



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

**2012**

**Statement of Financial Information (SOFI)**  
**THE CORPORATION OF THE CITY OF NELSON**  
**Fiscal Year Ended December 31, 2012**

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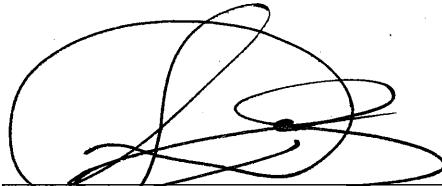
**Statement of Financial Information (SOFI)**

**THE CORPORATION OF THE CITY OF NELSON**

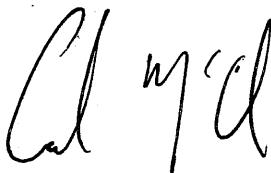
**Fiscal Year Ended December 31, 2012**

**STATEMENT OF FINANCIAL INFORMATION APPROVAL**

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



John Dooley  
Mayor



Colin McClure  
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, 2012

#### 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, Berg Lehmann, Chartered 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



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Colin McClure  
Chief Financial Officer  
June 24, 2013



## **CITY OF NELSON**

**THE CORPORATION OF THE CITY OF NELSON**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**THE CORPORATION OF THE CITY OF NELSON**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2012**

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**Management Report**

**Independent Auditors' Report**

**Financial Statements**

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Financial Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

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# THE CORPORATION OF THE CITY OF NELSON

## MANAGEMENT REPORT

For the Year Ended December 31, 2012

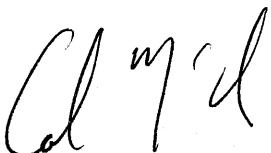
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### RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Nelson's consolidated financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The financial statements have been approved by Council.

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

The independent external auditors, Berg Lehmann, Chartered Accountants, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, The Corporation of the City of Nelson's financial position, results of operations, and changes in financial position in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Berg Lehmann, Chartered Accountants, follows and outlines the scope of their examination and their opinion on the consolidated financial statements.



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Colin McClure, CA  
Chief Financial Officer

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## INDEPENDENT AUDITORS' REPORT

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

Chartered Accountants  
& Business Advisors

513 Victoria Street  
Nelson BC  
V1L 4K7

phone 250.352.3165  
fax 250.352.7166  
[advice@BergLehmann.ca](mailto:advice@BergLehmann.ca)  
[www.BergLehmann.ca](http://www.BergLehmann.ca)

We have audited the accompanying consolidated financial statements of The Corporation of the City of Nelson, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of operations, consolidated statement of changes in financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## INDEPENDENT AUDITORS' REPORT (continued)

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

Chartered Accountants  
& Business Advisors

513 Victoria Street  
Nelson BC  
V1L 4K7

phone 250.352.3165  
fax 250.352.7166  
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www.BergLehmann.ca

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the The Corporation of the City of Nelson as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

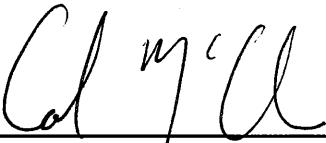
June 10, 2013

Nelson, B.C.

**THE CORPORATION OF THE CITY OF NELSON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2012

	<u>2012</u>	<u>2011 (Restated - Note 21)</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	\$ 23,572,332	\$ 14,125,073
Investments (Note 3)	2,590,681	2,497,837
Accounts receivable (Note 4)	5,481,163	5,220,716
Long-term accounts receivable (Note 5)	4,054,101	4,327,812
MFA deposits (Note 6)	<u>268,397</u>	<u>222,966</u>
	<u>35,966,674</u>	<u>26,394,404</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	4,380,596	4,228,057
Deferred revenue (Note 8)	4,739,733	4,161,254
Accrued future payroll benefits (Note 9)	2,076,596	2,198,254
Capital lease obligation (Note 10)	374,944	596,950
Debt (Note 11)	<u>19,683,405</u>	<u>14,642,134</u>
	<u>31,255,274</u>	<u>25,826,649</u>
<b>Net Financial Assets</b>	4,711,400	567,755
<b>Non -Financial Assets</b>		
Tangible capital assets (Note 12)	139,755,073	138,430,648
Inventory (Note 13)	1,344,619	1,284,678
Prepaid expenses	<u>324,518</u>	<u>254,084</u>
	<u>141,424,210</u>	<u>139,969,410</u>
<b>Accumulated Surplus (Note 14)</b>	<u>\$146,135,610</u>	<u>\$140,537,165</u>

Commitments and Contingencies (Note 18)

