

City of Nanaimo



ANNUAL FINANCIAL STATEMENTS

2015

**CITY OF NANAIMO, BRITISH COLUMBIA, CANADA
FINANCIAL REPORT**

for the year ended December 31, 2015

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CITY OF NANAIMO MANAGEMENT REPORT

For the Year Ended December 31, 2015

The Council of the City of Nanaimo has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the City of Nanaimo. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of financial statements. These systems are monitored and evaluated by management.

The City of Nanaimo's independent auditors, KPMG LLP, are engaged to express an opinion as to whether these financial statements present fairly the City of Nanaimo's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects, the financial position of the City of Nanaimo as at December 31, 2015.



Tracy Samra, LL.B., LL.M.
Chief Administrative Officer



Victor Mema, CPA, CMA
Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying consolidated financial statements of the City of Nanaimo, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, including the schedules of operations by segment and tangible capital assets.

Management's Responsibility for the Consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Nanaimo as at December 31, 2015, and its consolidated results of operations, its changes in net consolidated financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
May 2, 2016
Vancouver, Canada

**CITY OF NANAIMO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at December 31, 2015, with comparative figures for 2014

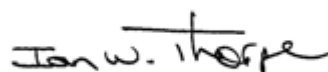
	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 66,205,116	\$ 60,839,567
Accounts receivable and other assets (Note 2)	18,065,818	20,109,818
Development cost charges receivable (Note 3)	768,904	498,609
Portfolio investments (Note 4)	100,726,222	104,590,313
	185,766,060	186,038,307
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	26,580,762	31,028,130
Compensated absences and termination benefits (Note 6)	6,824,923	6,637,594
Deferred revenue and other liabilities (Note 7)	16,526,003	15,125,738
Deferred development cost charges (Note 8)	38,658,888	41,398,345
Debt (Note 10)	47,773,593	50,860,003
	136,364,169	145,049,810
NET FINANCIAL ASSETS	49,401,891	40,988,497
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	669,581,917	655,356,252
Prepaid expenses	1,980,822	1,726,148
Inventories of supplies	665,746	642,632
	672,228,485	657,725,032
ACCUMULATED SURPLUS (Note 12)	\$ 721,630,376	\$ 698,713,529

Commitments and contingencies (Note 13)

Approved on behalf of the Council



William B. McKay
Mayor



Ian Thorpe
Councillor

CITY OF NANAIMO CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31, 2015, with comparative figures for 2014

	2015 Budget (Note 14)	2015	2014
REVENUES			
Taxes	\$ 97,015,095	\$ 96,670,960	\$ 94,551,269
Payments in lieu of taxes	1,381,391	1,517,802	1,409,584
Taxation and payments in lieu (Note 15)	98,396,486	98,188,762	95,960,853
User fees and sales of services (Note 16)	34,711,760	34,809,133	33,699,231
Investment income	2,924,888	3,021,276	3,154,310
Other revenue	6,694,795	10,608,631	7,483,213
Development cost charges (Note 8)	14,429,190	7,762,983	3,421,649
Donations and contributions-capital	1,878,900	1,359,744	577,601
Transfers from other governments-capital (Note 17)	5,275,105	3,604,561	12,674,788
Transfers from other governments-operating (Note 17)	4,706,680	5,396,544	4,728,655
Municipal Finance Authority refunds and debt forgiven	-	22,283	-
Developer assets received (Note 11)	-	4,234,016	5,850,960
(Loss) gain on disposal of assets	-	(1,363,185)	1,450,650
	169,017,804	167,644,748	169,001,910
EXPENSES			
Corporate services	17,603,397	16,242,666	14,965,648
Development services	7,122,891	6,073,590	6,104,472
Social and protective services	4,378,026	4,026,427	3,809,581
Fire	14,975,420	16,213,123	15,713,517
Police	28,331,002	27,030,831	25,032,728
Culture and heritage	10,878,536	11,160,777	10,224,787
Parks, recreation and environment	26,141,553	24,701,879	22,572,863
Engineering and public works	25,827,234	24,096,551	23,616,399
Sewer System	4,712,757	4,409,251	4,873,137
Waterworks	12,143,999	10,772,806	10,061,433
	152,114,815	144,727,901	136,974,565
ANNUAL SURPLUS	16,902,989	22,916,847	32,027,345
ACCUMULATED SURPLUS - BEGINNING OF YEAR	698,713,529	698,713,529	666,686,184
ACCUMULATED SURPLUS - END OF YEAR	\$ 715,616,518	\$ 721,630,376	\$ 698,713,529

CITY OF NANAIMO
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended December 31, 2015 , with comparative figures for 2014

	2015 Budget (Note 14)	2015	2014
ANNUAL SURPLUS	\$ 16,902,989	\$ 22,916,847	\$ 32,027,345
Acquisition of tangible capital assets	(54,419,600)	(31,665,508)	(42,368,519)
Developer contributed capital assets	-	(4,234,016)	(5,851,614)
	(54,419,600)	(35,899,524)	(48,220,133)
Amortization of tangible capital assets	20,851,198	20,288,865	20,199,518
(Loss) gain on disposal of tangible capital assets	-	1,363,185	(1,450,650)
Proceeds on sale of tangible capital assets	-	21,809	84,210
	(33,568,402)	(14,225,665)	(29,387,055)
Acquisition of inventories of supplies	-	(3,235,705)	(3,088,591)
Acquisition of prepaid expenses	-	(2,018,028)	(1,707,121)
Consumption of inventories of supplies	-	3,212,591	3,166,893
Use of prepaid expenses	-	1,763,354	1,179,739
	-	(277,788)	(449,080)
CHANGE IN NET FINANCIAL ASSETS	(16,665,413)	8,413,394	2,191,210
NET FINANCIAL ASSETS - BEGINNING OF YEAR	40,988,497	40,988,497	38,797,287
NET FINANCIAL ASSETS - END OF YEAR	\$ 24,323,084	\$ 49,401,891	\$ 40,988,497

