



The Corporation of the City of Nelson

Suite 101, 310 Ward St., Nelson, BC V1L 5S4
www.nelson.ca

2013 Annual Report

For the year ending December 31, 2013

The City of Nelson 2013 Annual Report has been prepared by the Corporate Services Department, with contributions from City departments and related organizations.

Table of Contents

| | Page |
|---|------|
| INTRODUCTION | |
| Message from the Mayor | 7 |
| City of Nelson Council | 8 |
| 2013 Council Committees | 9 |
| Organizational Chart | 10 |
| Report from the City Manager | 11 |
| City of Nelson 2013-2015 Strategic Objectives and Performance | 12 |
| Community Profile | 17 |
| Municipal Departments—City Manager’s Office | 18 |
| Municipal Departments—Corporate Services | 19 |
| Municipal Departments—Operations | 23 |
| Municipal Departments—Police | 27 |
| Municipal Departments—Fire | 28 |
| Municipal Departments—Nelson Hydro | 30 |
| Municipal Department—Library | 32 |
| Municipal Buildings | 33 |
| Municipal Infrastructure | 35 |
| FINANCIAL SECTION | |
| Chief Financial Officer report | 38 |
| Responsibility for Financial Reporting | 40 |
| Auditors’ Report | 41 |
| Consolidated Financial Statements | 43 |
| Notes to the Consolidated Financial Statements | 47 |
| STATISTICAL SECTION | |
| 2013 Property Tax Exemptions | 62 |
| General Comparative Statistics | 63 |
| Major Projects Expenditure Program 2014 – 2018 | 64 |
| Summary of Long Term Debt | 65 |
| 2013 Property Assessments and Tax Rates by Property Class | 66 |
| Assessment/Taxation Comparative Statistics | 67 |
| 2013 Municipal Tax Analysis | 68 |
| 2013 Revenues Chart | 69 |
| 2013 Expenditures Chart | 70 |
| Expenditures by Object Chart | 71 |

Introductory Section





Message from the Mayor

On behalf of the City of Nelson, I am proud to report on our key initiatives and successes of the past year. I hope you take the opportunity to read through the City of Nelson's 2013 Annual Report as it outlines our Strategic Priorities developed by our Council, which in turn, are being implemented by our dedicated staff.

We continue to receive national and international recognition as Nelson was recently on the MacLeans' "Canada 2014: 10 places you got to see" list. The 2012 Powder Magazine's #1 Ski Town in North America designation was an important factor in advancing our reputation as a ski destination which has provided growth and exposure for the Whitewater Ski Resort and many other businesses in Nelson.

As the Chair of the British Columbia Caucus for the Federation of Canadian Municipalities (FCM), we were able to advocate for improvements in rail safety. I was also pleased to see the Government of Canada announce the new federal infrastructure program.

Council continues to invest in our community with important initiatives such as the downtown voltage conversion and the new Rosemont sub-station projects being completed by Nelson Hydro. You will also see both our city crews and contractors busy over the summer with water main replacements and sewer relining projects being completed throughout the city.

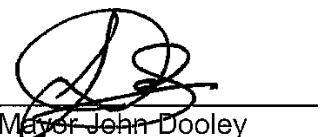
Our downtown and waterfront areas are two of our most important amenities. The overall concept plan for the Hall Street corridor project has been completed and we will start the first phase of that project in 2014. It is also exciting to see new developments being planned for both the waterfront and the downtown areas. We are excited as we enter into the second year of having sculptures in the downtown core of Nelson. In particular, we are grateful to Rabia, a local artist, who has graciously donated her sculpture to the City.

I would like to thank the Kootenay Lake Outdoor Skatepark Society whose persistence has finally paid off with the construction of a world-class skatepark at Art Gibbon Memorial Park in Rosemont. The Skatepark was a collaborative effort and showcases how much we can accomplish as a community when we work together. I would also like to thank the Nelson Daybreak Rotary, who, with their additional push, was able to add colour to the concrete at the skatepark, which greatly enhanced, this already spectacular park.

We are also working closely with our regional district partners in developing a new vision for recreation in the greater Nelson area through the Recreation master planning process. We are finalizing the plans to make improvements to the aquatic centre in order to breathe new life into this important community facility. Another regional project involving the City of Nelson, RDCK and RDKB, the new West Kootenay Transit System has been a resounding success. In addition, there will be a new transfer station at Grohman Narrows opening this summer.

Thank you to all of you – residents, City staff, and my colleagues on Council for giving so much to the community and truly making this an outstanding place to live.

Mayor Dooley



Mayor John Dooley

Nelson City Council 2011–2014



Mayor John Dooley



Bob Adams



Robin Cherbo



Deb Kozak



Candace Batycki



Donna Macdonald



Paula Kiss

An elected Council comprised of a Mayor and six Councillors governs the City of Nelson. Councillors are elected for three year terms and each member of Council represents the City at large. The *Local Government Act* and the *Community Charter* give Council the authority to set budgets, levy taxes and establish policies to guide the growth, development and operation of the City for the benefit and protection of its citizens.

The powers of the Mayor and Council are exercised through the adoption of resolutions or the enacting of bylaws at Council meetings. Members of the public are welcome to attend open council meetings. See the City website at www.nelson.ca for information regarding dates and times of meetings.

2013 Council Committees

Committees established by Act/Bylaw w/Council voting membership

Appointee/Alternate

| | |
|--|--|
| Capitol Theatre | Councillors Macdonald/Batycki |
| Cultural Development Committee | Councillors Macdonald/Batycki |
| Emergency Program Executive (Provincial) | Mayor Dooley, Councillors Cherbo/Adams |
| Library Board (<i>Library Act</i>) | Councillors Macdonald/Batycki |
| Nelson & Area Economic Development Partnership | Councillors Kozak/Kiss |
| Police Board (<i>Police Act</i>) | Mayor Dooley |
| RDCK Board (Local Government Act) | Mayor Dooley, Councillor Macdonald |
| Recreation & Aquatic Commission | Mayor Dooley, Councillors Kozak/Adams |
| Youth Centre Advisory Committee | Councillors Kiss/Adams |
| West Kootenay Transit Committee | Councillors Macdonald/Kiss |

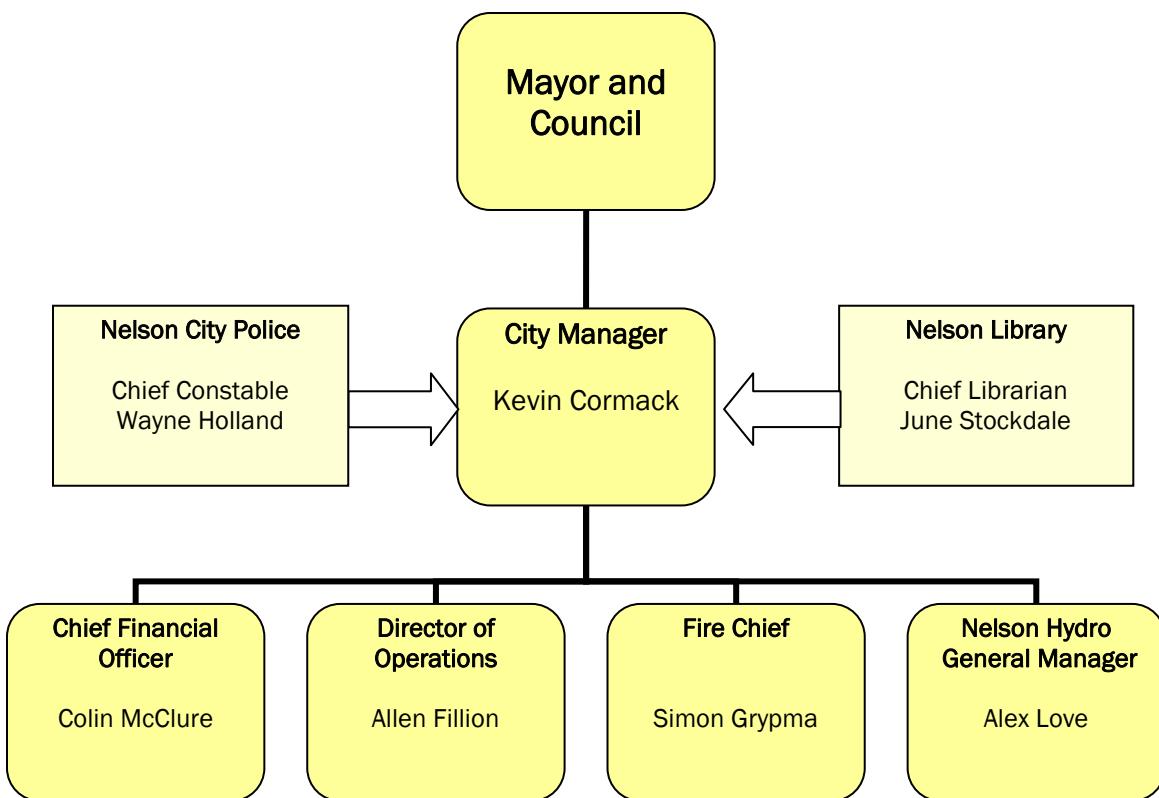
Standing Committees (established by Mayor)

| | |
|---------------------|--------------------------|
| Grievance Committee | Councillors Cherbo/Adams |
|---------------------|--------------------------|

Council Liaisons/Portfolios

| | |
|---|--------------------------------|
| Advisory Planning Commission | Councillors Kiss/Cherbo |
| AKBLG Executive | Councillor Kozak |
| Chamber of Commerce | Councillors Kiss/Kozak |
| Economic Development/Business/Tourism/Events | Councillors Kozak/Kiss |
| Education (SD #8, Selkirk College) | Councillor Adams |
| Healthy Communities | Councillors Cherbo/Adams |
| Izushi Friendship | Councillors Adams/Cherbo |
| Kootenay Lake Partnership Plan | Councillors Batycki/Macdonald |
| Nelson Business Association | Councillors Kozak/Kiss |
| Nelson Electric Tramway | Councillor Cherbo |
| Nelson Committee on Homelessness | Councillors Cherbo/Adams |
| Nelson Housing Forum | Councillor Macdonald |
| Nelson Pilot's Association | Councillor Cherbo |
| Nelson Seniors Branch #51 | Councillor Adams |
| Parks | Councillors Kozak/Batycki |
| Recreation and Youth | Councillors Kozak/Adams |
| Seniors Coordinating Society | Councillor Cherbo |
| Skateboard Park | Councillor Kozak |
| Social Planning | Councillor Cherbo |
| Sports Council | Councillor Adams |
| Touchstones | Councillors Batycki/Macdonald |
| Treaty Advisory | Councillor Adams |
| Tri-Cities | Mayor Dooley |
| West Kootenay Regional Airport Advisory Committee | Mayor Dooley/Councillor Cherbo |

Organizational Chart



Municipal Officers 2013

| | |
|-----------------------------------|------------------|
| Chief Administrative Officer..... | Kevin Cormack |
| Corporate Officer..... | Frances Long |
| Chief Financial Officer..... | Colin McClure |
| Approving Officer..... | Dave Wahn |
| Municipal Auditors..... | Berg Lehmann |
| Municipal Bankers..... | Bank of Montreal |

Report from the City Manager

Regular readers of our Annual Report and City Newsletters know that the City has completed a number of important planning exercises over the past 5-7 years. In fact, the first major planning work completed was the 2006 Water Master Plan. Subsequent to this, Council approved the Sanitary Sewer Master Plan and a Building Maintenance Plan. The City has also completed work analyzing our maintenance programs for roads, sidewalks and storm water.

There were significant upgrades and improvements identified as required across the entire water system. Council firmly believed that by having a solid plan in place and making ongoing strategic investments in the water system that we would be able to get on top of our infrastructure deficits.



Our successes:

- ◆ We have replaced over 16 km of our water mains since 2006.
- ◆ We have created our own in-house water capital maintenance crews and reduced the capital replacement costs by approximately 40% - the savings over the first 10 years alone could be in excess of \$8M.
- ◆ Our engineering work is being done in-house at a savings of approximately \$500,000/year.
- ◆ We have replaced the majority of the pressure reducing stations within projected budgets.
- ◆ Projected water rate increases will soon be reduced to inflationary levels.
- ◆ We are working on a deferral plan to eliminate the need to construct a full water treatment plant. Savings would be approximately \$10M in capital costs and \$2.5M in annual operating costs.