  
 Colin McClure, CA  
 Chief Financial Officer

**THE CORPORATION OF THE CITY OF NELSON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2012

	2012 Budget (Note 20)	2012	2011 Restated (Note 21)
<b>Revenue</b>			
Taxes	\$ 8,574,478	\$ 8,550,220	\$ 8,282,691
Sale of services	2,883,323	2,528,113	2,583,336
Other revenue from own sources	4,423,789	3,580,914	3,177,377
Investment income	62,500	534,260	2,664,921
Grants - unconditional	556,000	993,325	1,039,242
Grants - conditional	3,053,855	2,132,643	1,845,696
Water user fees	2,789,573	2,844,226	2,661,969
Sewer user fees	2,504,026	2,539,624	2,401,706
Transit user fees	220,266	229,622	275,533
Nelson Hydro sales	<u>14,316,069</u>	<u>14,796,450</u>	<u>14,223,370</u>
	<u>39,383,879</u>	<u>38,729,397</u>	<u>39,155,841</u>
<b>Expenses</b>			
General government	2,923,706	2,791,510	3,042,073
Protective services	5,381,167	4,973,608	5,226,231
Transportation services	3,241,509	3,025,957	3,288,307
Environmental health services	258,231	212,749	225,043
Public health and welfare services	176,970	197,346	158,505
Parks, recreation and cultural services	2,082,273	1,995,941	1,818,676
Interest and other debt charges	1,008,853	784,928	1,321,477
Water utility operations	1,104,908	1,050,286	858,068
Sewer utility operations	1,609,542	1,210,986	1,362,857
Nelson Hydro operations	10,406,961	9,901,336	9,536,559
Transit operations	1,237,079	1,269,497	1,239,510
Library	488,000	863,678	838,000
Amortization	4,837,000	4,607,163	4,564,093
Loss on disposal of tangible capital assets	<u>-</u>	<u>245,967</u>	<u>128,321</u>
	<u>34,756,199</u>	<u>33,130,952</u>	<u>33,607,720</u>
Annual surplus	4,627,680	5,598,445	5,548,121
Accumulated surplus, beginning of the year	<u>140,537,165</u>	<u>140,537,165</u>	<u>134,989,044</u>
<b>Accumulated surplus, end of the year</b>	<b><u>145,164,845</u></b>	<b><u>146,135,610</u></b>	<b><u>140,537,165</u></b>

**THE CORPORATION OF THE CITY OF NELSON**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
For the Year Ended December 31, 2012

	2012 Budget	2012	2011 (Restated - Note 21)
Annual surplus	4,627,680	5,598,445	5,548,121
Acquisition of tangible capital assets	(12,952,581)	(6,262,555)	(6,260,434)
Amortization of capital assets	4,837,000	4,607,163	4,564,093
Proceeds on sale of tangible capital assets	-	85,000	7,500
Loss on disposal of tangible capital assets	-	245,967	128,321
	<u>(3,487,901)</u>	<u>4,274,020</u>	<u>3,987,601</u>
Acquisition of prepaid expenses	-	(70,434)	(21,201)
Consumption (acquisition) of supply inventory	<u>-</u>	<u>(59,941)</u>	<u>542,341</u>
	<u>-</u>	<u>(130,375)</u>	<u>521,140</u>
Increase in net financial assets	3,487,901	4,143,645	4,508,741
Net financial assets (debt), beginning of year	<u>567,755</u>	<u>567,755</u>	<u>(3,940,986)</u>
<b>Net financial assets, end of the year</b>	<b><u>4,055,656</u></b>	<b><u>4,711,400</u></b>	<b><u>567,755</u></b>

**THE CORPORATION OF THE CITY OF NELSON**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2012

	<u>2012</u>	2011 (Restated - Note 21)
<b>Cash Provided by (Used In)</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 5,598,445	\$ 5,548,121
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	4,607,163	4,564,093
Actuarial adjustments	(177,866)	(2,117,497)
Loss on disposal of tangible capital assets	<u>245,967</u>	<u>128,321</u>
	10,273,709	8,123,038
<b>Increase (decrease) in non-cash operating items:</b>		
Accounts receivable	(260,447)	352,325
Long-term accounts receivable	273,711	267,622
MFA deposits	(45,431)	259,591
Accounts payable and accrued liabilities	152,539	(377,173)
Deferred revenue	578,479	(113,574)
Accrued future payroll benefits	(121,658)	(141,003)
Inventory	(59,941)	542,341
Prepaid expenses	<u>(70,434)</u>	<u>(21,201)</u>
	<u>10,720,527</u>	<u>8,891,966</u>
<b>Financing Activities</b>		
Proceeds from debt issues	6,000,000	-
Debt repayment	(780,863)	(1,564,564)
Repayment of capital lease obligations	<u>(222,006)</u>	<u>(104,206)</u>
	<u>4,997,131</u>	<u>(1,668,770)</u>
<b>Capital Activities</b>		
Proceeds from disposal of tangible capital assets	85,000	7,500
Acquisition of tangible capital assets	<u>(6,262,555)</u>	<u>(6,260,434)</u>
	<u>(6,177,555)</u>	<u>(6,252,934)</u>
<b>Investing Activities</b>		
Net purchase of investments	<u>(92,844)</u>	<u>(90,886)</u>
<b>Net increase in Cash</b>	<b>9,447,259</b>	<b>879,376</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>14,125,073</u></b>	<b><u>13,245,697</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 23,572,332</u></b>	<b><u>\$ 14,125,073</u></b>

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# THE CORPORATION OF THE CITY OF NELSON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

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### 1. Significant Accounting Policies

The Corporation of the City of Nelson (the City) is a local government in the Province of British Columbia. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

(a) Principles of Consolidation

These consolidated financial statements include the accounts of all the funds of the City. Inter-fund transactions and balances have been eliminated in the consolidated statements.

(b) Revenue Recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Sale of services and user fee revenues are recognized when the service or product is rendered by the City.

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

(c) Deferred Revenue

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

(d) Government Transfers

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

(e) Financial Instruments

The City's financial instruments consist of cash and short term investments, accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long term debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

(f) Accrued Future Payroll Benefits

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

(g) Interest and Actuarial Additions on Long Term Debt

The City records interest expense and actuarial additions on long-term debt on an accrual basis.