CITY OF NANAIMO
CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2015, with comparative figures for 2014

	2015	2014
CASH PROVIDED BY (USED FOR)		
OPERATING TRANSACTIONS		
Annual Surplus	\$ 22,916,847	\$ 32,027,345
Non-cash items		
Amortization of tangible capital assets	20,288,865	20,199,518
Developer assets received	(4,234,016)	(5,851,614)
(Gain) loss on disposal of tangible capital assets	1,363,185	(1,450,650)
Development cost charges recognized as revenue	(7,762,983)	(3,421,649)
Actuarial adjustments	(719,319)	(613,910)
Change in non-cash operating assets and liabilities		
Accounts Receivable	1,773,705	842,079
Accounts payable	(4,260,039)	3,230,215
Deferred revenue	1,400,265	(6,484,895)
Inventories of supplies	(23,114)	78,302
Prepaid expenses	(254,674)	(527,382)
Net change in cash from operating transactions	30,488,722	38,027,359
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(31,665,508)	(42,368,519)
Proceeds from the sale of tangible capital assets	21,809	84,210
Net change in cash from capital transactions	(31,643,699)	(42,284,309)
INVESTING TRANSACTIONS		
Change in investments	3,864,091	(10,556,575)
FINANCING TRANSACTIONS		
Debt repayment	(2,367,091)	(2,051,169)
Deferred development cost charges	5,023,526	6,538,033
Proceeds from long term borrowing	-	9,200,000
Net change in cash from financing transactions	2,656,435	13,686,864
CHANGE IN CASH AND CASH EQUIVALENTS	5,365,549	(1,126,661)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	60,839,567	61,966,228
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 66,205,116	\$ 60,839,567

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

The City of Nanaimo (the City) was incorporated December 24, 1874 under a statute of the Province of British Columbia now known as the *Community Charter*. The principal activities of the City are preservation, protection and enhancement of the quality of life in Nanaimo through the facilitation of municipal services in an equitable, efficient and effective manner.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The City prepares its consolidated financial statements in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following include significant policies that have been adopted by the City:

(a) Basis of Consolidation

The City's resources and operations are segregated into general, water, sewer, capital and reserve funds. The consolidated financial statements reflect the assets, liabilities, revenues and expenses of these funds.

(i) Consolidated Entities

The reporting entity is comprised of all organizations controlled by the City. These organizations include the Nanaimo Economic Development Corporation and the Vancouver Island Conference Centre.

(b) Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the delivery of goods or services and/or upon the creation of a legal obligation to pay. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

(c) Government Transfers

Government transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized, any eligibility criteria met, and reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which eligible expenses are incurred provided they are authorized and eligible criteria are met.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia (MFA) Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(e) Portfolio Investments

Portfolio investments consist of term deposits and debentures which are expected to be held for a term exceeding 90 days. Investments are recorded at cost. When, in the opinion of management, there is a decline in value, other than a temporary decline, investments are written down to their net realizable value.

(f) Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(g) Development Cost Charges

Deferred development cost charges are restricted by legislation to expenditures on capital infrastructure and related debt servicing costs and operating projects. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

(h) Deferred Revenue

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or other related expenditures are incurred.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Compensated Absences and Termination Benefits

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred. Compensated absences and termination benefits also accrue to the City's employees. The liabilities related to these termination benefits and earned sick leave are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains and losses are amortized over the average remaining service period of the active employees.

(j) Debt

Debt is presented net of related sinking fund balances.

(k) Non-Financial Assets

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

(i) Tangible Capital Assets

Tangible capital assets are comprised of capital assets and capital works in progress, and are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost of the tangible capital assets, excluding land, are amortized on a straight-line basis over the estimated useful lives of the assets, commencing at the time the assets are available for use.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Non-Financial Assets (continued)

(i) Tangible Capital Assets (continued)

Estimated useful lives are as follows:

Asset	Useful Life-Years
Land Improvements	10-60
Leasehold Improvements	15-30
Marine Structures	15-35
Buildings	10-40
Vehicles and Equipment	2-25
IT Infrastructure	4-10
Drainage	2-75
Transportation - Linear Infrastructure, Lighting and Signals	2-80
Sewer - Linear Infrastructure and Equipment	25-60
Water - Linear Infrastructure and Equipment	8-80

Tangible capital assets are written down to their residual value when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of the future economic benefits associated with the asset are less than the book value of the asset.

(ii) Contribution of Tangible Capital Assets

Subdivision streets, lighting, sidewalks, drainage and other infrastructure assets are required to be provided by subdivision developers. Tangible capital assets received from developers are recorded at their fair value at the date of receipt and also recorded as revenue. The City is not involved in the construction and does not budget for assets received from developers.

(iii) Natural Resources

Natural Resources are not recognized as assets in the financial statements.

(iv) Works of Art and Cultural and Historical Assets

Works of art and cultural and historical assets are not recognized as assets in the financial statements.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Non-Financial Assets (continued)

(v) Interest Capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Inventories of Supplies

Inventories of supplies are recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

(l) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of compensated absences and termination benefits, collectability of accounts receivable, useful lives of tangible assets for calculation of amortization and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Adoption of Accounting Policy

(i) Contaminated Sites

The City of Nanaimo adopted the Public Sector Accounting Board Standard (PS) 3260 Liability for Contaminated Sites effective January 1, 2015. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use or where an unexpected event resulted in contamination. The City of Nanaimo adopted this standard on a retroactive basis and there were no adjustments to opening accumulated surplus as a result of the adoption of this standard.

