Holiday pay	\$ 1,031,521	\$ 874,202
Sick leave	942,125	862,009
Banked overtime	<u>273,192</u>	<u>175,720</u>
	<u>\$ 2,246,838</u>	<u>\$ 1,911,931</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. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2024 Balance	2023 Balance
<u>General purposes:</u>						
3107	Catacombs	4.52%	2033	\$ 275,000	\$ 150,134	\$ 164,125
3108	Baker Street bridge	4.52%	2033	900,000	491,347	537,132
2863	Tenth Street campus	2.40%	2025	<u>6,080,000</u>	<u>398,253</u>	<u>779,357</u>
				<u>7,255,000</u>	<u>1,039,734</u>	<u>1,480,614</u>
<u>Water purposes:</u>						
3110	Water improvements	4.10%	2029	<u>1,000,000</u>	<u>327,573</u>	<u>385,726</u>
<u>Sewer purposes:</u>						
3109	Sewer improvements	4.10%	2029	<u>500,000</u>	<u>163,786</u>	<u>192,863</u>
<u>Hydro purposes:</u>						
3106	Hydro improvements	4.10%	2029	1,500,000	491,359	578,588
3223	Hydro improvements	3.39%	2032	<u>6,000,000</u>	<u>2,959,721</u>	<u>3,275,644</u>
				<u>7,500,000</u>	<u>3,451,080</u>	<u>3,854,232</u>
Total long-term debt					<u>\$ 4,982,173</u>	<u>\$ 5,913,435</u>

Interest on long-term debt is charged on the original issue amount of the loan throughout the term of the loan.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

10. **Long-term debt** (continued)

Principal payments and expected actuarial additions are as follows:

	General	Water	Sewer	Hydro	Total
2025	\$ 460,122	\$ 60,479	\$ 30,239	\$ 417,698	\$ 968,538
2026	64,034	62,898	31,449	432,771	591,152
2027	66,275	65,414	32,707	448,390	612,786
2028	68,594	68,030	34,015	464,574	635,213
2029	70,995	70,752	35,376	481,345	658,468
Thereafter	309,714	-	-	1,206,302	1,516,016
	<u>\$ 1,039,734</u>	<u>\$ 327,573</u>	<u>\$ 163,786</u>	<u>\$ 3,451,080</u>	<u>\$ 4,982,173</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. Asset retirement obligations related to the buildings, sewer, and storm sewer infrastructure capital assets are amortized on a straight-line basis over the remaining expected useful life of the related assets.

Estimated costs totaling \$3,612,776 have been discounted using a present value calculation with a discount rate of 4.46%. 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 following is a summary of asset retirement obligation transactions for the year:

	2024	2023
Opening asset retirement obligation	\$ 1,659,456	\$ -
Initial recognition of expected discounted cash flows	-	1,584,509
Increase due to accretion	<u>101,874</u>	<u>74,947</u>
Closing asset retirement obligation	<u>\$ 1,761,330</u>	<u>\$ 1,659,456</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

12. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2024 Net book value</u>	<u>2023 Net book value</u>
Land	\$ 8,801,152	\$ -	\$ 8,801,152	\$ 8,801,152
Buildings	40,398,116	32,093,046	8,305,070	8,834,272
Vehicles	13,184,630	7,031,529	6,153,101	6,524,404
IT, equipment & furniture	6,142,343	3,351,285	2,791,058	2,861,601
Library	297,307	205,466	91,841	85,184
Transportation infrastructure	42,574,801	16,874,002	25,700,799	24,238,848
Parks & cemetery	15,295,313	4,695,742	10,599,571	5,612,222
Water infrastructure	63,340,114	18,591,473	44,748,641	41,232,964
Sewer infrastructure	35,904,861	16,522,438	19,382,423	19,158,654
Storm sewer infrastructure	21,279,995	8,864,905	12,415,090	12,303,010
Hydro generators & substations	32,622,853	10,361,693	22,261,160	13,159,292
Hydro infrastructure	47,872,304	12,295,980	35,576,324	34,766,722
Assets under construction	<u>7,293,241</u>	<u>-</u>	<u>7,293,241</u>	<u>16,862,743</u>
	<u>\$335,007,030</u>	<u>\$130,887,559</u>	<u>\$204,119,471</u>	<u>\$194,441,068</u>

See schedule of tangible capital assets for more information.