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**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**1. Significant Accounting Policies (continued)**

**(h) Tangible Capital Assets**

Tangible capital assets, comprised of capital assets and capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

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

**(i) Non-Financial Assets**

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

**(j) Inventory of supplies**

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

**(k) Statutory Reserves**

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

**(l) Reserves Set Aside by Council**

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

**(m) Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Significant areas requiring estimates include the useful lives of tangible capital assets for amortization, future employee benefits, allowance for doubtful accounts and provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

**(n) Unaudited Budget**

Budget data presented in these consolidated financial statements is unaudited and is based on the City's 5 Year Financial Plan for the years 2012-2016, adopted by Council on April 22, 2012.

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**2. Cash and Cash Equivalents**

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

	2012	2011
Cash	\$ 8,995,202	\$ 6,084,334
MFA bond and money market funds	<u>14,577,130</u>	<u>8,040,739</u>
	<u>\$ 23,572,332</u>	<u>\$ 14,125,073</u>

Municipal Finance Authority (MFA) pooled investment funds are considered equivalent to cash because of their liquidity.

**3. Investments**

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

<u>Maturity</u>	2012 Carrying Value	2012 Market Value	2011 Carrying Value	2011 Market Value
2011	\$ -	\$ -	\$ 5,550	\$ 5,550
2012	314,353	314,427	291,500	301,732
2013	149,316	151,782	144,116	149,834
2014	510,169	520,063	496,070	512,872
2015	273,145	288,681	262,667	283,778
2016	968,611	1,023,176	937,923	1,001,999
2017	<u>375,087</u>	<u>411,622</u>	<u>360,011</u>	<u>397,293</u>
	<u>\$ 2,590,681</u>	<u>\$ 2,709,751</u>	<u>\$ 2,497,837</u>	<u>\$ 2,653,058</u>

**4. Accounts Receivable**

	2011 (Restated -
	2012 Note 21)
Property taxes	\$ 566,956
Utility billings	3,397,382
Other governments	406,893
Trade & other receivables	<u>1,109,932</u>
	<u>\$ 5,481,163</u>
	<u>\$ 5,220,716</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%.

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.

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**5. Long Term Accounts Receivable (continued)**

	<u>2012</u>	<u>2011</u>
Selkirk College	\$ 3,946,925	\$ 4,177,680
Various other agreements	<u>107,176</u>	<u>150,132</u>
	<u><u>\$ 4,054,101</u></u>	<u><u>\$ 4,327,812</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.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the MFA to the regional districts.

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, 2013, the total of the Debt Reserve Fund was comprised of:

	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>
	<u>Cash Deposit</u>	<u>Demand Note</u>	<u>Total</u>	<u>Total</u>
General fund	\$ 158,870	\$ 450,859	\$ 609,729	\$ 681,806
Sewer utility	14,076	40,843	54,919	54,506
Water utility	18,108	45,112	63,220	62,689
Nelson Hydro	<u>77,343</u>	<u>174,898</u>	<u>252,241</u>	<u>93,654</u>
	<u><u>\$ 268,397</u></u>	<u><u>\$ 711,712</u></u>	<u><u>\$ 980,109</u></u>	<u><u>\$ 892,655</u></u>

**7. Accounts Payable and Accrued Liabilities**

	<u>2012</u>	<u>2011</u>
Trades payable	\$ 3,484,483	\$ 3,456,458
Accrued wages and benefits	315,384	253,006
Accrued interest	123,763	85,257
Other	<u>456,966</u>	<u>433,336</u>
	<u><u>\$ 4,380,596</u></u>	<u><u>\$ 4,228,057</u></u>

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**8. Deferred Revenue**

	2012 Opening Balance	2012 Contributions	2012 Disbursements	2012 Ending Balance
Taxes and utility rates	\$ 2,516,427	\$ 3,079,589	\$ (3,061,708)	\$ 2,534,308
Community works fund	1,216,109	451,291	(351,475)	1,315,925
Hydro	207,839	288,988	(207,839)	288,988
Other	<u>220.879</u>	<u>448.471</u>	<u>(68,838)</u>	<u>600.512</u>
	<u><u>\$ 4,161,254</u></u>	<u><u>\$ 4,268,339</u></u>	<u><u>\$ (3,689,860)</u></u>	<u><u>\$ 4,739,733</u></u>

**9. Accrued Future Payroll Benefits**

	2012	2011
Holiday Pay	\$ 696,934	\$ 754,438
Sick Leave	1,165,995	1,250,353
Banked Overtime	<u>213.667</u>	<u>193.463</u>
	<u><u>\$ 2,076,596</u></u>	<u><u>\$ 2,198,254</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 mostly 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.

**10. Capital Lease Obligations**

**FortisBC Energy Lease**

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

The City has also entered into a seventeen year operating lease with FortisBC expiring October 31, 2020 whereby the City leases back to FortisBC the operations of the gas distribution system. Under the operating lease FortisBC is required to make annual lease payments to the City calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. At the end of the seventeen year term FortisBC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$7,600,000 prepayment under the capital lease which is estimated to be \$3,900,000, or negotiate a new eighteen year operating lease with a continuation of the annual lease payments which existed under the previous seventeen year operating lease.