We have a similar good news story with the sanitary sewer system. In 2013 the City was able to reline approximately 5.5 km of sewer mains and are scheduled to reline another 3 km in 2014. We have recently hired a Building Manager and Council has established a reserve fund to support the cost of building upgrades. We have completed a number of energy retrofit programs with grant money and the energy savings are in excess of \$60,000/year. Nelson Hydro completed two major infrastructure projects in 2013/14 - the Rosemont Sub-Station and the Downtown Voltage Conversion Project.

While infrastructure planning protects the core assets of the City, it is the community planning that shapes our future. Major accomplishments have also been achieved in this area with the full rewrite of the Official Community Plan and the Zoning Bylaw.

Although these plans will change with time, this planning work provides direction to Council, staff, developers and the community on where the City is headed. We are seeing new developments that are being planned through a lens that fits with the goals and directions as stated in these important planning documents.

Council is actively moving the community towards the vision that has been established by the community. Programs such as the Eco-Save Energy Retrofit Program, the West Kootenay Transit System Program, Alternative Energy Projects and downtown revitalization, and initiatives such as the sculptures and the Hall Street and Railtown Revitalization Projects, all come out of this important planning work.

It is only with the outstanding contributions of our many volunteers, our passionate community members and our creative and dedicated staff that any of this is possible.
Another job well done - thanks everyone!

A handwritten signature in black ink, appearing to read "Kevin Cormack".

Kevin Cormack, City Manager

City of Nelson Strategic Objectives 2013 - 2015

| Key Objectives | Performance Measure | Progress to date |
|---|---|---|
| 1.1 Implement and monitor the 2013-17 financial plan | Meet a maximum taxation target of 2% per annum. Generate additional revenues. Contain costs to 1.75%. | 2012 - 2014 tax rates were limited to 2% or less. Additional funding was realized from hydro operations and growth in tax base. Reserve fund for buildings was created. Overall financial targets met. |
| 1.2 Rate structure review for water and sewer. | Review of rate structures. Improved understanding of water usage and the impacts on customers under a different rate structure. | Completed review to identify the sample ICI customers to collect data from, consultant chosen and meters to be installed in 2014. |
| 1.3 Review City assets to determine if any surplus assets. | Clear direction on what are core City assets. | Facility manager has been hired and a maintenance plan is being developed for all city buildings, including an analysis of what to keep and potentially dispose of. |
| 1.4 Shared services with other public service organizations. | Shared service agreements have been entered into which result in cost savings/containment. | CBT has agreed to facilitate shared Information Technology projects. Limited progress was made in 2013. The City proposed shared facilities with RDCK which was not accepted. The City is exploring providing financial services to the smaller municipalities in the region. |
| 1.5 Explore additional generation opportunities for Nelson Hydro. | Complete and prioritize generation opportunities. | The City is exploring possible co-generation opportunities. The City is completing a cost of service review on its rural rates. |
| 2.1 Develop strategies to grow the tax base. | The target is 50 new units per year. | Building permits were issued for 28 single family dwelling and 1 multi-residential housing unit. Residential assessment for new construction increased by 5.3 million in 2013. New commercial assessment was 1.9 million in 2013. Three larger developments have received planning approval to move forward in 2014/15. |
| 2.2 Complete the neighbourhood plan for the Railtown area. | Neighbourhood plan completed and implementation plan developed. Approved by Council. | FCM grant was approved. RFP for the planning work has been completed, this will be issued in late 2014. City has acquired certain Railway Street properties to allow for multi-family development. |
| 2.3 Beautification of closed gas station sites. | Beautification projects identified and improvements made. Baker street ESSO site being the first priority. | CDC commissioned an artist to install fence scrim on the ESSO site. Redfish Grill building was upgraded. |

City of Nelson Strategic Objectives 2013 - 2015

| Key Objectives | Performance Measure | Progress to date |
|---|---|--|
| 3.1 Develop a multi-year strategy to address funding inequities in the Greater Nelson area. | Areas of inequity have been identified. A strategy to address these over time has been agreed to between the parties. | A recreation masterplan has been completed which makes recommendations on addressing some of historical funding inequities. An agreement of how to address the funding for the library has been developed. The RDCK/City are working together on the closure of the Nelson transfer station. |
| 4.1 Increase housing stock across all housing categories. | Increase choice of housing in Nelson | Additional entry level housing was created at a new multi-residential project in Rosemont. |
| 4.2 Update the Housing Strategy. | Review completed. | A consultant has been selected to complete the review. |
| 5.1 Implementation of Sustainable Waterfront and Downtown Master Plan (SWDMP). | Identify initial priorities, complete projects in 3 areas: core downtown, Hall street and Railtown. | Hall Street revitalization project was identified as the priority project. An overall concept plan has been completed and initial construction is scheduled for 2014. Sculptures have been installed; Railtown improvements continue. |
| 5.2 Update the Zoning bylaw to incorporate goals in the SWDMP. | Council adopts Zoning bylaw with these incorporated. | Zoning bylaw has been adopted. |
| 5.3 Ensure planned developments fit with goals of the downtown/waterfront plan. | Developments consistent with plan. | Nelson Commons and Nelson Landing projects are being planned with the SWDMP principles as integral of the designs. |
| 6.1 Implementation of initial priorities of the Community Energy and Climate Change Plan. | Successful implementation of priority projects. Funding secured to move these initiatives forward. | Home Energy Retrofit Program - Eco-Save is in its second year and has been very successful - on bill financing program vastly exceeds uptake from other programs in the Province. The District Energy System business plan is in the final draft stage. |
| 7.1 Develop and implement a compost pilot project in Nelson | Research completed and a pilot project identified that is complimentary to the proposed centralized compost facility. | A scope of work has been defined and a consultant has been selected to complete the review. |
| 7.2 Update and amend the City's Land Use Regulation (Zoning Bylaw) to incorporate the recommendations in various planning documents including the downtown/waterfront plan; community energy plan; active transportation plan and the housing strategy. | Adopted by Council | The zoning bylaw has been adopted by Council. |

City of Nelson Strategic Objectives 2013 - 2015

| Key Objectives | Performance Measure | Progress to date |
|---|---|---|
| 7.3 Adopt and update new bylaws or policies that are Council initiatives. | Council priority bylaws are completed within the proposed schedule. | 6 bylaws were set as High priority and are projected to be completed in 2014. 7 bylaws were set at a medium priority and are projected to be completed by the end of 2015. |
| 8.1 Complete an implementation plan for the recommendation from the facility maintenance plan. | Implementation plan developed including funding strategy. | Facility Maintenance Manager has been hired and data being collected on the various city buildings. A building reserve fund has been created. |
| 8.2 Complete a review of City buildings to assess condition and determine whether to continue to own, lease or dispose. | Review completed by the end of 2015. | Data is being collected. |
| 9.1 Water & Sewer capital infrastructure. | Projects approved by Council, projects completed on time and within budget. | 5.5km of sanitary sewer relining completed in 2013 and 2km of watermain replacement. City has made almost \$500,000 savings on engineering costs and the delivery of watermain replacement is approximately 60% of the original projections. |
| 10.1 Water Smart Plan is being implemented. | Priority areas have been identified and are being implemented. CBT has signed off on the plan. | Water loss management is ongoing. Strategic metering is being installed to better understand water usage. Water ambassador has been hired for 2014. |
| 11.1 Nelson Hydro capital infrastructure program. | Capital projects are on budget and on target. | The Rosemont sub-station was completed within budget. Downtown conversion phase 2 has been completed. |
| 12.1 Extend the Broadband Network in the City. | Network extended which gives additional options for local businesses and the public sector to access high speed network at a reasonable cost. | The City secured a contract to extend the network to serve all public schools, College campuses and Provincial Government Buildings in Nelson. A number of businesses have also connected to the City's fibre. The City has established a central data room at City Hall. |
| 13.1 Negotiate an agreement to participate in the Provincial Packaging and Printed Products stewardship program. | Successful contract has been negotiated. | The City accepted the financial incentive through MMBC which will provide in excess of \$130,000 in new funding to the City. |
| 13.2 Climate adaptation. | Priority areas have been identified and are being implemented. CBT has signed off on the plan. | A high level infrastructure risk assessment has been completed. Hall Street design will consider the flood events on Hall/ Front Street. |

City of Nelson Strategic Objectives 2013 - 2015

| Key Objectives | Performance Measure | Progress to date |
|----------------------------|---|---|
| 14.1 Staff development. | Performance reviews are completed; growth plans developed and professional development completed. Result is improved performance throughout the organization. | Police and Fire are completing regular performance reviews. Performance reviews for new staff are being completed in other departments. Professional development is ongoing. |
| 15.1 Collective bargaining | Collective agreements are negotiated with unionized employees that meet financial targets and operational needs. | IBEW & CUPE library collective agreements ratified by both parties and are consistent with financial targets. Two collective agreements have expired and need to be negotiated. |

This page left intentionally blank.

Community Profile



The City of Nelson is located on the west arm of Kootenay Lake. Incorporated as a City on March 18, 1897 under the *"Speedy Incorporation of Towns Act"*, Nelson continues to be the government, financial, trading and educational centre of the Central Kootenay Region. Nelson, the Heritage Capital of the Kootenays, boasts in excess of over 150 registered heritage buildings. Self-guided, heritage walking tours and driving tours are available on a year-round basis.

Nelson's historical buildings have attracted a number of movies to be produced in the City, and Nelson is still often scouted by Hollywood for other movies.

The Nelson Electric Tramway Society operates a completely restored streetcar on the City's waterfront.

Nelson is located in the Selkirk Mountains and is ideally located for recreation. An 18-hole golf course is located within the municipal boundaries. A first-class ski hill is 30 minutes from the downtown core. The world-renowned Kokanee Glacier is within sight of Nelson and a 30-minute drive away. Many other recreational opportunities exist nearby. Kootenay Lake offers

fishing, sailing and hundreds of beautiful beaches.

Although the population of the City of Nelson is only 10,230, it is central to a trading area in excess of 25,000. The residents of Nelson have come to expect amenities that are normally only found in a community much larger than Nelson.

Nelson experienced economic decline during the early eighties. Since then, the population has grown by an average of over 2% per year to the current population. Much of the regional population growth is in the immediate rural areas surrounding the municipal boundaries.

New electrical utility connections within and outside the municipal boundaries also indicate a 2% annual population growth in the immediate area. Many of the new residents are people who are fleeing the urban centres but who are still looking for the services provided in much larger cities.

Clean drinking water, fresh air and the pristine Kootenay Lake contribute to the City's high quality of life. Nelson has no polluting industries nor does it have a large industrial tax base. In an effort to continue economic diversification, small businesses are establishing a new economic base in the Nelson area. There were approximately 1,269 business licences issued in 2013.

Nelson has, for years, been an educational centre for the Kootenay Region. Presently, Selkirk College offers post-secondary education, there is a Waldorf School as well as a Chinese Medicine School.

Nelson is rich in cultural life and provides high-quality theatre drama, music and dance programs. Many local artists produce their products in Nelson, some selling locally and others selling across Canada and internationally. Nelson hosts several cultural and musical festivals annually.

Nelson, due to its scenery, moderate climate, amenities and unpolluted environment has developed a quality of life that is attractive to new residents and businesses.

Municipal Departments - City Manager's Office

Kevin Cormack, BComm, CA., City Manager

The City Manager's office supports Council's strategic planning efforts and oversees the administration of the City, its officers and employees. This department provides recommendations to Council that reflect facts, options and professional opinion pertaining to issues considered by Council and developing in the community.

The City Manager's office takes the lead role in managing the implementation of policy direction established by Council. It provides leadership and direction to all City departments and operations.

The Finance, Development Services, Operations, Fire and Nelson Hydro department heads report directly to the City Manager. Management of Human Resources is also a component of the City Manager's office.

2013 Highlights

- The City has hired a new facilities manager which was a key recommendation from the Facilities Maintenance Plan. The City has also established a buildings maintenance reserve fund.
- The City continues to renew our assets across the organization, water, sewer, roads, Nelson Hydro and facilities.
- The City successfully negotiated new collective agreements with three of our unions. The overall costs of these agreements are within projected inflationary levels.