13. Inventory

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

	<u>2024</u>	<u>2023</u>
General, water, sewer, transit, garage and library supplies	\$ 957,407	\$ 806,262
Fuel	74,163	56,923
Hydro operating supplies	<u>1,768,580</u>	<u>1,912,372</u>
	<u>\$ 2,800,150</u>	<u>\$ 2,775,557</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

14. Accumulated surplus

	2024	2023
Reserves		
Set aside by Council		
Affordable housing	\$ 212,803	\$ 125,113
Capital projects	953,486	1,784,395
Community works fund	2,203,090	1,757,613
Equipment replacement	3,631,566	3,051,050
Financial stabilization	1,037,606	1,000,000
Future power purchase	1,295,192	1,253,042
Growing communities	3,847,546	4,275,530
Legacy	1,528,709	991,425
Nelson Hydro capital	2,223,636	4,938,517
Sewer utility capital	18,899,156	16,677,463
Waterfront development	35,294	34,015
Water licence	562,760	616,922
Water utility capital	<u>5,994,015</u>	<u>5,812,931</u>
	42,424,859	42,318,016
Statutory reserves		
Active transportation	100,909	66,973
Land sales	770,548	742,621
Parks acquisition	53,438	51,501
Tax sale	<u>26,960</u>	<u>25,983</u>
	<u>951,855</u>	<u>887,078</u>
Total reserves	<u>43,376,714</u>	<u>43,205,094</u>
Surplus		
Surplus set aside by Council		
Airport	163,595	130,595
Art in public places	32,113	48,099
Bridge	399,789	459,789
Building reserve	2,562,502	1,878,563
Economic development	345,710	345,710
Downtown & waterfront	467,103	360,793
Insurance	437,272	424,762
Legal	20,000	20,000
Parking	7,863	7,578
Recycling reserve	49,726	-
911	114,089	106,589
10th street	<u>275,497</u>	<u>255,493</u>
	4,875,259	4,037,971
Unappropriated surplus	<u>3,713,642</u>	<u>4,033,824</u>
Total surplus	<u>8,588,901</u>	<u>8,071,795</u>
Invested in tangible capital assets	<u>197,745,230</u>	<u>187,618,542</u>
Total accumulated surplus	<u>\$249,710,845</u>	<u>\$238,895,431</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

15. 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.

Line of Credit

During the year, the City approved a line of credit for a local not-for-profit organization to a maximum amount of \$1,000,000. Assets of the organization have been pledged as collateral for the loan, and disbursements are made at the discretion of staff for the associated capital project.

Commitments

The City has entered into various agreements and contracts for services related to both operating and capital projects with periods ranging from one to five years.

16. Budget data

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

	<u>2024</u>
Budget surplus per statement of operations	\$ 17,062,781
Less: Capital expenditures	30,950,141
Long-term debt principal repayments	507,086
Budgeted transfers to reserves	59,964
Add: Budgeted transfers from surplus and reserves	6,292,566
Amortization	6,661,844
Debt proceeds	<u>1,500,000</u>
Net annual budget	<u>\$ -</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

17. Taxation revenue

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

	2024	2023
Taxation collected	\$ 29,016,656	\$ 27,432,725
Payments in lieu of taxes and other	<u>1,199,137</u>	<u>1,085,384</u>
	30,215,793	28,518,109
Less: Taxation levied for other paid authorities		
Provincial Government - school taxes	10,285,499	9,860,928
Regional District of Central Kootenay	5,819,083	5,491,525
West Kootenay - Boundary Regional Hospital District	681,096	676,204
British Columbia Assessment Authority	199,772	191,140
Municipal Finance Authority	<u>869</u>	<u>841</u>
	<u>16,986,319</u>	<u>16,220,638</u>
Municipal taxes	<u>\$ 13,229,474</u>	<u>\$ 12,297,471</u>

18. Government transfers

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

	2024	2024	2023	2023
	Unconditional	Conditional	Unconditional	Conditional
Federal government	\$ 168,267	\$ 2,401,824	\$ 156,208	\$ 774,739
Provincial government	456,020	6,219,369	455,828	7,411,122
Regional/other	<u>216,966</u>	<u>755,954</u>	<u>288,807</u>	<u>837,622</u>
	<u>\$ 841,253</u>	<u>\$ 9,377,147</u>	<u>\$ 900,843</u>	<u>\$ 9,023,483</u>

19. 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:

	2024	2023
Balances, beginning of year	\$ 1,057,608	\$ 1,030,805
Contributions received	14,412	15,180
Interest earned	38,835	35,623
Expenses and transfers	<u>(1,033)</u>	<u>(24,000)</u>
Balances, end of year	<u>\$ 1,109,822</u>	<u>\$ 1,057,608</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

20. 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 City of Nelson paid \$1,801,143 (2023 - \$1,746,418) for employer contributions to the plan in fiscal 2024.