NOTE 2 - ACCOUNTS RECEIVABLE

	<u>2015</u>		<u>2014</u>
Property Taxes	\$ 4,437,849	\$	5,199,630
Other Governments	3,741,578		4,816,958
Trade and Other	9,886,391		10,093,230
	<u>\$ 18,065,818</u>	\$	<u>20,109,818</u>

NOTE 3 - DEVELOPMENT COST CHARGES RECEIVABLE

	<u>2015</u>		<u>2014</u>
Installments Receivable:			
2015	\$ -	\$	258,496
2016	418,548		240,113
2017	350,356		-
	<u>\$ 768,904</u>	\$	<u>498,609</u>

Development cost charges are collected on the approval of a subdivision or the issuance of a building permit. These funds assist the City in the cost of development, including constructing capital improvements, operating projects and the related debt servicing costs. Installments receivable represent funds due from developers within two years and are secured by irrevocable standby letters of credit and/or cash on deposit. No interest is charged on these outstanding installments.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 4 - PORTFOLIO INVESTMENTS

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Term Deposits	\$ 100,726,222	\$ 101,214,712	\$ 99,590,313	\$ 100,124,761
Debentures	-	-	5,000,000	5,000,000
	<u>\$ 100,726,222</u>	<u>\$ 101,214,712</u>	<u>\$ 104,590,313</u>	<u>\$ 105,124,761</u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Trade and Other	\$ 11,943,227	\$ 12,492,078
RCMP Contract	6,049,632	6,462,088
Deposits	4,136,976	3,370,058
Accrued wages and benefits	3,631,343	4,679,806
Colliery dam remediation	-	3,000,000
Contaminated sites	110,000	-
Other governments	709,584	1,024,100
	<u>\$ 26,580,762</u>	<u>\$ 31,028,130</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 6 - COMPENSATED ABSENCES AND TERMINATION BENEFITS

The City provides certain post-employment benefits, non-vested sick leave, compensated absences and termination benefits to its employees. An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2013 and the results are extrapolated to December 31, 2015. Significant assumptions used in the valuation include a discount rate of 4.75%, inflation of 2% and compensation increases, excluding merit and promotion, of 3%. There are unamortized actuarial gains of \$153,663 (2014– \$160,813).

	<u>2015</u>	<u>2014</u>
Actuarial Benefit Obligation, beginning of year	\$ 6,476,781	\$ 6,335,314
Unamortized Actuarial Losses, beginning of year	160,813	167,963
	<hr/>	<hr/>
Current Service Cost	6,637,594	6,503,277
Interest Costs	457,118	427,832
Benefits Paid	305,022	297,228
Amortization of Actuarial (Gain)	(567,661)	(583,593)
	(7,150)	(7,150)
	<hr/>	<hr/>
	<u>6,824,923</u>	<u>6,637,594</u>
	<hr/>	<hr/>
Actuarial Benefit Obligation, end of year	6,671,260	6,476,781
Unamortized Actuarial Gain, end of year	153,663	160,813
	<hr/>	<hr/>
Accrued Benefit Liability, end of year	<u>\$ 6,824,923</u>	<u>\$ 6,637,594</u>

Actuarial gains and losses are amortized over 12 – 14 years, being the expected average remaining service period of the related employee groups, commencing the year after the gain or loss arises. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$601,836 (2014 - \$606,652).

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 7 - DEFERRED REVENUE AND OTHER LIABILITIES

	<u>2015</u>		<u>2014</u>
Tax Prepayments	\$ 11,559,862	\$	10,769,629
Other Prepayments	4,966,141		4,356,109
	<u>\$ 16,526,003</u>	<u>\$</u>	<u>15,125,738</u>

NOTE 8 - DEFERRED DEVELOPMENT COST CHARGES

	<u>2015</u>		<u>2014</u>
Deferred Development Cost Charges - beginning of year	\$ 41,398,345	\$	38,281,961
Additions	4,298,709		5,772,539
Interest Earned	724,817		765,494
Revenue Recognized	(7,762,983)		(3,421,649)
	<u>\$ 38,658,888</u>	<u>\$</u>	<u>41,398,345</u>

NOTE 9 - CEMETERY CARE FUND

The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the *Cremation, Interment and Funeral Services Act*. The trust fund assets and liabilities are not included in the consolidated financial statements.

NOTE 10 - DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS

The City issues debt instruments through the MFA pursuant to security issuing bylaws under authority of the *Community Charter* to finance certain capital expenditures.

\$46,847,697 (2014 – \$49,803,006) of debt is with the MFA. Payments of \$19,889,831 on the gross amount borrowed of \$66,737,528 are held in a sinking fund by the MFA. The remaining \$925,896 (2014 – \$1,056,997) is with the Royal Bank. The rates of interest on the principal amount of the MFA debentures vary between 1.6% and 4.82% per annum. The rate of interest on the Royal Bank debt is 5.48%.

	<u>2015</u>		<u>2014</u>
Total Outstanding Debt - beginning of year	\$ 50,860,003	\$	44,325,082
Reduction of Long-term Debt	(3,086,410)		(2,665,079)
Proceeds from long-term borrowing	-		9,200,000
	<u>\$ 47,773,593</u>	<u>\$</u>	<u>50,860,003</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 10 - DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS (CONTINUED)

Future payments on net outstanding debt over the next five years and thereafter are as follows:

<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Total</u>
2016	\$ 3,043,900	\$ 804,393	\$ 3,848,293
2017	2,205,420	836,569	3,041,989
2018	2,296,455	870,032	3,166,487
2019	2,391,258	904,833	3,296,091
2020	2,489,986	941,026	3,431,012
Thereafter	14,066,666	16,923,055	30,989,721
	<u>\$ 26,493,685</u>	<u>\$ 21,279,908</u>	<u>\$ 47,773,593</u>

The \$925,896 (2014 – \$1,056,997) loan from the Royal Bank has been secured by a collateral mortgage in the amount of \$4,000,000 covering the Harbourfront Parkade and lot located on the Gordon Street site.