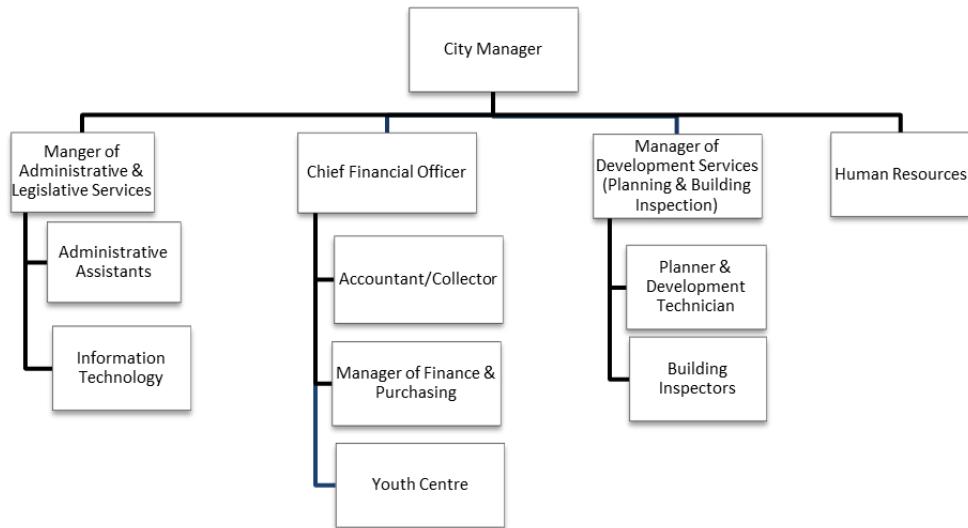
Departmental Goals

- Shared Services
Continue to reach out to other organizations to seek opportunities to deliver services more cost effectively. The West Kootenay Transit service has successfully launched a partnership of three local governments and three operating companies. The City's Broadband was expanded to include all provincial government buildings (schools, College campuses and Provincial Government buildings)
- Master plan implementation: turn planning into action. Construction will begin on the first phase of the Hall Street plan in 2014. We continue to renew our assets. New innovative programs such as the home energy retrofit program.
- Development: Continue to see new construction and businesses investing in their properties. The City will continue to invest in new parks, improving infrastructure and revitalizing the downtown & waterfront.
- Human Resources: Continue to recruit new employees into the City who have the skills to make a difference.
- Financial: Continue to be good stewards of municipal assets, manage our costs within inflationary levels and be entrepreneurial.

Municipal Departments - Corporate Services

The Corporate Services function includes many departments including Finance, Information Technology, Legislative Services, Administration, Human Resources, Development Services and Community Services.

Corporate Services also includes the functions of the Corporate Officer. The Corporate Officer facilitates the business of Council by preparing minutes and agendas, preparing, reviewing and providing advice on municipal bylaws, and initiating the follow up action to Council Meetings.



Finance Section

Colin McClure - Chief Financial Officer

Jeanette McCarvell - Accountant/Collector

Suzanne Rorick - Manager of Finance and Purchasing

The Finance Department is responsible for the financial management of the City's assets. The Finance department's primary responsibility is the planning, implementation and monitoring of the City's five year financial plan for operating expenditures and capital expenditure plan. Staff must work closely with all other departments as well as the Nelson Police, the Nelson Municipal Library and the Nelson and District Youth Centre.

Functions of the department include levying and collection of taxes, administration of the annual tax sale, collection of water, sewer, garbage and hydro rates, processing of accounts payable, parking control and payroll. This section is also responsible for purchasing, procurement and inventory control.

Legislative Services Section

Frances Long - Manager of Legislative and Administrative Services and Corporate Officer

Legislative Services ensures Council is provided with relevant information from City staff, committees and the general public. It provides the public with information related to activities of Council, ensures meeting and agenda material is complete and provides the necessary information for decision making. It is responsible for the preparation of bylaws and agreements. Additional responsibilities include maintenance of the City's policy manual. This section of the department

Municipal Departments - Corporate Services

executes legal documents, handles insurance claims and responds to correspondence and inquiries.

In addition, Legislative Services is responsible for carrying out procedures for local government elections as required under the provisions of the *Community Charter*, and is the Freedom of Information administrator for City operations.

This department currently also includes the Information Technology section, which is responsible for the City's information and data processing needs, and also provides maintenance of the City's inventory of personal computers, now in excess of 85 units, located in various venues.

Development Services & Sustainability

Dave Wahn - Manager of Development Services & Sustainability

Daphne Powell - Planner

Krista Webb— Development Technician

Bernie Zimmer - Chief Building Official

This department is responsible for the City's current planning and development (including the processing of rezoning, development permits, development variance permits, sign permits, subdivisions), environmental planning, heritage planning and long-term land use planning (including updating of the Official Community Plan), property records maintenance, and Advisory Planning Commission. The role of Approving Officer is also held by the Manager of Development Services and Sustainability.

The department includes the front-line staff for all development queries and ensures that property owners and developers' needs are met in a timely fashion within the guidelines provided by the City's policies and bylaws.

The City of Nelson's long-term vision recognizes the importance of planned growth and development that balances the City's respect for its heritage and traditional values and opportunities for development. The department is leading the work on community-wide sustainability.

The department is also responsible for the administration and enforcement of the Building Code and regulating bylaws governing building, plumbing, signage, zoning and heritage preservation. All building plans are scrutinised to ensure that the structural integrity, fire safety and plumbing are all in compliance with the Building Code and municipal bylaws.

The department staff assists the public in understanding the relevant Provincial and municipal legislation governing construction, and they are also responsible for enforcement of the Business Licence and the Untidy Premise Bylaws.



Municipal Departments - Corporate Services

Development Services & Sustainability Department Achievements 2013

- Issuance of 73 development applications (variances/development permits/rezoning)
- Review of 13 subdivision applications
- Issuance of 142 building permits valued at \$9.7 million
- Adoption of the *City of Nelson Official Community Plan*
- Complete update and adoption of the *Zoning Bylaw*
- New BC Building Code familiarisation
- Implementation of Noratek Solutions City Reporter Mobile Inspection software
- Develop Heritage Planning webpages

Development Services & Engineering Department Goals 2014

- Move forward on the implementation of the Hall Street redevelopment process
- Establish further linkages within the City's active transportation network
- Increase interdepartmental cooperation
- Raise awareness of *Official Community Plan* amongst City staff across all departments
- Develop an interdepartmental implementation and monitoring strategy for the OCP
- Continued participation in the update of outdated City Bylaws
- Develop a *Departmental Strategic Plan*
- Improve departmental administration and processing of development applications
- Achieve milestone #4 for Community Emissions through the Partners for Climate Protection program (PCP)
- Grant application coordination
- Host a Secondary Suite information session for the public

Municipal Departments - Corporate Services

Nelson and District Youth Centre

Christine Schmidt - Youth Centre Manager

The Nelson & District Youth Centre (NDYC) was established as a department of the City of Nelson in December 1997. The centre's mission statement is:

"Creating a safe, accepting and empowering community where all youth can interact and access a variety of activities they need and enjoy". In addition to this mission statement, NDYC's objectives aim to target a diverse group of youth with programs to serve the developmental, recreational, employment, and cultural needs of Nelson and area youth. .



NDYC also operates the Youth Employment Centre (YEC) in Nelson and Castlegar. YEC offers employment services to youth age 15-30. The Youth Employment Centres offer one-on-one assistance, workshops, a resource library, computer services, and internet access for employment searches. YEC is funded by the Ministry of Housing and Social Development and Employment Labour Market Services. Check out NDYC services at www.nelson.ca

Department Achievements 2013

- 12,000 visits: 10,000 visits to evening programs and 2,000 visits for employment and other opportunities
- Over 550 hours of volunteer contributions
- Nelson City Campground: 3,783 sites rented and 2,841 campers
- New programs: SPARK and MAXtivity: art and recreation programs for 10 to 14 yrs
- Extremely successful Ladies Skate on Monday nights
- www.kootenayyouth.ca website
- Nelson Youth Grant
- Complete second year of Connect 4: Youth to Work Program (Service Canada, Skills Link program)



Department Goals 2014 / 2015

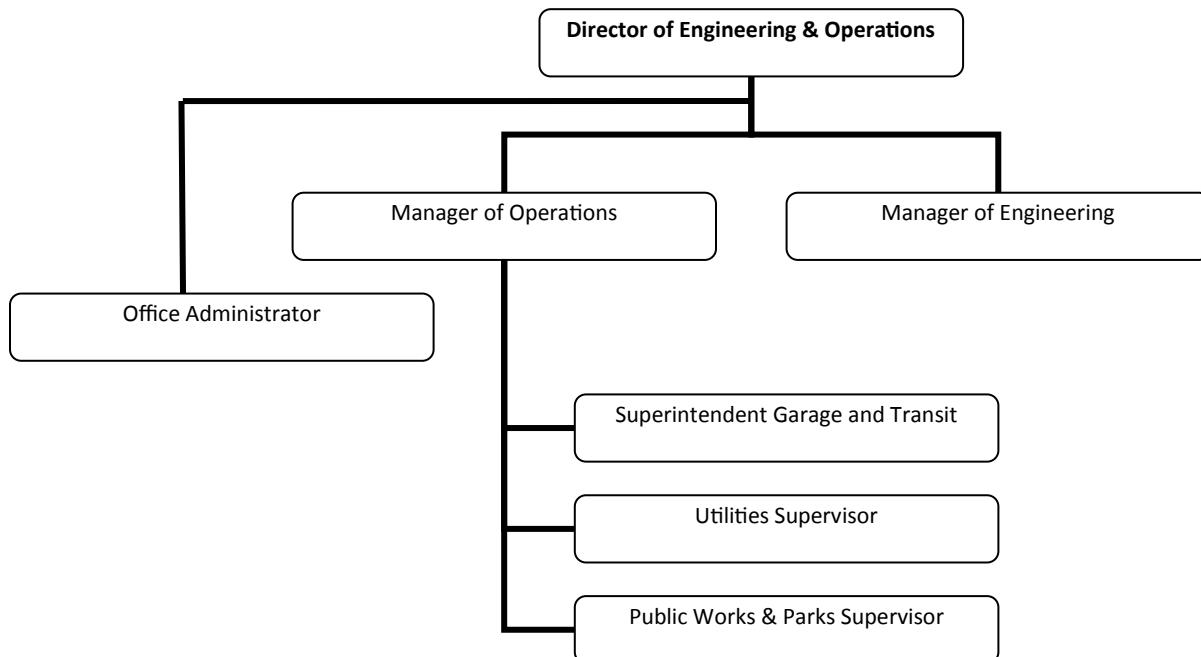
- Launch www.ndyc.ca
- Youth art project with a Gala event
- Music and Movie nights
- New programs: sewing program with community partners, food security, summer camps
- Strengthen community partnerships



Municipal Departments - Operations

Allen Fillion - Director of Engineering and Operations

The City of Nelson Operations Department, located at the City Works and Utilities Complex on Lakeside Drive, oversees all outside Municipal services within the City. These services include Transportation, Engineering, Water Utility, Sewer Utility, Public Works, Garage & Transit, Parks, Airport and City Buildings.



Municipal Departments - Operations cont'd

Allen Fillion - Director of Engineering and Operations
Jim Dinwoodie - Manager of Operations
Rob Nystrom - Manager of Engineering
Gil Bogaard - Utilities Supervisor
Karen MacDonald - Public Works, Parks Supervisor
Jody Koehle - Supervisor Garage and Transit



Responsible for the maintenance and construction of municipal roads, sidewalks, bridges, storm drains, public wharfs, solid waste collection, and the Mapping/CAD department. The department is also responsible for winter snow removal and sanding City streets and selected sidewalks.

Provides engineering, drafting and survey information for Utility maintenance and new construction

The Mapping/CAD Department provides services to Nelson Hydro and City Administration as well as for the Public Works Department.