The minimum lease payments required under the terms of the FortisBC Energy leases for the next five years and thereafter are as follows:

2013	\$ 36,354
2014	36,354
2015	36,354
2016	36,354
2017	36,354
Thereafter	763,434
Less interest	<u>(570,260)</u>
	<u><u>\$ 374,944</u></u>

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**11. Debt**

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of Maturity	Original Issue	2012 Balance	2011 Balance
<b><u>General Purposes:</u></b>						
2866	Waterfront Dr	6.36%	2012	\$ 19,352	\$ -	\$ 2,006
2866	Street construction	6.36%	2013	208,558	20,306	40,478
3034	Street construction	4.82%	2022	50,341	36,679	39,630
2871	Tenth Street campus	3.15%	2025	6,080,000	3,975,921	4,206,676
2917	Lakeside fields	6.06%	2012	1,000,000	-	97,828
3036	Highway 3A	4.00%	2021	300,000	199,828	218,203
2978	Fortis Gas	4.50%	2020	4,200,000	3,465,482	3,839,970
	Fortis Gas	CDOR+.5%	2021	<u>7,386,404</u>	<u>2,753,606</u>	<u>2,753,604</u>
				<u>19,244,655</u>	<u>10,451,822</u>	<u>11,198,395</u>
<b><u>Water Purposes:</u></b>						
3038	Fairview reservoir	4.82%	2022	240,000	174,867	188,936
3106	Water improvements	4.90%	2029	<u>1,000,000</u>	<u>892,747</u>	<u>929,913</u>
				<u>1,240,000</u>	<u>1,067,614</u>	<u>1,118,849</u>
<b><u>Sewer Purposes:</u></b>						
2559	North Shore line	8.50%	2013	150,250	7,053	18,349
2654	North Shore line	8.50%	2014	35,400	5,071	7,543
3037	Sewage treatment plant	4.00%	2021	550,000	366,350	400,040
3109	Sewer improvements	4.90%	2029	<u>500,000</u>	<u>446,374</u>	<u>464,957</u>
				<u>1,235,650</u>	<u>824,848</u>	<u>890,889</u>
<b><u>Hydro Purposes:</u></b>						
2917	Bonnington substation	6.06%	2012	400,000	-	39,131
3110	Hydro improvements	4.90%	2029	1,500,000	1,339,121	1,394,870
3223	Hydro improvements	3.05%	2032	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>
				<u>7,900,000</u>	<u>7,339,121</u>	<u>1,434,001</u>
<b>Total Debt</b>				<b>\$ 19,683,405</b>	<b>\$ 14,642,134</b>	

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

	General	Water	Sewer	Hydro	Total
2013	\$ 522,453	\$ 45,568	\$ 49,873	\$ 251,863	\$ 869,757
2014	509,893	45,568	45,329	251,863	852,653
2015	509,893	45,568	44,258	251,863	851,582
2016	509,893	45,568	44,258	251,863	851,582
2017	509,893	45,568	44,258	251,863	851,582
Thereafter	<u>7,889,797</u>	<u>839,774</u>	<u>596,872</u>	<u>6,079,806</u>	<u>15,406,249</u>
	<u>\$ 10,451,822</u>	<u>\$ 1,067,614</u>	<u>\$ 824,848</u>	<u>\$ 7,339,121</u>	<u>\$ 19,683,405</u>

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**12. Tangible Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2012 Net Book Value</u>	<u>2011 Net Book Value</u>
Land	\$ 8,707,438	\$ -	\$ 8,707,438	\$ 8,397,438
Buildings	34,821,798	21,592,622	13,229,176	14,246,829
Vehicles	8,012,844	3,608,626	4,404,218	4,373,701
IT, equipment & furniture	2,336,386	1,166,444	1,169,942	1,194,981
Library	469,246	244,578	224,668	280,569
Natural gas system capital lease	8,186,404	2,338,972	5,847,432	6,081,329
Transportation infrastructure	19,167,328	7,976,660	11,190,668	10,861,322
Parks & cemetery	4,401,887	1,951,919	2,449,968	2,323,796
Water infrastructure	44,486,789	10,924,103	33,562,686	33,196,479
Sewer infrastructure	27,552,724	10,120,933	17,431,791	17,831,673
Storm sewer infrastructure	17,809,412	5,812,637	11,996,775	12,083,130
Hydro generators & substations	17,070,412	5,587,316	11,483,096	10,427,324
Hydro infrastructure	21,550,711	5,017,089	16,533,622	15,954,394
Assets under construction	<u>1,523,593</u>	<u>-</u>	<u>1,523,593</u>	<u>1,177,683</u>
	<u>\$216,096,972</u>	<u>\$ 76,341,899</u>	<u>\$139,755,073</u>	<u>\$138,430,648</u>

See schedule of consolidated tangible capital assets for more information.

**13. INVENTORY**

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

	<u>2012</u>	<u>2011</u>
General, Water, Sewer Transit and Garage supplies	\$ 309,332	\$ 301,961
Fuel	50,509	23,680
Hydro	984,778	959,037
	<u>\$ 1,344,619</u>	<u>\$ 1,284,678</u>