<u>Bylaw #</u>	<u>MFA Issue #</u>		<u>Interest Rate %</u>	<u>Year Matures</u>	<u>Balance Outstanding</u>	
					<u>2015</u>	<u>2014</u>
<u>General Fund - Tax Supported</u>						
5456	73	Local Improvement, 2000	1.60	2015	\$ -	\$ 22,495
5425	72	Leisure and Aquatic Centre	2.10	2020	1,543,830	1,813,877
5457	73	Leisure and Aquatic Centre	1.60	2020	1,406,600	1,652,643
Royal Bank	-	Harbourfront Parkade	5.48	2016	925,896	1,056,997
5750	99	Port of Nanaimo Centre	4.43	2026	9,669,168	10,358,552
5750	101	Port of Nanaimo Centre	4.52	2027	10,358,552	11,021,422
7050	102	Fire Station #4	4.82	2027	2,589,638	2,755,355
					<u>26,493,684</u>	<u>28,681,341</u>
<u>Waterworks Fund - User Fee Supported</u>						
50	61	North Nanaimo Reservoir	3.00	2015	-	125,299
7127	126	Water Treatment Plant	3.85	2033	12,388,861	12,853,363
7127	127	Water Treatment Plant	3.30	2034	8,891,048	9,200,000
					<u>21,279,909</u>	<u>22,178,662</u>
		Total Outstanding Debt			<u>\$ 47,773,593</u>	<u>\$ 50,860,003</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 11 - TANGIBLE CAPITAL ASSETS

<u>Net Book Value</u>	<u>2015</u>	<u>2014</u>
Land	\$ 85,701,341	\$ 82,935,268
Land Improvements	15,359,117	13,977,208
Leasehold Improvements	308,912	387,287
Marine Structures	164,575	195,635
Buildings	126,713,242	127,337,633
Vehicles and Equipment	12,191,028	12,365,575
IT Infrastructure	1,224,538	1,463,228
Drainage	73,726,125	72,193,612
Transportation	138,454,679	139,797,013
Sewer	24,587,060	20,882,963
Water	181,853,194	113,782,818
	<hr/>	<hr/>
	660,283,811	585,318,240
Work In Progress	9,298,106	70,038,012
	<hr/>	<hr/>
	<u>\$ 669,581,917</u>	<u>\$ 655,356,252</u>

See schedule of tangible capital assets (page 31) for more information. There were no write downs of tangible capital assets for 2014 and 2015. Developer contributed assets recognized in 2015 were \$4,234,016 (2014 - \$5,851,614) recorded at fair market value at the time of receipt. These include transportation, drainage, sewer and water infrastructure and the land under these assets.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 12 - ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Reserve Accounts (Note 22)	\$ 65,292,759	\$ 63,328,611
Surplus - General	3,752,211	2,343,849
Surplus - Sewer System	6,695,163	6,569,167
Surplus - Waterworks	5,356,715	5,167,765
Investment in Tangible Capital Assets (Note 18)	621,808,324	604,496,249
Community Works Reserve Fund (Gas Tax Agreement)	2,490,950	3,609,979
Equipment Depreciation Reserve	5,590,647	4,172,501
Facility Development (Recreation) Reserve	1,680,653	1,359,985
Property Sales Reserve	1,331,516	1,074,208
Local Improvement Reserve	-	1,585,200
Knowles Estate Reserve	430,717	437,651
Parkland Dedication Reserve	211,565	50,215
Old City Neighborhood Parking Reserve	85,647	84,098
General Asset Management Reserve	4,863,087	2,524,998
Sewer Asset Management Reserve	512,605	746,650
Water Asset Management Reserve	1,225,984	943,649
Regional Emissions Reduction Reserve	301,833	218,754
	<u>\$ 721,630,376</u>	<u>\$ 698,713,529</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

(a) Liability Claims

In the ordinary course of business, various claims and lawsuits are brought against the City. 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 as a result of litigation, will be recorded when a liability is likely and determinable. Liability insurance is carried by the City, subject to a deductible of \$25,000 per claim. Effective January 1, 2002, the City no longer has insurance coverage for claims filed after that date resulting from construction deficiencies related to building envelope failure.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) BC Assessment Authority Appeals

As at December 31, 2015, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes a provision against property taxes receivable for the impact of appeals where the losses are likely and the amounts are reasonably determinable.

(c) Joint and Several Liabilities

The City has a contingent liability with respect to debentures of the Regional District of Nanaimo and the Regional Hospital District of Nanaimo, to the extent provided for in their respective Acts of Incorporation. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

The City issues its debt instruments primarily through the MFA. Demand notes are executed in connection with each debenture whereby the City may be required to pay certain amounts to the Regional District of Nanaimo. These demand notes of \$1,871,727 (2014 – \$1,956,891) are contingent in nature and given the low likelihood of payment are not reflected in the accounts.

The City is a participant in the Municipal Insurance Association of British Columbia (the Association). Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Colliery Dams

No liability has been recorded in the financial statements relating to the remediation of the Colliery Dams. In 2014, the provincial government of British Columbia directed the City of Nanaimo to remediate the Colliery Dams, resulting in construction of the Lower Colliery Dam Auxiliary Spillway commencing in September 2015. Construction is scheduled to be completed in April 2016. Commitments of \$1,203,395 related to the remediation are included in the amounts disclosed in Note 13 (g), and costs incurred to December 31, 2015 total \$2,221,576.

(e) Subsidence of Mines

Continued existence of abandoned underground mines has resulted in risk to private land and public roads due to potential collapse or instability. The full impact of the abandoned mines and any potential liabilities are unknown at this time and a partnership with the Province of BC to complete studies to address any potential risks has been requested. No determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. A liability will be recorded if remediation costs are determined to be likely and the amounts are reasonably determinable.

(f) Credit Facilities

The City has adopted a revenue anticipation borrowing bylaw to support a credit facility in the amount of \$6,000,000 with an interest rate of Royal Bank Prime Rate less 0.5%. This facility creates a floating charge on certain assets and undertakings of the City. At December 31, 2015, no amounts were drawn against this facility.

(g) Commitments

The City has \$7.8 million in open purchase orders at year end which have not been recorded in the financial statements. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the period that the goods and services, to which they relate, are received.