Water and Sewer Utility

The Water Utility provides quality water through a gravity system supplied by three creeks: Five Mile, Anderson and Selous. The city has been aggressively upgrading the system and has implemented a number of conservation measures.

The Sanitary Sewer Utility collects the raw sewage, and through a system of mains and five pump stations, transfers it to the Sewage Treatment Plant. The city has a on-going capital program to renew the sanitary sewer infrastructure.

The Sewage Treatment Plant has provided secondary treatment since 2006. A number of additional upgrades have been done to the plant over the past 5 years.



Municipal Departments - Operations cont'd

Garage and Transit

The City's Garage maintains approximately 116 pieces of equipment for all departments. The City has established an Equipment Replacement Reserve to fund the replacement, upgrade and purchase of additional equipment. The City of Nelson operates one of the first established transit systems in the province. The Nelson streetcar system established in 1899 was the smallest system in the British Empire.

The transit system has operated continuously since that time. The City is the operator of the City transit system as well as the Regional transit system, operating a total of 6 buses and offering service 6 days per week. Funding for Regional services is provided by the Regional District of Central Kootenay and BC Transit. The City is partnered with BC Transit for the operation of the Nelson Transit System with funding as provided by provincial legislation.



Parks & Recreation Facilities

The Parks and Recreational Facilities section is responsible for the maintenance of eleven municipal parks and playing fields covering 23.7 hectares.

The City created a new 4.8ha park in partnership with the Provincial Government. Davies Street Park is located in Upper Fairview and is a gateway to the extensive mountain bike network located in the mountains above Nelson.

As well as the municipal parks, this department maintains the flowers and trees in the downtown core area, and operates the 45-acre Nelson cemetery, known as the Nelson Memorial Park.

Municipal Departments - Operations cont'd

Highlights & Accomplishments 2013

- Installation of hypochlorite generation system for Mt Station reservoir
- 1,300 metres of water main replaced
- 5,300 metres of sewer mains relined
- Completed ventilation improvements at the Sewage Treatment Plant
- Continued development of Railtown park
- Completion of 7th Street park
- Installation of Davies Street Park playground
- Storm water outfall upgrades



Operations 2014 / 2015 Departmental Goals

- **To ensure clean, potable water to all residents of Nelson**
 - Continued Implementation of Water Master Plan
 - To continue to upgrade the water distribution system through replacement of old distribution
 - Compliancy with IHA water regulations
 - Installation of UV disinfection system at Mt Station reservoir
- **Investment in City facilities**
 - New HVAC system for the Public Works Complex
 - Continue to develop Facility Maintenance Plan
 - Continue improvements as per the GHG Reduction Plan
- **Continue to implement the Wastewater Master Plan**
- **Continue program to video inspect and reline sanitary sewer mains - with over 4km of pipe scheduled for relining**
- **Finalize Railtown Park**
- **Commence phase 1 of the Hall Street upgrades**
- **Update Water and Sewer regulatory by-laws**

Municipal Departments - Police



Chief Constable Wayne Holland

Deputy Chief Constable Paul Burkart - Commander of Plain Clothes and Uniform Operations

Nelson has one of the province's most senior police services, dating back to the City's first Council meeting in 1897. Our police department is the only independent municipal force in British Columbia's interior. The sworn and civilian men and women of the Nelson Police Department strive to provide a safe, crime-free community for citizens of all ages to visit and/or reside in.

The City of Nelson provides funding for the Nelson Police Department, which is administered by a Police Board under the provisions of the *Police Act*. The Board consists of six members, one of whom is appointed by Council and four by the Province, with the Mayor serving as Chair. The Department is under the command of a Chief Constable, with one Inspector and a total complement of nineteen sworn officers.

The force is structured with two patrol teams, each under the leadership of a sergeant, designated beat officers, two detectives in the General Investigation Section and a Community Policing Officer. Also under the command of the Chief Constable is the Bylaw Department, consisting of two bylaw enforcement officers, a two-person Integrated Victim Services Unit, four full-time police dispatchers and two administrative positions. The Department also has two police constables in seconded positions within the Integrated Road Safety Unit (IRSU).

Our officers are actively engaged at the patrol level, with one of the highest case burdens per member among the British Columbia municipal police forces. In the spirit of community policing in this thriving and diverse "core city", the Department deploys officers to proactively conduct downtown foot-patrols, and is engaged in a host of community focused crime prevention and youth mentoring programs.

Our Mission: To preserve the quality of life in our community, the Nelson Police Department commits to preventing crime, preserving the peace and protecting lives and property by enforcing the laws of our country in a just, impartial and equitable manner.

Department Achievements 2013

- The Nelson Police Foundation was enacted as a means of funding unique and innovative programs and initiatives that would not normally be realized by means of the annual police budget.
- A three year review of the departmental regulations and procedures manual was accomplished and the new policy was approved by the Nelson Police Board.
- The inaugural Nelson Police Board "Citizen Recognition and Awards" event took place and will be a cornerstone of the Board's future mandate, so that our citizens as well as our sworn, civilian and volunteer personnel may be properly recognized for a "job well done".
- A "Leadership and Planned Change Advisory Team" was created and has led positive change and innovative new projects within our police service.

Departmental Goals— 2014

- The creation of a Chief Constable's Diversity Advisory Committee, to provide representatives from all facets of our diverse community to have direct access to, and communication with, the senior management team of the Nelson Police Department.
- The creation of a Post Critical Incident Response Team, so that our personnel's responses to being exposed to critical and/or traumatic incidents can be managed and long term psychological damage averted or limited, through the availability of peer and/or professional support.
- The creation of an approved Restorative Justice program, which would facilitate a process to bring together and involve all individuals who have a stake in a specific offense, to collectively identify and address harms, needs and obligations in order to heal and put things as "right as is possible".
- To achieve, by means of partnerships and best practices, a reduction in calls relating to emotionally disturbed persons.
- The return of the Nelson Police Camp, to be renamed the "Emergency Services Camp", the goal of which is to identify and train young adults who may have an interest in pursuing a career in one of several emergency services professions.

Municipal Departments - Fire

Simon Grypma - Fire Chief

Mike Daloise - Assistant Fire Chief

Nelson Fire & Rescue Services is responsible for the prevention, inspection, investigation, suppression, control and extinguishment of fires and for the protection of life and property, including technical rescue operations and the administration of first aid through the First Responder Program. Fire & Rescue Services is also responsible for the identification of dangerous goods and taking appropriate actions based on the product.

The department provides a Fire Prevention Program as required in the regulatory provisions of the *Fire Services Act* and the Fire Bylaw no. 3241. The department also conducts public education programs to inform the public on Wildfire and urban residential fire safety issues. These issues include the promotion of the concept for a Fire Smart Community.

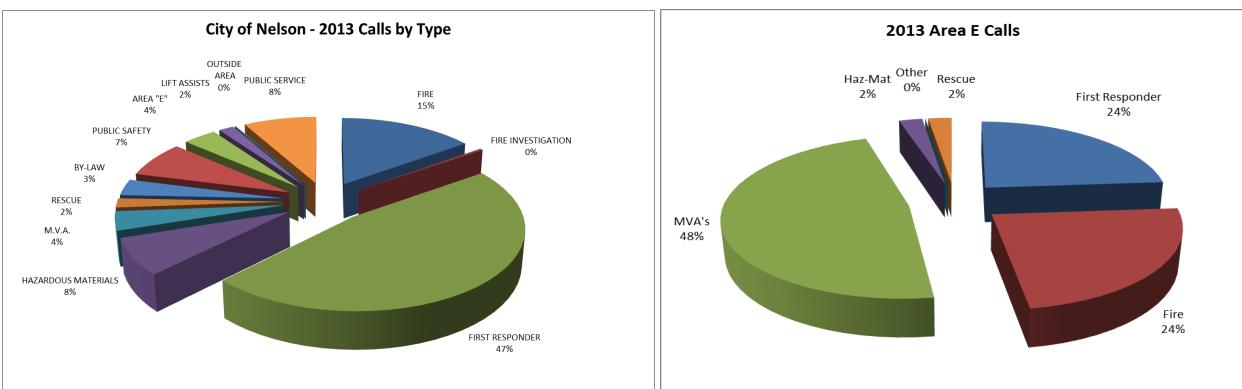
The department consists of a Fire Chief, Assistant Fire Chief Training Officer, one Captain Fire Prevention Officer, two Shift Captains, six full-time Firefighters, a secretary/dispatcher, and 20 Auxiliary Firefighters. In addition, the Nelson Fire Department also services a portion of RDCK Area 'E' for approximately 2000 residents through a contract with the Regional District of Central Kootenay.

Training Report

- Ongoing Auxiliary training program to provide all new recruit members with their Fire Fighter 1 certification within the first year of service along with ongoing refresher training for all Auxiliary.
- In addition to regular training for Career members, 2013 training included emergency scene management, live fire training, on-line simulation training and courses, hazardous materials response simulation for Nelson Hydro PCB storage, Interagency Cooperation Exercise with neighbouring departments, scene preservation training with Nelson City Police, Emergency Vehicle and Roadway Scene Safety, New Chief Training during the BC Fire Chiefs Meetings, first responder training, participation with Nelson City Police for active shooter events, SCBA training for all Nelson City Police members, and auto extrication.
- All members participated in the following training: Critical Incident Stress Debriefing,
- One member attended the annual BC Fire Training Officers Association training conference.
- One member attended the Western Wildfire Conference.

Fire Prevention Report

- The focus for 2013 has been on commercial properties within the City of Nelson and the development and completion of preplans for these premises.
- Fire Prevention continued to be an important program in 2013 providing education to the public on emergency preparedness, smoke alarms awareness, wildfire mitigation and the stove minder program for seniors.
- 2 members attended the 2013 Fire Prevention Officers Association of BC annual conference.



Municipal Departments - Fire cont'd

Operations Goals

- To develop a comprehensive operations program in fire, rescue, medical and emergency management services designed to ensure a high level of readiness through staffing levels, apparatus, facilities, personnel preparation and operational guidelines.

Fire Prevention Goal

- To protect lives and property of the public and emergency personnel through inspections and application of the *BC Fire Services Act* and *Fire Code*, Nelson Fire By-law and the *National Fire Protection Association Code* and related documents. In addition to inspections we will educate the public through a well balanced public education program aimed at all levels of our community. We will investigate all fires for cause and determination to take a proactive approach in prevention.

Training Goal

- To continue to develop and implement a Fire Department Training Program to ensure highly trained efficient and technical expertise for Nelson Fire personnel, with an emphasis on safety. Training will meet the standards and certifications recognized by British Columbia Fire Services.



Safety Goal

- To continue to promote a safety attitude and create a safe work environment in accordance with NFPA 1500 (Fire Department Occupational Safety and Health Program). In addition the department provides assistance and participates in the cooperative safety committee with all City departments.

Facilities Goal

- Celebrated the 100th Anniversary of the Nelson Fire Hall. Events included the Annual Fire Chief's convention held here in the hall, a reception and exhibit at Touchstones Museum, a very successful open house at the hall and a showing of the movie Roxanne at the Nelson Civic Theatre.
- Maintain and upgrade the existing fire station to meet fire and life safety standards and to create a comfortable and functional work environment for the members of the department.

Legislation & Recommended Practices

- To review the Fire By-law and current contracts and complete outstanding operational guidelines, as well as continue with pre-fire planning for all commercial buildings in conjunction with the newly updated Fire Inspection software.

Municipal Departments - Nelson Hydro



Alex Love - General Manager
Mike Amos - Operations Manager
Doug Pickard - Transmission & Distribution Manager
Marg Craig - Office Administrator

The City of Nelson was the first municipality with hydro power in British Columbia, commencing service February 1, 1896. Nelson is the only municipality in western Canada with hydro-electric generation that services an area both within and outside its municipal boundaries. Consequently, the rural area hydro service and rates are subject to regulation by the BC Utilities Commission.

Nelson Hydro is responsible for efficient generation, distribution, and sale of electrical energy. Nelson Hydro partners with FortisBC on Power Sense programs to promote the conservation of electrical energy.

Nelson Hydro presently has over 10,800 customers. Total system load is now approximately 156,000 MWh per year.

In 2013, Nelson Hydro transferred \$2,400,000 in dividends to the City General Revenue Fund.