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**14. Accumulated Surplus**

	2012	2011 (Restated - Note 21)
<b>Reserves set aside by Council</b>		
Capital projects	\$ 648,680	\$ 600,494
Equipment replacement	2,192,155	2,016,582
Future power purchase	942,982	915,176
Nelson municipal library	17,690	11,707
Nelson Hydro capital	6,285,108	1,268,263
Sewer utility capital	2,549,410	1,459,873
Waterfront development	26,947	35,322
Water licence	791,336	606,836
Water utility capital	<u>3,096,820</u>	<u>2,445,906</u>
	16,551,128	9,360,159
<b>Statutory reserves</b>		
Land sales	444,885	491,756
Off street parking	14,310	13,980
Parks acquisition	142,057	138,777
Tax sale	<u>20,546</u>	<u>20,072</u>
<b>Total reserves</b>	<u>17,172,926</u>	<u>10,024,744</u>
<b>Surplus set aside by Council</b>		
Recycling reserve	\$ 107,021	\$ 102,557
Insurance	365,779	354,999
Economic development	28,970	33,098
Building reserve	300,000	-
Bridge	240,000	200,000
Art in public places	20,653	-
Airport	199,800	210,800
911	49,907	38,407
Legal	20,000	20,000
Parking	34,043	34,043
Fortis	<u>1,558,422</u>	<u>1,212,540</u>
10th street	<u>37,477</u>	<u>331,610</u>
<b>Unappropriated surplus</b>	<u>2,962,072</u>	<u>2,538,054</u>
<b>Total surplus</b>	<u>5,319,035</u>	<u>3,143,177</u>
<b>Invested in capital assets</b>	<u>123,643,649</u>	<u>127,369,244</u>
<b>Total Accumulated Surplus</b>	<u>146,135,610</u>	<u>140,537,165</u>

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**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

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**15. Trust Funds**

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

	<b>2012</b>	<b>2011</b>
Balances, beginning of year	\$ 866,017	\$ 856,516
Interest earned	<u>24,739</u>	<u>29,001</u>
	890,756	885,517
Expenses and transfers	<u>(11,771)</u>	<u>(19,500)</u>
Balances, end of year	<u><u>\$ 878,985</u></u>	<u><u>\$ 866,017</u></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.

	<b>2012</b>	<b>2011</b>
Provincial Government - School taxes	\$ 8,611,596	\$ 8,510,135
Regional District of Central Kootenay	3,403,743	3,362,137
West Kootenay Boundary Hospital District	479,169	477,041
British Columbia Assessment Authority	166,188	166,935
Municipal Finance Authority	<u>424</u>	<u>417</u>
	<u><u>\$ 12,661,120</u></u>	<u><u>\$ 12,516,665</u></u>

**17. Pension Plan**

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

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

The City of Nelson paid \$1,149,514 for employer contributions to the plan in fiscal 2012 (2011 - \$1,160,756).

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# **THE CORPORATION OF THE CITY OF NELSON**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2012**

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### **18. Contingencies and Commitments**

#### **Regional District Debt**

Regional District debt is under the provisions of the Community Charter of BC a direct, joint and several liability of the District and each member municipality within the District including the City of Nelson.

#### **Claims for Damages**

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

#### **Reciprocal Insurance Exchange Agreement**

The City is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the Municipality is assessed a premium and specific deductible based on population and claims experience. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other Subscriber may suffer.

### **19. Segmented Information**

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

#### **General Government Services**

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

#### **Police & Bylaw Services**

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

#### **Fire and Rescue Services**

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

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**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**19. Segmented Information (continued)**

**Development Services**

Development Services is responsible for preparing land use plans, bylaws and policies for sustainable development of the City, for reviewing and approving new development and building permits and inspections, management of City owned lands, heritage planning and development of the City's official community plan.

**Engineering Services**

Engineering 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, solid waste and recycling, cemetery operations, and fleet services.

**Parks, Culture and Recreation Services**

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

**Transit**

Tasked with providing safe, timely and efficient public transit services within the City limits.

**Library**

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

**Nelson Hydro**

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

**Utility Operations**

The Water Utility operates and distributes over 8 million cubic meters of drinking water, 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.

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**19. Segmented Information (continued)**

Statement of Operations by Object and Function (excluding transfers between segments)

	<u>General Government</u>	<u>Police &amp; Bylaw</u>	<u>Fire Services</u>	<u>Development Services</u>
<b>Revenues</b>				
Taxes	\$ 8,477,773	\$ -	\$ -	\$ -
Sales of Service	183,274	1,195,925	193,696	7,279
Other revenue from own services	1,504,425	198,492	1,438	177,657
Investment income	338,349	-	-	-
Grants - unconditional	580,547	167,238	-	-
Grants - conditional	280,196	75,129	-	22,000
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Transit user fees	-	-	-	-
Nelson Hydro sales	-	-	-	-
	<u>11,364,564</u>	<u>1,636,784</u>	<u>195,134</u>	<u>206,936</u>
<b>Expenditures</b>				
Wages and benefits	1,399,100	3,130,698	1,275,158	370,064
Supplies and services	1,065,466	433,800	182,116	40,701
Interest and other debt charges	461,045	-	7,657	-
Amortization	1,582,412	60,584	94,060	-
Loss on disposal of assets	9,018	-	-	-
	<u>4,517,041</u>	<u>3,625,082</u>	<u>1,558,991</u>	<u>410,765</u>
<b>Annual Surplus (Deficit)</b>	<b><u>6,847,523</u></b>	<b><u>(1,988,298)</u></b>	<b><u>(1,363,857)</u></b>	<b><u>(203,829)</u></b>