(h) Guarantees

The City has guaranteed the amount of a \$2 million line of credit for the Port Theatre Society. Management considers the likelihood of payment on the guarantee to be low.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 14 - ANNUAL BUDGET

These financial statements include the Annual Budget as approved by Council on May 4, 2015. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

	<u>2015</u>
Annual Budgeted Surplus - Statement of Operations	\$ 16,902,989
Cemetery Care Fund - not in reporting entity	7,500
Development Cost Charges - change from restricted revenue presentation	<u>(9,766,222)</u>
Annual Surplus from the 2015 Financial Plan	7,144,267
Amortization, not funded	20,851,198
Capital Expenditures	(54,419,600)
Proceeds from Borrowing	134,646
Principal Repayment of Debt	(3,086,275)
Transfers from Accumulated Surplus	<u>29,375,764</u>
Net Annual Budget - as approved	<u><u>\$ -</u></u>

NOTE 15 - TAXATION AND PAYMENTS IN LIEU

	<u>Municipal</u>	<u>Other</u>	<u>2015 Total</u>	<u>2014 Total</u>
Property Taxes	\$ 95,031,493	\$ 58,827,746	\$ 153,859,239	\$ 150,026,259
Local Improvements Frontage Fees	18,985	-	18,985	20,627
Business Improvement Area Levies	229,631	-	229,631	226,941
Taxes in Lieu of Licenses	1,390,851	-	1,390,851	1,382,234
Payments in Lieu of Taxes	1,517,802	510,150	2,027,952	1,892,769
	<u>\$ 98,188,762</u>	<u>\$ 59,337,896</u>	<u>\$ 157,526,658</u>	<u>\$ 153,548,830</u>

	<u>2015</u>	<u>2014</u>
Less Collections for Other Governments:		
Province of British Columbia (School Tax)	\$ 38,338,515	\$ 37,932,257
Regional District of Nanaimo	16,256,554	14,993,887
Nanaimo Regional Hospital District	3,675,389	3,584,991
Other Agencies	1,067,438	1,076,842
	<u>59,337,896</u>	<u>57,587,977</u>
Taxation and Payments in Lieu	<u><u>\$ 98,188,762</u></u>	<u><u>\$ 95,960,853</u></u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 16 - USER FEES AND SALES OF SERVICES

	<u>2015</u>		<u>2014</u>
Waterworks	\$ 14,163,855	\$	14,575,628
Recreation Programs	6,410,086		6,091,796
Sewer System	5,973,772		5,539,616
Garbage Collection	3,766,514		3,409,237
Vancouver Island Conference Centre	1,835,151		1,562,048
Public Works	710,545		644,435
Parking	1,420,363		1,303,404
Other	333,169		370,480
Community Safety	195,678		202,587
	<u>\$ 34,809,133</u>	<u>\$</u>	<u>33,699,231</u>

NOTE 17 - TRANSFERS FROM OTHER GOVERNMENTS

	<u>2015</u>		<u>2014</u>
<u>Federal</u>			
Capital	\$ -	\$	1,000,000
Gas Tax	3,471,100		11,674,788
Other	-		46,350
	<u>3,471,100</u>		<u>12,721,138</u>
<u>Provincial</u>			
Casino Gaming	2,485,884		2,392,585
Revenue Sharing	1,373,272		970,275
Other	631,748		101,366
	<u>4,490,904</u>		<u>3,464,226</u>
<u>Regional District of Nanaimo</u>			
Recreation Services, Sports Field and Other	1,039,101		1,218,079
Total Transfers from Other Governments	<u>\$ 9,001,105</u>	<u>\$</u>	<u>17,403,443</u>
Transfers from Other Governments - Capital	\$ 3,604,561	\$	12,674,778
Transfers from Other Governments - Operating	5,396,544		4,728,655
Total Transfers from Other Governments	<u>\$ 9,001,105</u>	<u>\$</u>	<u>17,403,433</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 18 - INVESTMENT IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Investment in Tangible Capital Assets - beginning of year	\$ 604,496,249	\$ 581,644,115
Add:		
Capital Additions	36,024,857	50,427,870
Reductions in Long-term Debt	3,086,410	2,665,079
Less:		
Proceeds from long-term borrowing	-	(9,200,000)
Amortization	(20,288,865)	(20,199,518)
Net Book Value of Asset Disposals	(1,510,327)	(841,297)
Investment in Tangible Capital Assets - end of year	<u>\$ 621,808,324</u>	<u>\$ 604,496,249</u>

NOTE 19 - MUNICIPAL PENSION PLAN

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the 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 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from Local Government.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan. Contributions to the plan were:

	<u>2015</u>	<u>2014</u>
Employer Portion	\$ 5,048,233	\$ 4,441,111
Employee Portion	4,272,288	3,718,409
	<u>\$ 9,320,521</u>	<u>\$ 8,159,520</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 20 - FINANCIAL INSTRUMENTS

(a) Financial Risk and Fair Market Values

The City's financial instruments consist of cash and cash equivalents, portfolio investments, development cost charges receivable, accounts receivable and other assets, accounts payable and accrued liabilities and debt. The City does not hold any asset-backed commercial paper or hedge funds. The financial risk is the risk to the City's earnings that arises from fluctuations in interest rates, foreign exchange rates, and the degree of volatility of these rates. The City does not use derivative instruments to reduce its exposure to interest rate risk nor foreign exchange risk as management does not consider the risks material. Based on available market information, the carrying value of the City's financial instruments approximates their fair value with the exception of Portfolio investments for which market values are disclosed in Note 4.

(b) Credit Risk

The City is not exposed to significant risk from its accounts receivables. The City's tax base has a significant number of participants which reduces the concentration of credit risk. Credit risk is further minimized as the City has the ability to expropriate land in the event of non-payment of property tax receivables.