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.

21. Comparative figures

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

22. 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.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

22. Segmented information (continued)

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, 2024

22. Segmented information (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health	Public health & welfare
Revenues					
Taxes	\$13,164,839	\$ -	\$ 64,635	\$ -	\$ -
Sales of service	411,933	1,846,432	393,367	838,823	71,122
Other revenue from own sources	1,648,457	459,689	121,612	3,616	18,000
Investment income	1,260,018	-	-	-	-
Grant transfers - unconditional	449,000	111,300	-	-	-
Grant transfers - conditional	3,327,516	1,386,430	725,582	-	2,400
Water and sewer user fees	-	-	-	-	-
Transit user fees	-	-	-	-	-
Nelson Hydro sales	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-
	<u>20,261,763</u>	<u>3,803,851</u>	<u>1,305,196</u>	<u>842,439</u>	<u>91,522</u>
Expenditures					
Wages and benefits	3,390,892	7,885,285	2,253,548	368,950	226,058
Supplies and services	2,255,976	1,551,350	1,557,282	227,776	40,123
Interest and other debt charges	145,920	-	53,110	-	-
Amortization	1,120,361	142,019	2,242,241	217,260	-
Accretion	77,934	-	-	-	-
Loss on disposal of assets	-	-	44,667	-	-
	<u>6,991,083</u>	<u>9,578,654</u>	<u>6,150,848</u>	<u>813,986</u>	<u>266,181</u>
Annual Surplus (Deficit)	<u>\$13,270,680</u>	<u>\$(5,774,803)</u>	<u>\$(4,845,652)</u>	<u>\$ 28,453</u>	<u>\$ (174,659)</u>

Parks, recreation & cultural	Water & sewer utilities	Transit	Nelson Hydro	Library	2024 Total	2023 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,229,474	\$ 12,297,471
758,446	-	-	-	10,117	4,330,240	3,880,497
132,863	277,493	120,454	1,377,879	48,041	4,208,104	6,059,080
-	557,201	-	412,495	40,948	2,270,662	2,579,838
-	-	-	-	280,953	841,253	900,843
770,053	81,062	2,920,644	400	163,060	9,377,147	9,023,483
-	7,813,631	-	-	-	7,813,631	7,588,204
-	-	286,038	-	-	286,038	256,711
-	-	-	22,807,120	-	22,807,120	21,422,203
-	-	-	-	-	-	253,375
<u>1,661,362</u>	<u>8,729,387</u>	<u>3,327,136</u>	<u>24,597,894</u>	<u>543,119</u>	<u>65,163,669</u>	<u>64,261,705</u>
1,573,848	2,315,201	2,198,389	3,748,892	879,334	24,840,397	21,879,555
1,114,991	1,443,110	1,344,064	11,934,119	258,837	21,727,628	20,123,601
-	49,754	-	253,154	-	501,938	464,128
326,801	1,490,737	-	1,549,410	-	7,088,829	6,595,885
-	23,940	-	-	-	101,874	74,947
-	14,960	-	27,962	-	87,589	-
<u>3,015,640</u>	<u>5,337,702</u>	<u>3,542,453</u>	<u>17,513,537</u>	<u>1,138,171</u>	<u>54,348,255</u>	<u>49,138,116</u>
<u>\$ (1,354,278)</u>	<u>\$ 3,391,685</u>	<u>\$ (215,317)</u>	<u>\$ 7,084,357</u>	<u>\$ (595,052)</u>	<u>\$ 10,815,414</u>	<u>\$ 15,123,589</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

23. 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.

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 maximum exposure to credit risk at the financial statement date is the carrying value of its cash, investments and receivables as outlined in Notes 3, 4, and 5. 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, 2024, there were no significant collection issues related to outstanding receivable accounts. There have been no significant changes from the prior year in the exposure risk or policies, procedures and methods used to measure the risk. Credit risk from cash, investments and receivables are assessed as low.

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 prior year in the exposure to risk or policies, procedures and methods used to measure risk.