Nelson Hydro operates the Bonnington falls generating facility which is a 16 MW hydro plant on the Kootenay River 15 KM west of Nelson. The hydro plant has 4 operating generators producing 70% of the summer electrical energy needs and approximately 43% of the winter energy requirements. In 2013 the plant produced 90,486 MWh of energy, the second time in the 108 year history of the plant where production has exceeded 90,000 MWh.

Achievements in 2013

Voltage Conversion Project

- **The Rosemont substation was built.**
- **The final construction phase of the Downtown Voltage Conversion project started and the project is near completion.**

Other Infrastructure Upgrades and Programs

- **Various Distribution line upgrades completed.**
- **Continued with Transmission line upgrades.**
- **The EcoSave energy retrofit program completed its pilot phase and more than doubled its target of 200 participants.**
- **The Corporate GHG reduction program (budgeted from the general City budget but delivered by Nelson Hydro), also had a successful 4th year of its initial 5 year plan. The program has produced a 20% reduction in GHG emissions and is on track to meet its 2015 goal of a 25% GHG reduction.**
- **Recruited a new Office Administrator to fill a retirement vacancy.**

Municipal Departments - Nelson Hydro



2014 - 2015 Department Goals

- **Finalize the District Heating Feasibility Study**
- **Complete the Downtown Voltage Conversion Project**
- **Continue the Voltage Conversion projects**
- **Generator 3 refurbishment**
- **Implement a vegetation management program**
- **Fill Operations Manager position vacated by a retirement in 2013**
- **Rewind or refurbish Generator 3**



Municipal Departments - Nelson Library

June Stockdale - Chief Librarian

Report from the Board Chair and Chief Librarian

In 2013 we updated our Strategic Plan to ensure we remain at the forefront of service to our community in a rapidly evolving world. The updated action items focus on technology, reaching out to members in new ways, forging relationships to deliver better services, and ensuring we support staff to respond to member needs.



Just as technology influences our daily lives from commerce to communication, so too has it changed the use of the library. The Library plays an important role in our community in continuous learning, creativity, knowledge and entertainment. It helps all of our area residents maintain their sense of community as it plays the role of gathering spaces, informal meeting area, or just as a quiet place to read or study. We continue to meet popular demand for author reading and story time programs while exploring new ways to respond to the varied interests of our community.

Based on member feedback, we reduced the size of the nonfiction collection slightly to make room for quiet study rooms. We purchased new e-readers and tablets for lending, built a technology petting zoo with new devices for people to try out, and hired a Community Access Program youth intern to assist people with technology.

We are seeing a shift in the way people borrow books from our collections, with e-collection usage increasing by 150% and regular circulation decreasing by 6%. Program attendance, member visits, and public computer usage remains high, in fact, one of the highest in the province in our population category.

Thanks to the work of our excellent staff, committed volunteers and dedicated Board of Trustees, the Nelson Public Library improves the quality of life in our region. We are grateful to our many supporters and look forward to the coming year of continued growth and new initiatives. Most importantly, we'd like to thank the members of the Library. Your expectations and appreciation keep us striving to improve and will lead us forward to meet the challenges of 2014.

| The Year at a Glance | 2013 | 2012 |
|----------------------|---------|---------|
| Active Cardholders | 11,778 | 10,686 |
| New memberships | 954 | 1,470 |
| Member visits | 140,407 | 144,203 |
| Items in Collection | 44,892 | 42,898 |
| Items loaned | 218,596 | 234,133 |
| Items used in house | 31,690 | 34,973 |
| Interlibrary loans | 3,394 | 3,623 |

| | | |
|--------------------------------|--------|--------|
| e-book/audiobook downloads | 9,215 | 5,396 |
| e-magazine downloads | 4,533 | - |
| Website visits | 45,136 | 40,946 |
| Database usage | 7,868 | 7,940 |
| Total programs | 221 | 289 |
| Total program attendees | 3,725 | 4,783 |
| Research /reference assistance | 7,422 | 10,572 |
| Public Computer usage | 23,836 | 27,109 |

Municipal Buildings



Nelson Civic Centre

Built in the depression, the Nelson Civic Centre was the first of its kind in Western Canada. The complex included 2 ice rinks, a curling rink, 2 gyms and a 700-seat theatre. With the opening of the new multi-purpose community centre, the large rink in the Civic Centre has been turned over to a non-profit society (Sports Council) while the small rink was converted to an indoor soccer facility in 2007. The curling rink is leased to the Nelson Curling Club..



Capitol Theatre

This 420-seat performing arts centre is a restored theatre originally built in the 1920's. A dedicated volunteer group raised funds and renovated the theatre which opened in 1988.

The City leases the theatre to the Capitol Theatre Restoration Society and also partially funds its operations.



Nelson & District Youth Centre

The current Nelson & District Youth Centre was opened in 1997 and underwent major renovations in 2000-2001. Prior to being used as the Youth Centre this building was the inventory warehouse for Nelson Hydro.



Museum, Archives & Art Gallery (Touchstones Nelson)

The distinctive heritage building at 502 Vernon Street, constructed of Spokane pink brick, Kaslo marble and local common brick, has served many functions since it was first built in 1902. It was originally a post office and customs house, spent a short time as a museum, was purchased by the City in 1961 and opened as the Nelson City Hall on January 8, 1962. It served as City Hall until April of 2005 when the City offices moved to 310 Ward Street. 502 Vernon then received extensive renovations and opened as Touchstones Nelson: Museum of Art and History in October 2006.

Municipal Buildings cont'd



City Hall (310 Ward Street)

The City finalized the purchase of 310 Ward Street from the Province in December of 2004 and moved the City offices in April 2005. The City occupies 20% of the building and the Provincial Government ministries lease the balance of the building from the City. The first floor of the building has the City's Finance Department co-locating with the Service BC's office. This co-location is proving to be very successful and convenient for our joint customers.



Works / Utilities Complex

The Works/Utilities complex was completed in 1988 utilising pre-cast concrete wall method of construction. The complex is 25,760 square feet and houses the Public Works, Water and Sewer Utilities, Nelson Hydro, Stores and Garage/Transit departments. This building provided a much-needed facility for centralising the public works and utilities functions.



Fire Hall

The present Fire Hall is in the heritage registry. It was constructed in 1912 and has served the City since then. This building was the centre for much of the filming of the movie "Roxanne."



Police Station/Library

In 1992, the City Police moved into a facility shared with the Nelson Municipal Library. The four-storey building was built in the late 1950's as the regional RCMP headquarters. Purchased by the City in 1990, the building was completely renovated with the top two floors being the police station and the first two floors occupied by the library. The lower floor was renovated in 2010 to house the children's collection.

Municipal Infrastructure

Roads, Bridges and Sidewalks

Nelson was a thriving community in the early 20th century; subsequently, some of its infrastructure dates back to that time.

The City has adopted a comprehensive development plan to ensure our roads are maintained at a good standard. The road and highway network, presently, is of sufficient capacity to handle existing traffic and upgrades have been completed or planned to accommodate new growth. Residential roads are first paved through the local improvement program. There are a total of seven bridges within the municipal road system. Most of the bridges are short-span timber structures with an asphalt cover.

Many of the municipal sidewalks in the residential area date back to early in the 20th century. The cement sidewalks within the commercial core are in reasonably good shape; however, the older sidewalks in the residential area will require substantial maintenance and/or replacement. The Active Transportation Plan, which was adopted by Council, identifies priority walking corridors and is used to establish the city's replacement and snow removal plans..

Waterworks

The City of Nelson collects potable water from three surface creeks: Five Mile, Anderson and Selous. The City of Nelson water supply is of premier quality.

The City has an on-going program of replacing older mains with those of a sufficient size for fire flow purposes. The City presently has three intake reservoirs and three storage reservoirs for the system. Due to the topography of the City, Nelson has 10 pressure reducing stations, to maintain proper flows and water pressure within the City.

Sanitary Sewer

The City installed a separate sanitary and storm sewer system in the early seventies. The city has a program to separate sanitary sewer from storm as the system is upgraded or as a result of new developments or upgrades of buildings. Much of the collection system is old vitrified

clay pipe installed during the early part of the century. A result of the old bituminous pipe and the recent separation of the storm drainage from the sanitary sewer is a high degree of infiltration.

The City regularly inspects the collection system with video cameras. The City has a program of either relining or replacing lines which the video inspections indicate require such work.

The City sewage is treated at a plant 3 km west of Nelson. Funding was secured to upgrade the plant to perform secondary treatment. This upgrade was completed in 2005.

The City has received numerous requests from properties adjoining the City boundary to connect to the sewage system. These requests have resulted in several small boundary extensions in past years.

Nelson Hydro

Nelson was the first municipal hydro electric utility in the Province of British Columbia. Presently, the City of Nelson distributes electrical energy within an approximate 30 km radius of the City of Nelson. The City owns and operates a hydro plant 14 km west of Nelson at Upper Bonnington Falls.

The plant has four operating turbines with a 15 MW capacity producing 86,000 MWH or approximately 55% of the system's electrical energy.

The utility has over 9,800 customers who enjoy some of the lowest hydro rates in North America. The city has invested in the renewal of all components (generation, transmission and distribution) of the electric utility over the past 15 years.

Municipal Infrastructure—cont'd

Solid Waste

The Regional District of Central Kootenay operates a refuse transfer station where the City collection crews dispose of the collected garbage and where residents from the City or the rural area, if they choose, may dump their garbage. The garbage is then transferred to a landfill site at Salmo.

The Regional District of Central Kootenay also operates a recycling program. It is estimated that 12-14 % of the solid waste is being removed from the waste stream.

Drainage

The City has a number of streams running through the community which are monitored closely, particularly during spring runoff. All runoff from the drainage systems eventually end up in the West Arm of Kootenay Lake. The City is planning to conduct a comprehensive drainage study to identify all problem areas and formulate a drainage plan to help guide future development.

The City's storm water was separated from the sanitary sewer in the early 1970's. The system is in fairly good condition.

Parks

The City of Nelson is known for its beautiful parks. The City has 11 parks with a total area of 23.7 hectares. In addition, the parks department maintains the cemetery, which is 18.19 hectares.

The City is fortunate to have been developed on Kootenay Lake. The City is constructing a high quality pathway along the waterfront. The City's centennial project was to complete 1.8 km of the waterfront pathway from the Hall Street Gateway Gazebo to Lakeside Park. This pathway now extends from Cottonwood Creek to Lakeside Park, a distance of 3.0 km. The City is currently developing Davies Street Park., which is a 4.8ha passive park. The recently adopted Sustainable and Downtown Waterfront Plan identifies new parks at Red Sands beach and the mouth of Cottonwood Creek.

Municipal Airport

The City of Nelson operates a 940-metre paved airport on the waterfront which is City-owned. The airport is the base for private helicopter companies, a charter aircraft company and numerous private aircraft. There is also a float plane dock facility at the west end of the airport. The airport offers a terminal building and avgas fuel facilities.



Financial Section

Chief Financial Officer's Report



It is my pleasure to present, on behalf of the Finance Department, the 2013 Annual Report for the City of Nelson. The Finance section of the report includes the Audit Report from Berg, Lehmann Chartered Accountants and the Consolidated Financial Statements for the year ended December 31, 2013.

The purpose of the annual report is to provide the readers with a clear understanding of the financial position and financial activities of the City. The report is divided into three sections:

- **Introductory Section:** Provides an overview of the City, including the organizational structure, and the nature and scope of the services provided.
- **Financial Section:** Presents the 2013 audited consolidated financial statements, notes, supplementary schedules, and the independent auditors' report.
- **Statistical Section:** Presents a variety of statistical and financial information, mostly on a five-year comparative basis.

The City maintains a system of internal controls for the purpose of financial statement reliability and protection of City assets. The system includes budget preparation, safekeeping of City funds, receiving monies paid to the municipality, investing in authorized investments, expending funds as authorized by Council, and ensuring accurate and full accounting of all financial transactions.

The preparation and presentation of the financial statements and related information in the annual report is the responsibility of the finance department. Staff provide support to the external auditors during the year end audit by preparing the working papers and ensuring unrestricted access to all related financial information.

The consolidated financial statements for the year ended December 31, 2013 included in this report were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The consolidated financial statements have been audited by Berg, Lehmann Chartered Accountants.