NOTE 21 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 22 - RESERVES

	<u>Work in Progress</u>	<u>Available for Future Commitments</u>	<u>2015</u>	<u>2014</u>
<u>General Revenue Fund Reserve Accounts</u>				
Corporate Services	\$ -	\$ -	\$ -	\$ 254,059
Social & Protective Services	430,797	1,276,881	1,707,678	1,572,463
Parks, Recreation & Environment	35,813	241,451	277,264	1,968,187
Engineering & Public Works	-	-	-	3,844,469
Community Services Operations	-	250,000	250,000	-
Culture & Heritage	-	-	-	11,072
General Capital	1,430,000	5,409,897	6,839,897	4,886,454
Prior Year Carry Forwards	5,551,321	-	5,551,321	-
Housing Legacy Reserve	47,584	2,713,989	2,761,573	2,874,365
Uncollected Taxes	-	2,472,037	2,472,037	2,803,848
Uninsured Claims	-	2,580,995	2,580,995	2,568,624
Allowance for Bad Debts	10,000	40,000	50,000	50,000
RCMP Contract	-	3,290,903	3,290,903	2,507,115
Information Technology Infrastructure	1,835,560	-	1,835,560	1,977,131
Sustainability Initiatives	333,781	456,689	790,470	1,135,966
Parking Reserve	97,356	890,855	988,211	883,276
Conference Centre	-	700,682	700,682	600,682
Snow Removal	-	400,000	400,000	400,000
Property Acquisition	12,430	1,322,403	1,334,833	376,056
Colliery Dam Reserve	778,423	194,056	972,479	372,685
Photocopier Reserve	66,000	229,639	295,639	326,556
Casino Funds	-	256,613	256,613	170,728
	<u>10,629,065</u>	<u>22,727,090</u>	<u>33,356,155</u>	<u>29,583,736</u>
<u>Sewer Revenue Reserve Accounts</u>				
General Capital	4,542,919	6,396,058	10,938,977	10,528,532
Growth Related Projects	-	916	916	850,916
	<u>4,542,919</u>	<u>6,396,974</u>	<u>10,939,893</u>	<u>11,379,448</u>
<u>Waterworks Revenue Fund Reserve Accounts</u>				
General Capital	10,264,611	9,222,439	19,487,050	20,365,766
Growth Related Projects	-	1,410,000	1,410,000	1,500,000
User Rate Leveling	-	-	-	400,000
Local Improvement Projects	-	99,661	99,661	99,661
	<u>10,264,611</u>	<u>10,732,100</u>	<u>20,996,711</u>	<u>22,365,427</u>
Total Reserve Accounts	<u>\$ 25,436,595</u>	<u>\$ 39,856,164</u>	<u>\$ 65,292,759</u>	<u>\$ 63,328,611</u>

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 23 - SEGMENT REPORTING

The City's operations and activities are organized and reported by Fund. City services are provided by departments and their activities are reported in these funds. See Schedule of Operations by Segment (page 29).

GENERAL REVENUE FUND

Certain departments have been separately disclosed in the segmented information, along with the services they provide as follows:

Corporate Services

Consists of the City Manager's Office and the Corporate Services Department. The City Manager's Office assists Council to establish its strategic direction for the City and takes the lead role in managing the implementation of policy direction established by Council. The Office also provides managerial leadership and direction to all City departments and operations.

Providing service to both the internal organization and the community, the Corporate Services Department is responsible for five key areas – Legislative Services, Human Resources and Organizational Planning, Information Technology, Financial Services and Purchasing, and Community Development Administration. The Corporate Services Department is also the liaison to the Nanaimo Economic Development Corporation, the Vancouver Island Conference Centre, the Nanaimo Port Authority and Snuneymuxw First Nation.

Development Services

Development Services is responsible for a variety of tasks relating to planning and development. This includes processing development applications and developing related policies and regulations.

Social and Protective Services

The Social and Protective services department is responsible for the City's regulatory services, including the bylaw, animal control, and parking functions. Protective services include emergency management, planning and coordination functions.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 23 - SEGMENT REPORTING (CONTINUED)

Fire

The Fire Department has the responsibility of protecting the City's citizens and infrastructure through prevention and quick and high quality response to fire, medical and other emergency incidents in the most effective and responsive manner possible.

Police

The City contracts the Royal Canadian Mounted Police to provide top quality policing services in Nanaimo. With administrative support services provided by City employees, the detachment provides all standard policing services, including response to emergency and non-emergency calls, criminal investigations and traffic safety measures.

Culture and Heritage

The Culture and Heritage department fosters the importance and visibility of cultural vitality in Nanaimo. This department facilitates cultural planning and development and also focuses on heritage conservation.

Parks, Recreation and Environment

The Parks, Recreation and Environment department manages, facilitates and maintains a system of services, facilities, parks and open spaces and works to enhance the quality of life for the citizens of Nanaimo.

Engineering and Public Works

Engineering and Public Works is responsible for the planning, design, construction, operation and maintenance of the City's infrastructure including the City's water, sanitary sewer, drainage and transportation infrastructure. Department operations also include maintenance of the City's fleet, cemeteries, solid waste collection and recycling.

SEWER SYSTEM

The City Sanitary Sewer Utility is a self-funded entity that operates and maintains a sewer collection system that serves the City.

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2015

NOTE 23 - SEGMENT REPORTING (CONTINUED)

WATERWORKS

The City Waterworks Utility is a self-funded entity that delivers water to residential, commercial and industrial premises in Nanaimo. The Utility operates and maintains a supply system consisting of dams, transmission mains, reservoirs and treatment facilities as well as a distribution system.

RESERVE FUNDS

These funds have been created to hold assets for specific future requirements pursuant to the Community Charter. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxes, grants in lieu of taxes and any revenues not directly attributable to a segment are apportioned to the General Revenue Fund services based on the net annual budget.