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, 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 prior 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, long-term debt, and asset retirement obligations. The maturity of these financial obligations are outlined in Notes 7, 9, 10 and 11. 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 prior year in the exposure risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	Opening balance	Additions	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	\$ 8,801,152	\$ -	\$ -	\$ 8,801,152	\$ -	\$ -	\$ -	\$ -	\$ 8,801,152
Buildings	40,104,030	324,086	(30,000)	40,398,116	31,269,758	849,642	(26,354)	32,093,046	8,305,070
Vehicles	12,879,713	355,731	(50,814)	13,184,630	6,355,309	725,034	(48,814)	7,031,529	6,153,101
IT, equipment & furniture	5,750,282	433,580	(41,519)	6,142,343	2,888,681	504,123	(41,519)	3,351,285	2,791,058
Library	261,479	39,667	(3,839)	297,307	176,295	33,010	(3,839)	205,466	91,841
Transportation infrastructure	39,905,643	2,840,783	(171,625)	42,574,801	15,666,795	1,329,375	(122,168)	16,874,002	25,700,799
Parks and cemetery	9,996,998	5,319,483	(21,168)	15,295,313	4,384,776	326,801	(15,835)	4,695,742	10,599,571
Water infrastructure	58,983,541	4,377,756	(21,183)	63,340,114	17,750,577	847,118	(6,222)	18,591,473	44,748,641
Sewer infrastructure	35,037,473	867,388	-	35,904,861	15,878,819	643,619	-	16,522,438	19,382,423
Storm sewer infrastructure	20,887,219	392,776	-	21,279,995	8,584,209	280,696	-	8,864,905	12,415,090
Hydro generators & substations	22,935,229	9,687,624	-	32,622,853	9,775,937	585,756	-	10,361,693	22,261,160
Hydro infrastructure	46,139,655	1,801,219	(68,570)	47,872,304	11,372,933	963,655	(40,608)	12,295,980	35,576,324
Assets under construction	16,862,743	(9,569,502)	-	7,293,241	-	-	-	-	7,293,241
2024 Totals	\$ 318,545,157	\$ 16,870,591	\$ (408,718)	\$ 335,007,030	\$ 124,104,089	\$ 7,088,829	\$ (305,359)	\$ 130,887,559	\$ 204,119,471
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

Additions during the year also include reallocation of assets under construction.

Included in the prior 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.

	2024	2023
Growing Communities Fund opening balance	\$ 4,275,530	\$ -
Initial funds	-	4,151,000
Interest earned during the year	160,788	124,530
Less: Eligible use of funds	<u>588,772</u>	<u>-</u>
Remaining grant	<u>\$ 3,847,546</u>	<u>\$ 4,275,530</u>

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2024

Province of BC COVID-19 Restart Grant reconciliation

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

	<u>2024</u>	<u>2023</u>
COVID-19 Restart Grant opening balance	\$ 359,300	\$ 666,405
Less grant recognition:		
Revenue shortfalls	85,953	-
Facility reopening & operating costs	40,039	200,000
Emergency planning and response	38,965	-
Computer & other electronic technology costs	<u>194,343</u>	<u>107,105</u>
Remaining grant	<u>\$ -</u>	<u>\$ 359,300</u>

THE CORPORATION OF THE CITY OF NELSON

EXHIBIT 2 - CAPACITY FUNDING RECONCILIATION (UNAUDITED)

December 31, 2024

Province of BC Capacity Funding Grant reconciliation

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

	2024	2023
Capacity Fund opening balance	\$ -	\$ -
Initial funds	200,766	-
Interest earned during the year	-	-
Less: Eligible use of funds	46,743	-
Remaining grant	\$ 154,023	\$ -

Statement of Financial Information (SOFI)

THE CORPORATION OF THE CITY OF NELSON

Fiscal Year Ended December 31, 2024

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, 2024

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, 2024

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, 2024.