Engineering Services	Culture & Recreation	Parks	Transit	Library	Nelson Hydro	Utilities	2012 Total
\$ 59,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,987	\$ 8,550,220
375,699	518,310	-	-	53,930	-	-	2,528,113
79,604	38,686	5,017	29,987	1,362,376	183,232	3,580,914	
-	-	-	1,196	95,592	99,123	534,260	
-	-	-	245,540	-	-	993,325	
5,288	426,195	784,631	32,760	85,905	420,539	2,132,643	
-	-	-	-	-	2,844,226	2,844,226	
-	-	-	-	-	2,539,624	2,539,624	
-	-	229,622	-	-	-	229,622	
<u>520,051</u>	<u>983,191</u>	<u>1,019,270</u>	<u>363,413</u>	<u>14,796,450</u>	<u>6,099,731</u>	<u>14,796,450</u>	<u>38,729,397</u>
1,585,195	943,058	603,922	626,602	1,909,211	1,260,281	13,103,289	
1,677,145	1,094,610	665,574	237,076	7,992,126	1,000,991	14,389,605	
22,846	12,743	-	-	156,663	123,974	784,928	
988,785	93,304	-	-	694,661	1,093,357	4,607,163	
<u>4,273,971</u>	<u>2,143,715</u>	<u>1,269,496</u>	<u>863,678</u>	<u>10,795,920</u>	<u>3,672,293</u>	<u>193,690</u>	<u>245,967</u>
<u>(3,753,920)</u>	<u>(1,160,524)</u>	<u>(250,226)</u>	<u>(500,265)</u>	<u>5,544,403</u>	<u>2,427,438</u>	<u>5,598,445</u>	

**THE CORPORATION OF THE CITY OF NELSON**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

**20. Budget Data**

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

	<u>2012</u>
Budget surplus per Consolidated Statement of Operations	\$ 4,627,680
Less: Capital expenditures	12,962,581
Debt principal repayments	1,256,260
Budgeted transfers to reserves	2,308,629
Add: Budgeted transfers from surplus and reserves	12,790
Amortization	4,837,000
Debt proceeds	<u>7,050,000</u>
Net annual budget	<u>\$ -</u>

**21. Correction of Error in Prior Period**

During 2011 and prior years, the City of Nelson recorded hydro revenue when invoiced and did not accrue amounts sold but unbilled to the year end date of December 31st.

The adjustment has been made with retroactive effect, and accordingly the 2011 comparative figures have been restated. The impact of this change on the 2011 prior years' figures are as follows:

Adjustment to 2011 Accumulated Surplus

Accumulated surplus 2010 year end, as previously stated	\$ 133,931,187
Add: adjustment to opening accumulated surplus balance	<u>1,057,857</u>
Accumulated surplus 2010 year end, as restated	134,989,044
Add adjusted 2011 annual surplus (details below)	<u>5,548,121</u>
Accumulated surplus 2011, restated	<u>\$ 140,537,165</u>

Adjustment to 2011 Annual Surplus

2011 Annual surplus as previously reported	\$ 5,378,206
Less: 2010 adjustment for accrued receivable	(1,057,857)
Add: 2011 adjustment for accrued receivable	<u>1,227,772</u>
2011 Annual surplus, as restated	<u>\$ 5,548,121</u>

Adjustment to 2011 Accounts Receivable

2011 Accounts receivable as previously reported	\$ 3,992,944
Add: 2011 increase in Hydro accounts receivable	<u>1,227,772</u>
2011 Accounts receivable, as restated	<u>\$ 5,220,716</u>

**22. Comparative Figures**

Certain comparative figures from the prior year have been reclassified to conform with the presentation format adopted for the current year.

**THE CORPORATION OF THE CITY OF NELSON  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
For the Year Ended December 31, 2012

Tangible Capital Assets	Additions & reallocation of assets under Construction		Disposals		Closing Balance		Amortization Expense		Reduction on Disposals		Accumulated Amortization Opening balance		Accumulated Amortization Closing Balance		Net Carrying Amount End of year	
	Opening Balance															
Land	\$ 8,397,438	\$ 310,000	\$ -		\$ 8,707,438	\$ -					\$ -		\$ -		\$ 8,707,438	
Buildings	34,703,176	118,622	-		34,821,798	20,456,347	1,136,275	\$ -			21,592,622	13,229,176				
Vehicles	7,854,151	588,758	(430,065)	8,012,844	3,480,450	473,241		(345,065)	3,608,626		4,404,218					
IT, equipment & furniture	2,290,529	206,494	(160,637)	2,336,386	1,095,548	222,512		(151,616)	1,166,444		1,169,942					
Library	511,297	-	(42,051)	469,246	230,728	55,901		(42,051)	244,578		224,668					
Natural gas system capital lease	8,186,404	-		8,186,404	2,105,075	233,897					2,338,972	5,847,432				
Transportation infrastructure	18,607,587	697,072	(137,331)	19,167,328	7,746,265	367,726		(137,331)	7,976,660		11,190,668					
Parks and cemetery	4,287,055	219,476	(104,644)	4,401,887	1,963,259	93,304		(104,644)	1,951,919		2,449,968					
Water infrastructure	43,686,017	1,093,762	(292,990)	44,486,789	10,489,538	596,592		(162,027)	10,924,103		33,562,686					
Sewer infrastructure	27,602,203	159,610	(209,089)	27,552,724	9,770,530	496,765		(146,362)	10,120,933		17,431,791					
Storm sewer infrastructure	17,659,479	149,933	-	17,809,412	5,576,349	236,288					5,812,637	11,996,775				
Hydro generators & substations	15,730,541	1,339,871	-	17,070,412	5,303,217	284,099					5,587,316	11,483,096				
Hydro infrastructure	20,593,857	1,033,047	(76,193)	21,550,711	4,639,463	410,560		(32,934)	5,017,089		16,533,622					
Assets under construction	1,177,683	345,910	-	1,523,593	-	-					1,523,593					
Total	\$ 211,287,417	\$ 6,262,555	\$ (1,453,000)	\$ 216,096,972	\$ 72,856,769	\$ 4,607,160		\$ (1,122,030)	\$ 76,341,899		\$ 139,755,073					