2013 OPERATING RESULTS

The financial results for 2013 were in line with what had been budgeted for the year. Like last year the wet spring provided an added benefit of a long freshet generating period that decreased the power purchasing costs for Nelson Hydro. The City has a variety of revenue sources including taxation and grants-in-lieu of \$8.78 million, \$2.9 million in sales of other services, \$593,000 in Provincial unconditional grants (revenue sharing and traffic fine sharing). The City also received revenue from user fees (including the electrical utility) of \$21.6 million.

Operating expenditures include \$5.25 million in protective services, \$3.6 million in transportation services, \$2.8 million in general government/corporate services and \$3.26 million in recreation and cultural services. Utility operations expenditures (including Nelson Hydro) total \$13.1 million. In addition, the City contributed \$262,000 towards the \$1.38 million 2013 operational expenses of Transit.

For 2013, the overall annual surplus ended up at \$4.1m, which was in-line with what was budgeted for the year. It must be noted that a surplus is budgeted for in order to assist in the funding of future capital expenditures through the surplus being transferred into reserves.

Continued.....

Chief Financial Officer's Report cont'd

CAPITAL SPENDING AND RESERVES

The City continues its aggressive capital program by replacing, updating and maintaining the City's infrastructure and other capital assets. In 2013, \$9.6 million was spent, in part, to build the new Rosemont Hydro substation, replace over 1.8 km of water lines, building a world class skatepark and renew 6.7% of the entire sewer transportation system through the relining or replacement of 5.5km of sewer pipes.

The City's reserve funds are the major support of the City's capital program. Overall the capital reserves slightly decreased from last year as the budgeted annual allocation into reserves was a bit less than the amount drawn down to fund capital purchases on an aggregated basis. Council and staff face the ongoing challenge to continue to address the City's infrastructure needs by balancing new debt with drawing down the reserves as required and continuing to rebuild them for future capital projects.

LONG-TERM DEBT

The long term debt issued and outstanding as of December 31, 2013 (including temporary borrowing and capital lease obligations) was \$20,281,903. In 2012, this balance was 20,058,349 the slight increase from 2012 is due to the \$1.175 million borrowing that was drawn on to fund the cost of catacomb work and the Baker Street bridge replacement from a few years ago that had been covered by reserves.

The City's long term debt falls under two classifications—General debt and Utility debt. General debt is funded through taxation while Utility debt is funded and repaid through the related water, sewer and hydro rates.

The outstanding debenture debt at the end of 2013 for each of the City's funds is:

General \$ 11,046,855 Water \$1,017,894 Sewer \$761,751 Nelson Hydro \$7,084,604

As presented in the notes to the financial statements, \$9.6 million of the general debt is being repaid by FortisBC and Selkirk College through long term contractual agreements leaving only \$1.39 million in general purpose debt funded by the taxpayer.

The City is in a solid financial position and strives to be innovative and creative in terms of service delivery that reflects Council priorities and community expectations. The City continues to be accountable in spending, sensitive to public needs, and aims to preserve the current level of service and community infrastructure while balancing the economic conditions of the community.

As a personal highlight, I was pleased to play a part, as the project manager, in seeing the fruition of 12 years of effort with the construction of a world class outdoor skatepark at Art Gibbon Memorial park. I would like to thank all the stakeholders for their tireless commitment and energy in making this dream a reality and adding another jewel in the crown of the Queen City.



Colin McClure, CA
Chief Financial Officer



Financial Section



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.

A handwritten signature in black ink, appearing to read 'Colin McClure'.

Colin McClure, CA
Chief Financial Officer

Financial Section

Berg
Lehmann

INDEPENDENT AUDITORS' REPORT

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
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, 2013, 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.

.../2

CA

Financial Section

Berg
Lehmann

INDEPENDENT AUDITORS' REPORT (continued)

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Nelson as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants

Chartered Accountants
& Business Advisors

513 Victoria Street
Nelson BC
V1L 4K7

phone 250.352.3165
fax 250.352.7166
advice@BergLehmann.ca
www.BergLehmann.ca

April 22, 2014

Nelson, B.C.

CA[®]

**THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2013

| | <u>2013</u> | <u>2012</u> |
|---|-----------------------|-----------------------|
| Financial Assets | | |
| Cash and cash equivalents (Note 2) | \$ 24,862,201 | \$ 23,572,332 |
| Investments (Note 3) | 2,679,240 | 2,590,681 |
| Accounts receivable (Note 4) | 5,622,009 | 5,369,480 |
| Long-term accounts receivable (Note 5) | 4,190,671 | 4,165,784 |
| MFA deposits (Note 6) | <u>283,837</u> | <u>268,397</u> |
| | <u>37,637,958</u> | <u>35,966,674</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities (Note 7) | 6,011,355 | 4,380,596 |
| Deferred revenue (Note 8) | 4,145,966 | 4,739,733 |
| Accrued future payroll benefits (Note 9) | 2,134,262 | 2,076,596 |
| Capital lease obligation (Note 10) | 370,799 | 374,944 |
| Debt (Note 11) | <u>19,911,104</u> | <u>19,683,405</u> |
| | <u>32,573,486</u> | <u>31,255,274</u> |
| Net Financial Assets | 5,064,472 | 4,711,400 |
| Non -Financial Assets | | |
| Tangible capital assets (Note 12) | 143,651,629 | 139,755,073 |
| Inventory (Note 13) | 1,175,063 | 1,344,619 |
| Prepaid expenses | <u>319,094</u> | <u>324,518</u> |
| | <u>145,145,786</u> | <u>141,424,210</u> |
| Accumulated Surplus (Note 14) | <u>\$ 150,210,258</u> | <u>\$ 146,135,610</u> |

Commitments and Contingencies (Note 18)



Colin McClure, CA
Chief Financial Officer

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

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2013

| | 2013 Budget (Note 20) | 2013 | 2012 |
|---|---------------------------|---------------------------|---------------------------|
| Revenue | | | |
| Taxes | \$ 8,757,672 | \$ 8,784,662 | \$ 8,550,220 |
| Sale of services | 2,807,087 | 2,942,316 | 2,528,113 |
| Other revenue from own sources | 3,528,809 | 3,149,338 | 3,580,914 |
| Investment income | 467,100 | 650,007 | 534,260 |
| Grants - unconditional | 354,139 | 593,441 | 993,325 |
| Grants - conditional | 2,696,715 | 2,671,102 | 2,132,643 |
| Water user fees | 3,003,594 | 3,029,958 | 2,844,226 |
| Sewer user fees | 2,663,415 | 2,692,367 | 2,539,624 |
| Transit user fees | 232,848 | 236,134 | 229,622 |
| Nelson Hydro sales | <u>15,088,738</u> | <u>15,641,694</u> | <u>14,796,450</u> |
| | <u>39,600,117</u> | <u>40,391,019</u> | <u>38,729,397</u> |
| Expenses | | | |
| General government | 3,146,459 | 2,838,622 | 2,791,510 |
| Protective services | 5,312,362 | 5,245,527 | 4,973,608 |
| Transportation services | 3,441,475 | 3,578,840 | 3,025,957 |
| Environmental health services | 263,210 | 203,772 | 212,749 |
| Public health and welfare services | 180,110 | 179,650 | 197,346 |
| Parks, recreation and cultural services | 2,062,870 | 2,415,752 | 1,995,941 |
| Interest and other debt charges | 1,112,124 | 857,169 | 784,928 |
| Water utility operations | 1,132,531 | 1,114,286 | 1,050,286 |
| Sewer utility operations | 1,598,531 | 1,471,621 | 1,210,986 |
| Nelson Hydro operations | 10,337,715 | 10,533,475 | 9,901,336 |
| Transit operations | 1,258,729 | 1,379,078 | 1,269,497 |
| Library | 498,000 | 845,592 | 863,678 |
| Amortization | 4,957,925 | 4,778,361 | 4,607,163 |
| Loss on disposal of tangible capital assets | <u>-</u> | <u>874,626</u> | <u>245,967</u> |
| | <u>35,302,041</u> | <u>36,316,371</u> | <u>33,130,952</u> |
| Annual surplus | 4,298,076 | 4,074,648 | 5,598,445 |
| Accumulated surplus, beginning of the year | <u>146,135,610</u> | <u>146,135,610</u> | <u>140,537,165</u> |
| Accumulated surplus, end of the year | <u>150,433,686</u> | <u>150,210,258</u> | <u>146,135,610</u> |

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

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2013

| | 2013 Budget | 2013 | 2012 |
|---|-----------------------|-------------------------|-------------------------|
| Annual surplus | 4,298,076 | 4,074,648 | 5,598,445 |
| Acquisition of tangible capital assets | (13,431,623) | (9,623,093) | (6,262,555) |
| Amortization of capital assets | 4,957,925 | 4,778,361 | 4,607,163 |
| Proceeds on sale of tangible capital assets | - | 73,550 | 85,000 |
| Loss on disposal of tangible capital assets | - | 874,626 | 245,967 |
| | <u>(4,175,622)</u> | <u>178,092</u> | <u>4,274,020</u> |
| Consumption (acquisition) of prepaid expenses | - | 5,424 | (70,434) |
| Consumption (acquisition) of supply inventory | - | 169,556 | (59,941) |
| | <u>-</u> | <u>174,980</u> | <u>(130,375)</u> |
| Increase (decrease) in net financial assets | (4,175,622) | 353,072 | 4,143,645 |
| Net financial assets, beginning of year | <u>4,711,400</u> | <u>4,711,400</u> | <u>567,755</u> |
| Net financial assets, end of the year | <u>535,778</u> | <u>5,064,472</u> | <u>4,711,400</u> |

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

THE CORPORATION OF THE CITY OF NELSON
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

| | <u>2013</u> | <u>2012</u> |
|---|----------------------|----------------------|
| Cash Provided by (Used In) | | |
| Operating Activities | | |
| Annual surplus | \$ 4,074,648 | \$ 5,598,445 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 4,778,361 | 4,607,163 |
| Actuarial adjustments | (77,544) | (177,866) |
| Loss on disposal of tangible capital assets | <u>874,626</u> | <u>245,967</u> |
| | 9,650,091 | 10,273,709 |
| Increase (decrease) in non-cash operating items: | | |
| Accounts receivable | (252,529) | (260,447) |
| Long-term accounts receivable | (24,887) | 273,711 |
| MFA deposits | (15,440) | (45,431) |
| Accounts payable and accrued liabilities | 1,630,759 | 152,539 |
| Deferred revenue | (593,767) | 578,479 |
| Accrued future payroll benefits | 57,666 | (121,658) |
| Inventory | 169,556 | (59,941) |
| Prepaid expenses | 5,424 | (70,434) |
| | <u>10,626,873</u> | <u>10,720,527</u> |
| Financing Activities | | |
| Proceeds from debt issues | 1,175,000 | 6,000,000 |
| Debt repayment | (869,757) | (780,863) |
| Repayment of capital lease obligations | <u>(4,145)</u> | <u>(222,006)</u> |
| | <u>301,098</u> | <u>4,997,131</u> |
| Capital Activities | | |
| Proceeds from disposal of tangible capital assets | 73,550 | 85,000 |
| Acquisition of tangible capital assets | <u>(9,623,093)</u> | <u>(6,262,555)</u> |
| | <u>(9,549,543)</u> | <u>(6,177,555)</u> |
| Investing Activities | | |
| Net purchase of investments | <u>(88,559)</u> | <u>(92,844)</u> |
| Net increase in Cash | <u>1,289,869</u> | <u>9,447,259</u> |
| Cash and cash equivalents, beginning of year | <u>23,572,332</u> | <u>14,125,073</u> |
| Cash and cash equivalents, end of year | <u>\$ 24,862,201</u> | <u>\$ 23,572,332</u> |

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

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 Gains on Long Term Debt

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

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

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) **Budget**

Budget data presented in these consolidated financial statements is based on the City's 5 Year Financial Plan for the years 2013-2017, adopted by Council on April 15, 2013.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