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, 2024

NAME		REMUNERATION	EXPENSE
ELECTED OFFICIALS	POSITION		
Logtenberg, R	Councillor	28,289	6,360
Morrison, J	Mayor	71,888	12,361
Page, K	Councillor	28,289	1,325
Payne, L	Councillor	28,289	10,466
Pineiro, J	Councillor	28,289	1,466
Tait, E	Councillor	28,289	5,574
Woodward, J	Councillor	28,289	1,544
TOTAL ELECTED OFFICIALS		241,622	39,096
DETAILED EMPLOYEES > \$75,000			
Adams, J		\$ 80,478	\$ -
Allum, J		103,511	387
Andrijancic, N		121,558	690
Austin, T		114,155	5,945
Banilevic, A		147,603	1,282
Berndt, C		134,901	1,684
Berthier, V		87,477	564
Birch, K		75,531	-
Block, M		90,918	1,284
Blomme, B		151,876	4,259
Bouvet-Boisclair, G		127,952	4,473
Centrone, D		99,516	2,441
Chabot, E		94,877	-
Chambers, D		138,323	3,808
Christie, R		77,177	-
Cimolai, D		111,177	199
Cormack, K		217,338	13,808
Cortese, D		82,446	-
Coutu, S		82,612	1,575
Craig, M		88,960	271
Dermody, N		146,928	3,808
Desrosiers, C		123,008	13,464
D'Netto, K		106,170	7,900
Drane, D		85,879	2,706
Droucker, C		75,337	-
Dryden, I		80,404	1,968
Eagleson, S		117,554	5,398
Ellison, S		118,234	3,207
Elsdon, M		84,919	-
Espinoza, L		85,575	763
Ferguson, S		79,533	-
Fleming, J		77,513	-
Flemming, S		75,531	14
Fortier, L		137,971	1,282
Gordon, G		78,536	-

Gould, B	91,793	3,147
Grill, M	96,490	1,764
Hamilton, D	178,974	3,827
Harder, A	89,859	1,353
Harding, T	166,498	199
Hebert, J	170,317	9,949
Henderson, C	155,352	9,594
Henderson, L	102,863	3,508
Hill, M	76,252	628
Innes, C	154,485	762
Jansen, C	113,441	10,514
Jeffery, S	190,427	5
Jmaeff, N	81,327	-
Jmaiff, B	88,050	20
Johnson, B	79,870	1,665
Johnson, C	167,401	11,928
Jones, B	88,082	835
Jury, C	159,462	6,791
Kelly, P	88,852	1,707
Kilpatrick, G	75,469	-
Koehle, J	127,136	1,759
Kratz, S	79,627	628
Laminski, C	95,793	351
Lauritzen, K	95,238	-
Lautner, A	80,610	1,357
Leland, R	81,413	-
Lynn, L	141,389	-
Mackinnon, C	83,517	609
Maida, R	184,759	525
Marshall, B	81,648	1,063
Martin, J	91,827	4,050
Martineau, S	99,409	6,198
Masellis, V	79,157	163
Mask, E	77,252	5,914
Matchett, L	76,613	-
McIvor, D	171,535	199
McNeil, B	97,864	3,405
Metzger, B	77,091	559
Miedreich, A	105,989	3,706
Misener, C	123,087	1,684
Mooney, A	122,922	1,486
Moyle, J	84,780	188
Nay, C	77,056	873
Neilson, J	75,311	496
Nystrom, R	130,202	1,258
Ouellette, M	176,299	5
Pal, P	77,232	2,488
Patterson, S	76,111	-
Penner, M	88,580	2,948
Pickering, S	86,871	225
Plewes, D	77,908	-
Powell, D	82,736	4,182
Proctor, C	101,228	1,895

Proctor, G	174,824	-
Procyshyn, J	196,649	199
Quillan, H	77,156	1,970
Reese, A	89,369	2,113
Rorick, S	113,670	1,087
Rothkop, J	141,806	199
Russ, N	122,914	125
Sabo, S	77,907	-
Schmidtke, G	170,487	5,049
Slack, H	89,275	1,665
Smit, C	147,513	4,562
Smith, S	91,854	1,062
Spencer, S	208,516	6,750
St Thomas, K	75,888	-
Stefiuk, M	87,861	-
Tatlow, W	92,088	-
Tetrault, D	77,093	-
Thast, C	169,429	5
Thibault, M	198,739	2,907
Tocher, D	76,841	-
Wilkinson, T	85,703	847
Winton, S	147,930	8,799
Yanke, D	78,113	-
Young, M	77,619	80
TOTAL DETAILED EMPLOYEES > \$75,000	<u>12,294,176</u>	<u>237,009</u>
TOTAL EMPLOYEES <= \$75,000	<u>3,885,790</u>	<u>84,826</u>
TOTAL	<u><u>\$ 16,421,588</u></u>	<u><u>\$ 360,930</u></u>
TOTAL EMPLOYER PREMIUM FOR CPP/EI		\$ 903,555