**Statement of Financial Information (SOFI)**

**THE CORPORATION OF THE CITY OF NELSON**

**Fiscal Year Ended December 31, 2012**

**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, 2012**

**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, 2012**

**STATEMENT OF SEVERANCE AGREEMENTS**

There was no severance agreements made between The Corporation of the City of Nelson and its non-unionized employees during the fiscal year ended December 31, 2012.

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

**The Corporation of the City of Nelson**  
**PAYMENT TO FINANCIAL STATEMENT RECONCILIATION**  
**Fiscal Year Ended December 31, 2012**

**S.O.F.I. Report Scheduled Payments**

Remuneration	\$ 9,344,704
Employee Expenses	198,732
Employer CPP/EI	<u>428,309</u>
	<u>\$ 9,971,745</u>
Payments for Goods and Services	<u>24,711,003</u>
<b>Total of Scheduled Payments</b>	<b><u>\$34,682,748</u></b>
<b>Total of Financial Statement Expenditures</b>	<b><u>\$33,130,952</u></b>

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% HST while the expenditures in the financial statements are net of the applicable HST rebate.
- The remuneration schedule excludes the Nelson Police Department. In addition, the Nelson Municipal Library is required to complete their own SOFI report so their expenses have not been included; however, the Library is included in the consolidated financial statements numbers.
- Capital expenditures are shown as payments to the vendor in this report. However, the total financial statement expenditures do not reflect these payments as they report amortization of all the capital assets.
- The Schedule of Payments of Goods and Services includes payments made on behalf of third parties, which are recovered from these parties and the expense is excluded from the Financial Statements.
- Payments to some suppliers are reported directly to the Balance Sheet and therefore are not reported as expenditures

**THE CORPORATION OF THE CITY OF NELSON**  
**SCHEDULE OF REMUNERATION AND EXPENSE**  
**YEAR ENDED DECEMBER 31, 2012**

NAME	POSITION	REMUNERATION	EXPENSE
<b>ELECTED OFFICIALS</b>			
Adams, Robert	Councillor	\$ 18,197	\$ 7,633
Batycki, Candace	Councillor	17,885	2,888
Cherbo, Robin	Councillor	17,477	3,478
Dooley, John	Mayor	46,645	5,385
Kiss, Paula	Councillor	18,245	5,219
Kozak, Debra	Councillor	16,757	3,183
Macdonald, Donna	Councillor	19,469	3,573
<b>TOTAL ELECTED OFFICIALS</b>		<b>154,676</b>	<b>31,359</b>
<b>DETAILED EMPLOYEES &gt; \$75,000</b>			
Amos, Michael		138,152.38	5,436
Bogaard, Gilbert		80,402.50	795
Capriglione, Joe		75,110.40	188
Colgan, Andrew		116,779.02	5,007
Cormack, Kevin		154,328.26	12,363
Daloise, Michael		99,752.05	1,622
De Vuono, Rodi		80,820.89	1,683
Fillion, Allen		126,965.41	1,738
Georgetti, Garth		117,393.35	1,859
Grill, Martin		77,132.50	3,114
Grypma, Simon		105,280.68	3,914
Hamilton, Dana		137,241.60	216
Hebert, Jeffrey		96,665.53	1,146
Jeffery, Scott		82,983.96	107
Johnson, Kevin		94,364.91	278
Knight, Christopher		87,669.96	188
Koehle, Jody		78,988.64	1,151
Laybourne, Cal		152,055.67	188
Long, Frances		87,461.38	4,199
Love, Alex		155,970.60	10,290
Lynn, Logan		104,677.71	188
MacDonald, Karen		92,207.92	2,214
Maida, Rick		99,861.26	3,676
Malone Simon		94,966.07	3,407
Markin, Joanna		95,140.15	4,406
McCarvell, Jeanette		95,502.47	1,585
McClure, Colin		114,814.86	8,000
Nystrom, Robin		124,255.43	3,357
Olsson, Carl		127,932.87	188
Ouellette, Martin		79,972.08	242
Patton, Robert		94,541.44	242
Pickard, Doug		99,398.89	753
Proctor, Greg		81,376.33	242
Rae, Gordon		96,816.21	1,280
Thibault, Marc		82,774.69	277
Wahn, David		95,137.69	2,295
Zimmer, Bernie		76,104.10	975
<b>TOTAL DETAILED EMPLOYEES &gt; \$75,000</b>		<b>3,801,000</b>	<b>88,809</b>
<b>TOTAL EMPLOYEES &lt;= \$75,000</b>		<b>5,389,029</b>	<b>78,564</b>
<b>TOTAL</b>		<b>\$ 9,344,704</b>	<b>\$ 198,732</b>
<b>TOTAL EMPLOYER PREMIUM FOR CPP/EI</b>			<b>\$ 428,309</b>

**THE CORPORATION OF THE CITY OF NELSON**  
**SCHEDULE OF PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES**  
**YEAR ENDED DECEMBER 31, 2012**