CITY OF NANAIMO

SCHEDULE OF OPERATIONS BY SEGMENT

for the year ended December 31, 2015

	Corporate Services	Development Services	Social and Protective Services	Fire	Police	Culture and Heritage	Parks, Recreation and Environment	Engineering and Public Works	Sewer System	Waterworks	Reserve Funds	Consolidated
Revenues												
Taxes	\$ 14,426,927	\$ 3,271,478	\$ 1,626,249	\$ 14,035,497	\$ 24,731,792	\$ 8,710,524	\$ 15,282,631	\$ 14,585,862	\$ -	\$ -	\$ -	96,670,960
Payments in lieu of taxes	228,370	51,314	25,508	220,152	387,927	136,628	239,714	228,189	-	-	-	1,517,802
User fees	220,496	96,222	1,435,919	93,775	101,903	1,836,046	6,410,086	4,477,059	5,973,772	14,163,855	-	34,809,133
Investment income	295,124	66,315	32,964	284,507	501,326	176,567	309,786	304,860	-	7,140	1,042,687	3,021,276
Other revenue	920,697	3,582,710	528,844	1,206,654	1,709,658	127,675	793,479	2,034,189	7,464	93,360	(396,099)	10,608,631
DCC revenue	-	-	-	-	-	-	127,640	967,151	42,833	6,625,359	-	7,762,983
Donations - capital	502,987	-	-	-	-	-	29,653	703,700	-	123,404	-	1,359,744
Gov't capital transfers	-	-	-	-	-	-	-	133,461	-	3,471,100	-	3,604,561
Gov't operating transfers	400,590	37,696	112,358	138,133	2,078,878	1,062,980	1,416,152	149,757	-	-	-	5,396,544
MFA refunds	-	-	-	-	-	-	2,973	-	-	19,310	-	22,283
Developer assets	-	-	8,036	-	-	-	1,096,577	2,416,349	421,593	291,461	-	4,234,016
Gain (loss) on disposal	(2,654)	(264,165)	(25,458)	(18,797)	(26,633)	-	(314,514)	(444,423)	(104,397)	(162,144)	-	(1,363,185)
	16,992,537	6,841,570	3,744,420	15,959,921	29,484,851	12,050,420	25,394,177	25,556,154	6,341,265	24,632,845	646,588	167,644,748
Expenses												
Wages and salaries	10,219,963	4,527,964	1,549,303	13,861,592	5,394,729	455,597	12,800,025	9,079,438	1,051,365	2,329,772	-	61,269,748
Contracted services	4,482,711	1,051,238	1,414,539	862,573	21,054,990	3,215,903	6,116,374	6,425,651	638,843	941,443	-	46,204,265
Amortization	824,910	233,403	395,522	576,978	326,119	2,180,875	3,130,763	9,045,748	584,167	2,990,380	-	20,288,865
Materials and supplies	726,437	147,273	89,130	640,119	83,546	91,378	1,729,064	2,446,971	277,727	705,575	-	6,937,220
Other	1,270,003	113,712	584,366	646,554	171,447	5,217,024	978,955	1,943,551	1,857,149	3,041,765	-	15,824,526
Interest payments on debt	984,942	-	54,657	140,307	-	-	(53,302)	(6,236)	-	763,871	-	1,884,239
	18,508,966	6,073,590	4,087,517	16,728,123	27,030,831	11,160,777	24,701,879	28,935,123	4,409,251	10,772,806	-	152,408,863
Interprogram credits	(2,266,300)	-	(61,090)	(515,000)	-	-	-	(4,838,572)	-	-	-	(7,680,962)
	16,242,666	6,073,590	4,026,427	16,213,123	27,030,831	11,160,777	24,701,879	24,096,551	4,409,251	10,772,806	-	144,727,901
ANNUAL SURPLUS	749,871	767,980	(282,007)	(253,202)	2,454,020	889,643	692,298	1,459,603	1,932,014	13,860,039	646,588	22,916,847
Capital projects	\$ 1,341,221	\$ -	\$ 295,108	\$ 480,745	\$ -	\$ -	\$ 2,708,463	\$ 8,124,085	\$ 3,249,549	\$ 18,184,935	\$ -	\$ 34,384,106

CITY OF NANAIMO

SCHEDULE OF OPERATIONS BY SEGMENT

for the year ended December 31, 2014

	Corporate Services	Development Services	Social and Protective Services	Fire	Police	Culture and Heritage	Parks, Recreation and Environment	Engineering and Public Works	Sewer System	Waterworks	Reserve Funds	Consolidated
Revenues												
Taxes	\$13,448,723	\$ 3,109,814	\$ 1,816,386	\$14,265,876	\$23,043,921	\$ 8,044,684	\$15,237,822	\$15,584,043	\$ -	\$ -	\$ -	\$ 94,551,269
Payments in lieu of taxes	197,631	46,483	27,150	213,236	344,443	120,246	227,764	232,631	-	-	-	1,409,584
User fees	229,667	120,750	1,323,034	89,345	113,242	1,562,481	6,091,796	4,053,672	5,539,616	14,575,628	-	33,699,231
Investment income	274,840	64,643	37,757	296,544	479,012	167,441	316,748	333,862	-	7,224	1,176,239	3,154,310
Other revenue	384,639	3,172,337	635,999	1,001,039	600,248	222,765	859,463	498,397	6,170	75,616	26,540	7,483,213
DCC revenue	-	-	-	-	-	-	1,298,028	1,212,042	451,375	460,204	-	3,421,649
Donations - capital	353	-	-	-	-	-	343,671	145,228	56,786	31,563	-	577,601
Gov't capital transfers	-	-	-	-	-	-	-	-	-	12,674,788	-	12,674,788
Gov't operating transfers	344,748	28,983	107,035	132,954	1,580,942	978,014	1,407,342	148,637	-	-	-	4,728,655
Developer assets	-	-	-	-	-	-	2,718,061	2,348,979	384,554	399,366	-	5,850,960
Gain (loss) on disposal	(327,999)	965,730	(346)	(9,851)	-	-	1,083,598	(31,272)	(16,460)	(212,750)	-	1,450,650
	14,552,602	7,508,740	3,947,015	15,989,143	26,161,808	11,095,631	29,584,293	24,526,219	6,422,041	28,011,639	1,202,779	169,001,910
Expenses												
Wages and salaries	9,686,120	4,497,352	1,420,180	13,303,153	5,083,433	429,729	12,365,856	9,060,987	1,036,317	1,992,989	-	58,876,116
Contracted services	3,930,520	1,009,036	1,319,993	993,648	19,349,990	3,063,847	3,967,924	5,905,801	1,092,185	837,797	-	41,470,741
Amortization	983,655	289,263	401,295	570,374	327,924	1,649,205	3,706,810	8,753,321	592,708	2,924,963	-	20,199,518
Materials and supplies	796,511	180,967	88,035	562,040	98,850	124,875	1,524,545	2,702,673	312,397	571,377	-	6,962,270
Other	775,961	127,854	577,571	632,595	172,531	4,957,131	972,079	2,462,679	1,839,530	3,025,132	-	15,543,063
Interest payments on debt	1,037,442	-	61,628	146,707	-	-	35,649	(1,422)	-	709,175	-	1,989,179
	17,210,209	6,104,472	3,868,702	16,208,517	25,032,728	10,224,787	22,572,863	28,884,039	4,873,137	10,061,433	-	145,040,887
Interprogram credits	(2,244,561)	-	(59,121)	(495,000)	-	-	-	(5,267,640)	-	-	-	(8,066,322)
	14,965,648	6,104,472	3,809,581	15,713,517	25,032,728	10,224,787	22,572,863	23,616,399	4,873,137	10,061,433	-	136,974,565
ANNUAL SURPLUS	(413,046)	1,404,268	137,434	275,626	1,129,080	870,844	7,011,430	909,820	1,548,904	17,950,206	1,202,779	32,027,345
Capital projects	\$ 2,802,853	\$ -	\$ 121,978	\$ 119,272	\$ -	\$ 140,454	\$13,204,665	\$ 6,813,511	\$ 3,440,038	\$23,785,099	\$ -	\$ 50,427,870