2. Cash and Cash Equivalents

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

| | 2013 | 2012 |
|---------------------------------|-----------------------------|-----------------------------|
| Cash | \$ 1,617,386 | \$ 1,198,232 |
| MFA bond and money market funds | <u>23,244,815</u> | <u>22,374,100</u> |
| | <u><u>\$ 24,862,201</u></u> | <u><u>\$ 23,572,332</u></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> | 2013 Carrying Value | 2013 Market Value | 2012 Carrying Value | 2012 Market Value |
|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 2012 | \$ - | \$ - | \$ 314,353 | \$ 314,427 |
| 2013 | 50,692 | 51,035 | 149,316 | 151,782 |
| 2014 | 199,000 | 198,235 | 510,169 | 520,063 |
| 2015 | 928,590 | 939,763 | 273,145 | 288,681 |
| 2016 | 1,000,435 | 1,047,282 | 968,611 | 1,023,176 |
| 2017 | 390,795 | 419,966 | 375,087 | 411,622 |
| 2019 | 109,728 | 110,164 | - | - |
| | <u><u>\$ 2,679,240</u></u> | <u><u>\$ 2,766,445</u></u> | <u><u>\$ 2,590,681</u></u> | <u><u>\$ 2,709,751</u></u> |

4. Accounts Receivable

| | 2013 | 2012 |
|---------------------------|----------------------------|----------------------------|
| Property taxes | \$ 582,718 | \$ 566,956 |
| Utility billings | 3,652,854 | 3,285,699 |
| Other governments | 307,684 | 406,893 |
| Trade & other receivables | <u>1,078,753</u> | <u>1,109,932</u> |
| | <u><u>\$ 5,622,009</u></u> | <u><u>\$ 5,369,480</u></u> |

5. Long Term Accounts Receivable

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

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

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

5. Long Term Accounts Receivable (continued)

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

| | 2013 | 2012 |
|--|----------------------------|----------------------------|
| Selkirk College | \$ 3,765,929 | \$ 3,946,925 |
| Ecosave energy retrofits on-bill financing loans | 219,943 | 111,683 |
| Various other agreements | <u>204,799</u> | <u>107,176</u> |
| | <u><u>\$ 4,190,671</u></u> | <u><u>\$ 4,165,784</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:

| | 2013 | 2013 | 2013 | 2012 |
|---------------|--------------------------|--------------------------|----------------------------|--------------------------|
| | Cash Deposit | Demand Note | Total | Total |
| General fund | \$ 174,919 | \$ 470,990 | \$ 645,909 | \$ 609,729 |
| Sewer utility | 14,762 | 40,843 | 55,605 | 54,919 |
| Water utility | 13,043 | 36,091 | 49,134 | 63,220 |
| Nelson Hydro | <u>81,113</u> | <u>174,898</u> | <u>256,011</u> | <u>252,241</u> |
| | <u><u>\$ 283,837</u></u> | <u><u>\$ 722,822</u></u> | <u><u>\$ 1,006,659</u></u> | <u><u>\$ 980,109</u></u> |

7. Accounts Payable and Accrued Liabilities

| | 2013 | 2012 |
|----------------------------|----------------------------|----------------------------|
| Trades payable | \$ 5,029,417 | \$ 3,484,483 |
| Accrued wages and benefits | 395,913 | 315,384 |
| Accrued interest | 133,142 | 123,763 |
| Other | <u>452,883</u> | <u>456,966</u> |
| | <u><u>\$ 6,011,355</u></u> | <u><u>\$ 4,380,596</u></u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

8. Deferred Revenue

| | 2013 Opening Balance | 2013 Contributions | 2013 Disbursements | 2013 Ending Balance |
|-------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| Taxes and utility rates | \$ 2,534,309 | \$ 3,515,497 | \$ (3,489,870) | \$ 2,559,936 |
| Community works fund | 1,315,926 | 445,594 | (775,093) | 986,427 |
| Hydro | 288,988 | 410,841 | (288,988) | 410,841 |
| Other | <u>600,510</u> | <u>56,158</u> | <u>(467,906)</u> | <u>188,762</u> |
| | <u><u>\$ 4,739,733</u></u> | <u><u>\$ 4,428,090</u></u> | <u><u>\$ (5,021,857)</u></u> | <u><u>\$ 4,145,966</u></u> |

9. Accrued Future Payroll Benefits

| | 2013 | 2012 |
|-----------------|----------------------------|----------------------------|
| Holiday Pay | \$ 752,124 | \$ 696,934 |
| Sick Leave | 1,181,301 | 1,165,995 |
| Banked Overtime | <u>200,837</u> | <u>213,667</u> |
| | <u><u>\$ 2,134,262</u></u> | <u><u>\$ 2,076,596</u></u> |

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

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:

| | |
|---------------|--------------------------|
| 2014 | \$ 36,354 |
| 2015 | 36,354 |
| 2016 | 36,354 |
| 2017 | 36,354 |
| 2018 | 36,354 |
| Thereafter | 727,080 |
| Less interest | <u>(538,051)</u> |
| | <u><u>\$ 370,799</u></u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

11. Debt

| Debt Bylaw # | Purpose of Bylaw | Interest rate % | Year of Maturity | Original Issue | 2013 Balance | 2012 Balance |
|---------------------------------|------------------------|--------------------|---------------------|-------------------|----------------------|----------------------|
| <u>General Purposes:</u> | | | | | | |
| 3107 | Catacombs | 3.85% | 2033 | \$ 275,000 | \$ 275,000 | \$ - |
| 3107 | Baker Street bridge | 3.85% | 2033 | 900,000 | 900,000 | - |
| 2866 | Street construction | 6.36% | 2013 | 208,558 | - | 20,306 |
| 3034 | Street construction | 4.82% | 2022 | 50,341 | 33,665 | 36,679 |
| 2871 | Tenth Street campus | 3.15% | 2025 | 6,080,000 | 3,794,925 | 3,975,921 |
| 3036 | Highway 3A | 4.00% | 2021 | 300,000 | 181,665 | 199,828 |
| 2978 | Fortis Gas | 4.50% | 2020 | 4,200,000 | 3,107,996 | 3,465,482 |
| | Fortis Gas | CDOR+.5% | 2021 | <u>7,386,404</u> | <u>2,753,604</u> | <u>2,753,606</u> |
| | | | | <u>19,400,303</u> | <u>11,046,855</u> | <u>10,451,822</u> |
| <u>Water Purposes:</u> | | | | | | |
| 3038 | Fairview reservoir | 4.82% | 2022 | 240,000 | 160,498 | 174,867 |
| 3106 | Water improvements | 4.90% | 2029 | <u>1,000,000</u> | <u>857,396</u> | <u>892,747</u> |
| | | | | <u>1,240,000</u> | <u>1,017,894</u> | <u>1,067,614</u> |
| <u>Sewer Purposes:</u> | | | | | | |
| 2559 | North Shore line | 8.50% | 2013 | 150,250 | - | 7,053 |
| 2654 | North Shore line | 8.50% | 2014 | 35,400 | - | 5,071 |
| 3037 | Sewage treatment plant | 4.00% | 2021 | 550,000 | 333,053 | 366,350 |
| 3109 | Sewer improvements | 4.90% | 2029 | <u>500,000</u> | <u>428,698</u> | <u>446,374</u> |
| | | | | <u>1,235,650</u> | <u>761,751</u> | <u>824,848</u> |
| <u>Hydro Purposes:</u> | | | | | | |
| 3110 | Hydro improvements | 4.90% | 2029 | 1,500,000 | 1,286,094 | 1,339,121 |
| 3223 | Hydro improvements | 3.05% | 2032 | <u>6,000,000</u> | <u>5,798,510</u> | <u>6,000,000</u> |
| | | | | <u>7,900,000</u> | <u>7,084,604</u> | <u>7,339,121</u> |
| Total Debt | | | | | <u>\$ 19,911,104</u> | <u>\$ 19,683,405</u> |

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

| | General | Water | Sewer | Hydro | Total |
|------------|----------------------|---------------------|-------------------|---------------------|----------------------|
| 2014 | \$ 549,352 | \$ 45,568 | \$ 45,329 | \$ 251,863 | \$ 892,112 |
| 2015 | 549,352 | 45,568 | 44,258 | 251,863 | 891,041 |
| 2016 | 549,352 | 45,568 | 44,258 | 251,863 | 891,041 |
| 2017 | 549,352 | 45,568 | 44,258 | 251,863 | 891,041 |
| 2018 | 549,352 | 45,568 | 44,258 | 251,863 | 891,041 |
| Thereafter | <u>8,297,391</u> | <u>790,056</u> | <u>542,093</u> | <u>5,825,288</u> | <u>15,454,828</u> |
| | <u>\$ 11,044,151</u> | <u>\$ 1,017,896</u> | <u>\$ 764,454</u> | <u>\$ 7,084,603</u> | <u>\$ 19,911,104</u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

12. Tangible Capital Assets

| | Cost | Accumulated Amortization | 2013 Net Book Value | 2012 Net Book Value |
|----------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|
| Land | \$ 8,707,438 | \$ - | \$ 8,707,438 | \$ 8,707,438 |
| Buildings | 35,169,091 | 22,727,193 | 12,441,898 | 13,229,176 |
| Vehicles | 8,075,089 | 3,939,125 | 4,135,964 | 4,404,218 |
| IT, equipment & furniture | 2,324,786 | 1,198,186 | 1,126,600 | 1,169,942 |
| Library | 423,676 | 249,166 | 174,510 | 224,668 |
| Natural gas system capital lease | 8,186,404 | 2,572,869 | 5,613,535 | 5,847,432 |
| Transportation infrastructure | 19,877,495 | 8,256,988 | 11,620,507 | 11,190,668 |
| Parks & cemetery | 5,092,876 | 2,114,323 | 2,978,553 | 2,449,968 |
| Water infrastructure | 45,508,459 | 11,363,907 | 34,144,552 | 33,562,686 |
| Sewer infrastructure | 27,883,708 | 10,116,004 | 17,767,704 | 17,431,791 |
| Storm sewer infrastructure | 17,917,623 | 6,050,367 | 11,867,256 | 11,996,775 |
| Hydro generators & substations | 16,932,247 | 5,752,985 | 11,179,262 | 11,483,096 |
| Hydro infrastructure | 23,430,135 | 5,393,417 | 18,036,718 | 16,533,622 |
| Assets under construction | <u>3,857,132</u> | <u>-</u> | <u>3,857,132</u> | <u>1,523,593</u> |
| | <u><u>\$ 223,386,159</u></u> | <u><u>\$ 79,734,530</u></u> | <u><u>\$ 143,651,629</u></u> | <u><u>\$ 139,755,073</u></u> |

See schedule of consolidated tangible capital assets for more information.