<u>SUPPLIER NAME</u>	<u>EXPENSE</u>
<b>DETAILED SUPPLIERS &gt;\$25,000</b>	
A & A Painting Ltd	44,878
Advanced Utility Systems	40,286
Ainsworth Inc.	1,083,276
All Terrain Landscaping Ltd	40,722
Andreychuk, Terry	94,701
Arcright Plumbing & Heating Ltd	28,619
Arctic Arrow Powerline Group Ltd	162,225
Asplundh Canada ULC	73,285
Bank of Montreal	283,758
BC Transit	509,031
Ben-Lor Cast Iron Works	25,988
Berg Lehmann	66,080
Black Press Group Ltd.	36,805
Boundary Electric (1985) Ltd.	49,972
C.G.L. Contracting Ltd	313,419
Calgon Carbon Canada, Inc	264,554
Canadian Dewatering LP	94,105
Capri Insurance - CL	276,210
Cascade Facilities Management	26,775
CG Power Systems USA Inc.	41,180
Cooper Power Systems	86,442
Corix Water Products LP	62,376
Cowan's Office Supplies Ltd	47,110
CTQ Consultants Ltd.	28,219
CWA Engineers Inc.	35,596
D W McMullen & Associates Ltd	25,430
DDC Excavating Ltd	42,236
DHC Communications Inc	182,192
Domino Highvoltage Supply Inc	139,448
Eecol Electric Corp.	84,006
Ellenwood Homes Ltd	40,511
Emco Corporation	53,444
Executive Flight Centre Fuel Service Ltd	38,288
Flight Fuels Inc	34,291
FortisBC	5,472,215
Fred Surridge Ltd.	126,045
Galbraith, Fiona	76,007
General Switchgear & Controls Ltd.	404,914
Gilnockie Inspection Ltd	126,428
Green Willows Janitorial	26,463
Guillevin International Co.	67,980
HD Supply Power Solutions	30,470
High Five Maintenance Services	128,534
Hywood Truck & Equipment Ltd	32,512
ICBC	56,376
Impatient Cultural Consultants Ltd	26,713
Inland Allcare	28,015
Insituform Technologies Ltd	180,725
IRL International Truck Centres Ltd	110,926
Itron Canada Inc.	104,567
Jetson Consulting Engineers Ltd	103,865
Kal-Tire	47,125
Kilo Flagging	78,064
Klohn Crippen Berger Ltd.	25,958
Kon Kast Products (2005) Ltd	26,360
Kootenay Industrial Supply Ltd	31,588
Lang Business Systems	47,581

Lordco Auto Parts	32,321
Maglio Building Centre Ltd	34,837
Maglio Installations Ltd.	516,188
Manulife Financial	393,233
Martech Electrical Systems Ltd	563,647
McNally Excavating Inc.	106,703
Minister of Finance - Accomadation and Real Estate	478,716
Minister of Finance - Queens Printer	64,188
Minister of Finance - Water Management	180,180
Municipal Finance Authority	1,448,350
Municipal Insurance Assoc. of BC	143,721
Municipal Pension Plan	1,149,514
Nasmyth Morrow & Bogusz	310,017
Nelco Marine	43,114
Nelson Ready-Mix	59,300
Noramco	28,590
Owen Bird Law Corporation	62,640
PetroValue Products Canada Inc.	37,815
Proctor, Carmen	73,349
Rectec Industries Inc.	86,300
Regional District of Central Kootenay	159,751
Right of Way Operations Group Inc.	137,282
Rocky Point Engineering Ltd	27,120
Selkirk Paving	1,089,708
Smith & Loveless Inc.	35,802
Stella-Jones Inc	135,320
Suncor Energy Products Partnership	496,781
Superior Propane Inc.	36,319
Taylor-Wilton Nelson Ltd	72,033
Telus Communications (B.C.) Inc.	85,295
Temple Consulting Group Ltd.	34,561
Texcan	49,503
Trafco (Canada) Ltd.	118,706
Trainor Mechanical Contractors Ltd	115,233
Trans-Tech Holdings Canada ULC	154,694
Trydor Industries (Canada) Ltd	121,420
Twin Rivers Controls Ltd	57,859
Urban Systems Ltd	42,962
Vimar Equipment Ltd	297,068
Ward Engineering & Land Surveying Ltd	184,551
Waste Management of Canada Corporation	26,502
Waterhouse Environmental Services Corp.	53,911
West Arm Rock Works Ltd	172,480
Westek Controls Ltd.	27,856
Wismer & Rawlings Electric Ltd.	141,133
WorkSafe BC	106,679
WSA Ventures Ltd	45,696
<b>TOTAL DETAILED SUPPLIERS &gt;\$25,000</b>	<b>21,653,837</b>
<b>TOTAL SUPPLIERS &lt;= \$25,000</b>	<b>2,369,616</b>
<b>TOTAL SUPPLIERS</b>	<b>24,023,453</b>

#### GRANTS AND CONTRIBUTIONS >\$25,000

Capitol Theatre	55,000
Community Futures Central Kootenay	100,000
Nelson Regional Sports Council	55,000
Nelson & District Chamber of Commerce	76,000
Regional District of Central Kootenay	192,200
Touchstones Nelson	209,350
<b>TOTAL GRANTS AND CONTRIBUTIONS &gt;\$25,000</b>	<b>687,550</b>

#### TOTAL PAYMENTS, GRANTS AND CONTRIBUTIONS

\$ 24,711,003