CITY OF NANAIMO
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2015

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2014	Additions	Disposals	Transfers	Balance December 31, 2015	Balance December 31, 2014	Additions	Disposals		Balance December 31, 2015
Land	\$ 82,935,268	\$ 3,088,859	\$ 322,786	\$ -	\$ 85,701,341	\$ -	\$ -	\$ -	\$ -	\$ 85,701,341
Land improvements	26,681,742	1,827,677	193,713	647,946	28,963,652	12,704,534	1,083,102	183,101	13,604,535	15,359,117
Leasehold improvements	2,174,294	-	-	-	2,174,294	1,787,007	78,375	-	1,865,382	308,912
Marine structures	867,490	-	-	-	867,490	671,855	31,060	-	702,915	164,575
Buildings	188,457,593	3,659,739	753,651	1,129,705	192,493,386	61,119,960	5,101,660	441,476	65,780,144	126,713,242
Vehicles and equipment	30,066,205	1,359,404	913,280	300,771	30,813,100	17,700,630	1,790,416	868,974	18,622,072	12,191,028
IT Infrastructure	8,844,062	290,930	58,409	15,841	9,092,424	7,380,834	542,806	55,754	7,867,886	1,224,538
Drainage	98,501,700	3,095,421	400,000	302,666	101,499,787	26,308,088	1,593,308	127,734	27,773,662	73,726,125
Transportation	293,282,933	4,094,258	967,474	1,416,866	297,826,583	153,485,920	6,570,046	684,062	159,371,904	138,454,679
Sewer	32,170,274	3,100,547	356,600	1,286,465	36,200,686	11,287,311	578,836	252,521	11,613,626	24,587,060
Water	171,339,130	14,366,991	389,511	56,780,677	242,097,287	57,556,312	2,919,256	231,475	60,244,093	181,853,194
Work In Progress	70,038,012	1,141,031	-	(61,880,937)	9,298,106	-	-	-	-	9,298,106
	\$1,005,358,703	\$ 36,024,857	\$ 4,355,424	\$ -	\$1,037,028,136	\$ 350,002,451	\$ 20,288,865	\$ 2,845,097	\$ 367,446,219	\$ 669,581,917

CITY OF NANAIMO
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2014

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2013	Additions	Disposals	Transfers	Balance December 31, 2014	Balance December 31, 2013	Additions	Disposals		Balance December 31, 2014
Land	\$ 71,988,215	\$ 11,359,681	\$ 412,628	\$ -	\$ 82,935,268	\$ -	\$ -	\$ -	\$ -	\$ 82,935,268
Land improvements	26,123,592	308,801	43,300	292,649	26,681,742	11,672,188	1,075,206	42,860	12,704,534	13,977,208
Leasehold improvements	2,160,400	13,894	-	-	2,174,294	1,700,548	86,459	-	1,787,007	387,287
Marine structures	867,490	-	-	-	867,490	640,795	31,060	-	671,855	195,635
Buildings	188,967,895	1,145,550	1,754,425	98,573	188,457,593	57,655,340	5,139,896	1,675,276	61,119,960	127,337,633
Vehicles and equipment	30,891,692	745,506	1,818,917	247,924	30,066,205	17,437,189	1,962,241	1,698,800	17,700,630	12,365,575
IT Infrastructure	8,570,982	306,880	33,800	-	8,844,062	6,872,341	542,293	33,800	7,380,834	1,463,228
Drainage	97,425,140	1,104,580	91,605	63,585	98,501,700	24,818,174	1,543,795	53,881	26,308,088	72,193,612
Transportation	290,881,356	2,630,232	266,490	37,835	293,282,933	147,278,740	6,463,981	256,801	153,485,920	139,797,013
Sewer	29,620,617	1,851,475	81,176	779,358	32,170,274	10,819,268	532,749	64,706	11,287,311	20,882,963
Water	160,017,162	4,390,929	1,169,148	8,100,187	171,339,130	55,738,542	2,821,838	1,004,068	57,556,312	113,782,818
Work In Progress	53,087,781	26,570,342	-	(9,620,111)	70,038,012	-	-	-	-	70,038,012
	\$960,602,322	\$ 50,427,870	\$ 5,671,489	\$ -	\$1,005,358,703	\$ 334,633,125	\$ 20,199,518	\$ 4,830,192	\$ 350,002,451	\$ 655,356,252



CITY OF NANAIMO
THE HARBOUR CITY