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, 2024

DETAILED SUPPLIERS >\$25,000

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
Aardvark Pavement Marking Services	\$ 71,559
Acklands-Grainger Inc.	44,788
ADAM Integrated Industries Inc.	77,596
Advanced Utility Systems	85,583
AdvantageOne Technology Inc	31,940
Air Canada	26,305
Albarrie GeoComposites Ltd.	46,788
All Around Septic Services Ltd	27,993
Altec Industries Ltd.	56,189
Aluma Systems B.C. Ltd.	264,384
Alumichem Canada Inc	85,921
A-Mais Technologies Inc.	44,819
Amazon	32,012
Andrew Sheret Limited	106,994
Aon Reed Stenhouse Inc.	183,886
Arcright Plumbing & Heating Ltd	46,963
Arrow Professional Landscaping	29,505
AtkinsRealis Canada Inc	161,016
Barkwell Holland Group Inc.	78,225
BBA Field Services Ltd.	57,742
BC Eco Industrial Services Ltd	266,102
BC Public Interest Advocay Centre	32,237
BC Transit	679,188
Bee-Clean Building Maintenance Inc	49,830
BGC Engineering Inc.	46,178
Bill's Heavy Duty Enterprises (2004) Ltd	68,611
BIS Safety Software Inc	26,967
BRC Group	69,137
Brenton Industries Ltd.	95,118
Canadian Dewatering LP	160,231
Caro Analytical Services Ltd.	29,526
Carrier McGill Enterprises Ltd.	361,470
Central Kootenay Invasive Species	47,929
Centrix Control Solutions LP	31,405
CIMA Canada Inc	90,375
Cintas Canada Limited	46,862
Cleaning Genies	131,879
Columbia Basin Broadband Corporation	44,800
Columbia Fuels	780,761
Commercial Truck Equipment Co.	140,302

Cornerstone General Contracting Ltd.	351,350
Cowan's Office Supplies Ltd	90,868
CTQ Consultants Ltd.	87,779
Cubex Limited	60,459
DBS Energy Services Inc.	29,238
DDC Excavating Ltd	224,274
DHC Communications Inc	121,074
Doane Grant Thornton LLP	46,925
Domino Highvoltage Supply Inc	112,036
EffiStruc Consulting Inc.	284,244
Elymer and Associates	46,281
ESRI Canada	34,095
F12.net Inc	87,771
Fabwell Industries Inc.	1,016,827
Fall Line Forestry Ltd.	347,900
Flight Fuels LP	100,291
Flowsystems Distribution Inc.	37,059
Food Cycle Sciences Corporation	240,424
FortisBC - Electricity	9,028,361
Fred Surridge Ltd.	166,299
Gall Legge Grant Zwack LLP	56,901
Geographic Technologies Group Inc.	94,596
GFL Environmental Inc	70,382
Gilbert Parts Depot	66,619
Grey Owl Moving Service Inc	42,079
Guillevin International Co.	75,847
Hall Printing	56,924
HARTerra Spatial Solutions	111,846
Heavy Metal Hygiene Consulting Ltd.	113,228
HHBG Lawyers	60,274
Hil-Tech Contracting Ltd	29,974
Hurricane Construction Ltd.	219,201
Hywood Truck & Equipment Ltd	49,321
ICBC	80,127
Iconix Waterworks LP	34,089
Inland Allcare	74,629
Innovative Maintenance Systems	39,832
Insight Canada Inc.	96,860
Integrity Pole Inspections Inc.	26,457
Intergroup Consultants	57,372
J.J. Mackay Canada Limited	25,082
Jetson Consulting Engineers Ltd	111,321
Joy of Art	62,858
Justice Institute of B.C.	25,825
Kalawsky Chevrolet Buick GMC	28,512
Kal-Tire	91,797

Kays Road Contracting Ltd.	717,335
Kon Kast Concrete Products Inc	91,819
Kone Inc	67,671
Kootenay Complete Tree Service Ltd	297,617
Kootenay Glass and Mirror Ltd	38,561
Kootenay Industrial Supply Ltd	34,015
Kootenay-Columbia Environmental	55,012
L&S Electric Inc	275,807
Landmark Solutions Ltd.	131,202
Lidstone & Company	61,387
LineStar Utility Supply Inc.	41,996
Lordco Auto Parts	63,784
LRB & MJ Holdings Inc	50,702
Maple Leaf Power Corporation	258,987
Martech Electrical Systems Ltd	1,922,875
Martech Motor Winding Ltd	155,370
Marwest Industries Ltd	37,334
Master Care Janitorial and Facility	29,216
McMillan LLP	197,681
McNally Excavating Inc.	117,164
Metercor Inc.	45,370
Micah's Plumbing & Heating Ltd.	59,803
Minister of Finance	589,766
Mountain Bin Service Ltd	56,489
Mountain Logic Solutions Inc	103,328
Municipal Finance Authority	1,004,766
Municipal Insurance Assoc. of BC	136,922
NavLearn Consulting	43,444
Nelson & District Airport Society	39,690
Nelson Building Centre Limited	146,828
Nelson Farmers Supply Ltd.	27,236
Noramco	119,851
Northern Transformer Corporation	888,765
Norton Rose Fulbright Canada LLP	75,557
NSC Minerals Ltd.	37,030
Oakcreek Golf & Turf LP.	27,629
Opus Consulting Group Ltd.	89,907
Pacific Powertech Inc.	283,279
Paladin Security Group Ltd	104,772
Paymentus (Canada) Corporation	43,917
PetroValue Products Canada Inc.	50,875
Precision Timber Frames Inc.	28,530
Primary Engineering and Construction	128,317
Prism Engineering	58,237
QED Technical Services Inc.	63,417
Quarmby Environmental Ltd.	29,529

Ralcomm Ltd	41,365
Red Dog Carpentry Ltd.	415,821
Rexel Canada Electrical Inc - Utility	111,953
Riteway Mechanical Repairs Ltd	90,306
Rocky Mountain Phoenix	105,317
Rokform Solutions Ltd.	217,863
RONA FBVS Nelson	71,017
Sanic Construction Ltd.	28,201
Sensible Solutions Inc	79,395
Shasheen Machine Inc	163,315
Shaw's Enterprises Ltd	41,283
Shermco Industries Canada Inc	31,752
SK Electronics Ltd.	33,516
SLR Consulting (Canada) Ltd.	60,280
SNT Engineering Ltd	25,195
SolidCAD	26,369
Speedpro Signs (NELSON)	31,469
Steer Environmental Associates Ltd.	41,638
Steven Alex Leffelaar	33,806
Superior Propane Inc.	40,690
System Innovators	27,856
T2 Systems Canada Inc.	25,940
Tamarack	41,744
Telus Mobility (BC)	69,555
Terus Construction Ltd	1,873,078
The Nelson Arborist	56,049
Trainor Mechanical Contractors Ltd	143,877
TRUE Consulting Ltd	29,369
Twin Rivers Controls Ltd	230,070
ULS Corporate Inc.	154,273
Unit Electrical Engineering Ltd.	1,331,161
Unitech Construction Management Ltd	453,098
United Rentals of Canada Inc	59,591
Urban Systems Ltd	425,608
Venture Mechanical Systems Ltd	121,916
Vimar Equipment Ltd	45,577
Watson Engineering Ltd.	64,877
Westech Industrial Ltd.	29,994
Winmar Kootenay	106,320
WorkSafe BC	586,995
X10 Technologies Inc	171,104
TOTAL DETAILED SUPPLIERS >\$25,000	35,742,016
TOTAL SUPPLIERS <= \$25,000	5,358,790
TOTAL SUPPLIERS	41,100,806

GRANTS AND CONTRIBUTIONS >\$25,000

Capitol Theatre	72,000
Community Futures Central Kootenay	90,000
Nelson & District Arts Council	28,700
Nelson & District Chamber of Commerce	77,520
Nelson Civic Theatre Society	120,000
Nelson Electric Tramway Society	65,000
Nelson Museum Archives & Gallery	265,000
Regional District of Central Kootenay	184,200
TOTAL GRANTS AND CONTRIBUTIONS >\$25,000	902,420
TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS	\$ 42,003,226

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, 2024

S.O.F.I. Report Scheduled Payments

Remuneration	\$ 16,421,588	
Employee expenses	\$ 360,930	
Employer CPP/EI	<u>903,555</u>	17,686,073
Payments for Goods and Services		<u>42,003,226</u>
Total of Scheduled Payments		59,689,299
Total of Financial Statement Expenditures		54,348,255

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)