13. INVENTORY

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

| | 2013 | 2012 |
|---|----------------------------|----------------------------|
| General, Water, Sewer Transit and Garage supplies | \$ 301,248 | \$ 309,332 |
| Fuel | 37,626 | 50,509 |
| Hydro | <u>836,189</u> | <u>984,778</u> |
| | <u><u>\$ 1,175,063</u></u> | <u><u>\$ 1,344,619</u></u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

14. Accumulated Surplus

| | 2013 | 2012 |
|--------------------------------------|--------------------|--------------------|
| Reserves set aside by Council | | |
| Capital projects | \$ 610,937 | \$ 648,680 |
| Equipment replacement | 2,473,463 | 2,192,155 |
| Future power purchase | 971,008 | 942,982 |
| Nelson municipal library | 17,935 | 17,690 |
| Nelson Hydro capital | 4,377,595 | 6,285,108 |
| Sewer utility capital | 2,591,802 | 2,549,410 |
| Waterfront development | 27,489 | 26,947 |
| Water licence | 2,288,211 | 791,336 |
| Water utility capital | <u>3,200,960</u> | <u>3,096,820</u> |
| | 16,559,400 | 16,551,128 |
| Statutory reserves | | |
| Land sales | 397,245 | 444,885 |
| Off street parking | 14,575 | 14,310 |
| Parks acquisition | 144,692 | 142,057 |
| Tax sale | <u>20,928</u> | <u>20,546</u> |
| Total reserves | <u>17,136,840</u> | <u>17,172,926</u> |
| Surplus set aside by Council | | |
| Airport | \$ 182,470 | \$ 199,800 |
| Art in public places | 19,748 | 20,653 |
| Bridge | 280,000 | 240,000 |
| Building reserve | 500,000 | 300,000 |
| Economic development | 25,437 | 28,970 |
| Downtown & waterfront | 38,521 | - |
| Fortis | 1,850,442 | 1,558,422 |
| Insurance | 374,439 | 365,779 |
| Legal | 20,000 | 20,000 |
| Parking | 34,043 | 34,043 |
| Recycling reserve | 133,570 | 107,021 |
| 911 | 57,407 | 49,907 |
| 10th street | <u>58,277</u> | <u>37,477</u> |
| Unappropriated surplus | <u>3,574,354</u> | <u>2,962,072</u> |
| Total surplus | <u>2,363,409</u> | <u>2,356,963</u> |
| Invested in capital assets | <u>5,937,763</u> | <u>5,319,035</u> |
| Total Accumulated Surplus | <u>150,210,258</u> | <u>146,135,610</u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

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:

| | 2013 | 2012 |
|----------------------------------|--------------------------|--------------------------|
| Balances, beginning of year | \$ 878,985 | \$ 866,017 |
| Interest earned | <u>29,894</u> | <u>24,739</u> |
| | 908,879 | 890,756 |
| Expenses, transfers and deposits | <u>11,347</u> | <u>(11,771)</u> |
| Balances, end of year | <u><u>\$ 920,226</u></u> | <u><u>\$ 878,985</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.

| | 2013 | 2012 |
|--|-----------------------------|-----------------------------|
| Provincial Government - School taxes | \$ 8,627,111 | \$ 8,633,273 |
| Regional District of Central Kootenay | 4,184,717 | 3,483,366 |
| West Kootenay Boundary Hospital District | 743,299 | 481,049 |
| British Columbia Assessment Authority | 169,300 | 166,812 |
| Municipal Finance Authority | <u>425</u> | <u>424</u> |
| | <u><u>\$ 13,724,852</u></u> | <u><u>\$ 12,764,924</u></u> |

17. Pension Plan

The City of Nelson 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 179,000 active members and approximately 71,000 retired members. Active members include approximately 145 contributors from the City of Nelson.

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 individual employers participating in the Plan.

The City of Nelson paid \$1,164,703 for employer contributions to the plan in fiscal 2013 (2012 - \$1,149,514).

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

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.

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

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 annually, and maintains water mains and pump stations. The Sewer and Drainage Utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

19. Segmented Information (continued)

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

| | General Government | Police & Bylaw | Fire Services | Development Services |
|---------------------------------|-----------------------|--------------------|--------------------|-------------------------|
| Revenues | | | | |
| Taxes | \$ 8,725,141 | \$ - | \$ - | \$ - |
| Sales of Service | 305,985 | 1,308,535 | 203,796 | 8,895 |
| Other revenue from own services | 1,614,075 | 226,850 | 102 | 135,745 |
| Investment income | 371,216 | - | - | - |
| Grants - unconditional | 277,436 | 76,253 | - | - |
| Grants - conditional | 830,922 | 80,956 | 24,583 | - |
| Water user fees | - | - | - | - |
| Sewer user fees | - | - | - | - |
| Transit user fees | - | - | - | - |
| Nelson Hydro sales | - | - | - | - |
| | <u>12,124,775</u> | <u>1,692,594</u> | <u>228,481</u> | <u>144,640</u> |
| Expenditures | | | | |
| Wages and benefits | 1,423,550 | 3,136,753 | 1,351,244 | 355,896 |
| Supplies and services | 1,135,941 | 564,988 | 207,891 | 79,665 |
| Interest and other debt charges | 460,414 | - | - | - |
| Amortization | 1,571,629 | 63,376 | 93,865 | - |
| Loss on disposal of assets | 87,307 | - | - | - |
| | <u>4,678,841</u> | <u>3,765,117</u> | <u>1,653,000</u> | <u>435,561</u> |
| Annual Surplus (Deficit) | | | | |
| | <u>7,445,934</u> | <u>(2,072,523)</u> | <u>(1,424,519)</u> | <u>(290,921)</u> |

| | | Parks | | | | | | 2013 |
|----------------------|----------------------|------------------|------------------|-------------------|------------------|-------------------|--|------|
| Engineering Services | Culture & Recreation | Transit | Library | Nelson Hydro | Utilities | Total | | |
| \$ 59,521 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,784,662 | | |
| 434,876 | 642,542 | - | 37,687 | - | - | 2,942,316 | | |
| 135,169 | 40,450 | 5,144 | 33,069 | 774,693 | 184,041 | 3,149,338 | | |
| - | - | - | 1,842 | 144,923 | 132,026 | 650,007 | | |
| - | - | - | 239,752 | - | - | 593,441 | | |
| 4,978 | 366,039 | 875,333 | 32,832 | 15,900 | 439,559 | 2,671,102 | | |
| - | - | - | - | - | 3,029,958 | 3,029,958 | | |
| - | - | - | - | - | 2,692,367 | 2,692,367 | | |
| - | - | 236,134 | - | - | - | 236,134 | | |
| - | - | - | - | 15,641,694 | - | 15,641,694 | | |
| <u>634,544</u> | <u>1,049,031</u> | <u>1,116,611</u> | <u>345,182</u> | <u>16,577,210</u> | <u>6,477,951</u> | <u>40,391,019</u> | | |
| 1,586,380 | 1,109,626 | 675,747 | 640,571 | 1,971,024 | 1,342,978 | 13,593,769 | | |
| 2,204,282 | 1,305,945 | 703,330 | 205,021 | 8,562,451 | 1,242,932 | 16,212,446 | | |
| 33,743 | - | - | - | 247,385 | 115,627 | 857,169 | | |
| 1,034,655 | 162,403 | - | - | 730,420 | 1,122,013 | 4,778,361 | | |
| <u>80,482</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>106,689</u> | <u>600,148</u> | <u>874,626</u> | | |
| <u>4,939,542</u> | <u>2,577,974</u> | <u>1,379,077</u> | <u>845,592</u> | <u>11,617,969</u> | <u>4,423,698</u> | <u>36,316,371</u> | | |
| <u>(4,304,998)</u> | <u>(1,528,943)</u> | <u>(262,466)</u> | <u>(500,410)</u> | <u>4,959,241</u> | <u>2,054,253</u> | <u>4,074,648</u> | | |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

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>2013</u> |
|---|------------------|
| Budget surplus per Consolidated Statement of Operations | \$ 4,298,076 |
| Less: Capital expenditures | 13,431,623 |
| Debt principal repayments | 1,049,759 |
| Budgeted transfers to reserves | 2,340,600 |
| Add: Budgeted transfers from surplus and reserves | 6,565,981 |
| Amortization | 4,957,925 |
| Debt proceeds | <u>1,000,000</u> |
| Net annual budget | <u>\$ -</u> |

21. Comparative Figures

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

Statistical Section

Statistical Section

2013 Property Tax Exemptions (PTE)

Through the adoption of a bylaw, the Municipal Council provides a permissive exemption from municipal taxation to certain groups and organizations, which are evaluated and chosen at the discretion of Council. The legal capacity to provide these permissive tax exemptions is through powers granted to the Council in the Community Charter.

To be considered for a permissive tax exemption, an organization must: submit an application; have goals, policies, and operating principles that reflect those of the municipality; provide services that are an extension of municipal services and programs that are deemed to contribute to the well being of the community. They must be primarily used by residents of the City of Nelson and allow all Nelson residents to participate and adhere to all City of Nelson bylaws and policies. When granting a PTE, Council ensures that the exemption will not provide an unfair competitive advantage and that the resulting tax burden is a justifiable expense.

Below is a listing of organizations granted a PTE in 2013 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

| Organization | Civic Address | Permissive Tax Exemption | Municipal Taxes 2013 |
|--|----------------------|--|----------------------|
| Ascension Lutheran Church | 1805 Silver King Rd | 100% Land and Improvements not mandatory | 543.16 |
| Pentecostal Assemblies of Canada | 623 Gordon Rd | 100% land | 303.00 |
| Pentecostal Assemblies of Canada | 1004 Third Street | 100% land | 335.57 |
| Pentecostal Assemblies of Canada | 1004 Third Street | 100% land | 335.57 |
| The Salvation Army | 601 Vernon St | 50% building and 100% land | 4,351.11 |
| Kootenay Christian Fellowship | 812 Stanley St | 100% land | 244.44 |
| Eleos Centre Ministries | 711 Tenth St | 50% land | 162.03 |
| LDS Latter Day Saints Church | 222 W. Richards | 75% land | 319.12 |
| Evangelical Lutheran | 300 Silica St | 100% | 477.36 |
| Nelson United Church | 602 Silica St | 100% | 160.88 |
| Synod Diocese of Kootenay | 723 Ward St | 100% | 227.00 |
| Evangelical Covenant Church | 702 Stanley St | 100% | 126.99 |
| Roman Catholic Church | 813 Ward St | 100% | 256.61 |
| First Baptist Church | 611 Fifth St | 100% | 332.28 |
| Jehovah's Witness | 2121 Falls St | 100% | 542.83 |
| Nelson & District Boy Scouts | 310 Cedar St | 100% | 442.16 |
| Nelson Curling Club | 302 Cedar St | 100% | 14,348.61 |
| Nelson Golf & Recreation Society | 1123 W. Richards St | 83% land and building | 7,376.69 |
| Nelson Rod & Gun Society | 801 Railway St | 100% | 7,055.60 |
| Nelson Cares Society | 567 Ward St | 65% land and building | 2,971.52 |
| Nelson and District Housing Society | 805 Nelson Ave | 100% | 3,360.64 |
| Kooteany Advocacy Network | 620 Nelson Ave | 100% | 1,790.87 |
| West Kootenay Women's Assoc. | 420 Mill St | 100% | 1,158.54 |
| Nelson Kiwanis Society | 824 Sixth Street | 100% | 5,257.64 |
| Nelson Kiwanis Society | 509 Gordon Road | 100% | 3,152.81 |
| Kootenay Kids Society | 312 Silica St | 100% | 3,581.74 |
| Nelson & District Museum | 502 Vernon St | 100% | 19,048.23 |
| Capitol Theatre Restoration Sociey | 421 Victoria St | 100% | 8,081.18 |
| Kalein Hospice Centre Society (Pcl A) | 402 West Richards St | 50% | 822.47 |
| Kalein Hospice Centre Society (Pacl B) | 402 West Richards St | 50% | 1,445.96 |
| | Total | | 88,612.61 |

Statistical Section

The Corporation of the City of Nelson General Comparative Statistics As At December 31, 2013

MUNICIPAL GOVERNMENT:

1 Mayor and 6 Council Members
INCORPORATED MARCH 18, 1897

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|------|------|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|------|------|

| | | | | | | | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Population | 9,804 | 9,804 | 9,804 | 9,923 | 9,923 | 9,923 | 9,914 | 9,258 | 9,797 |
| Registered Voters | 5,799 | 5,799 | 5,799 | 5,793 | 6,034 | 7,040 | 5,828 | 5,926 | 5,240 |
| Area (HA) | 1,602 | 1,602 | 1,602 | 1,602 | 1,347 | 1,347 | 1,347 | 1,347 | 1,347 |
| No. Of Properties (Folios) | 4,585 | 4,546 | 4,521 | 4,668 | 4,474 | 4,543 | 4,316 | 4,250 | 4,398 |

DESIGNATED LAND USE IN HA:

| | | | | | | | | | |
|----------------------------|------|------|------|------|-------|-------|-------|-------|-------|
| Residential | 308 | 308 | 308 | 308 | 308.1 | 294.0 | 294.0 | 294.0 | 294.0 |
| Agricultural | 0 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commercial | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 | 28.7 |
| Industry | 65.5 | 65.5 | 65.5 | 65.5 | 65.5 | 78.4 | 78.4 | 78.4 | 78.4 |
| Schools/Park/Greenbelt | 124 | 124 | 124 | 124 | 123.8 | 119.4 | 119.4 | 119.4 | 119.4 |
| Institutional | 41.5 | 41.5 | 41.5 | 41.5 | 41.5 | 42.7 | 42.7 | 42.7 | 42.7 |
| Transportation / Utilities | 621 | 621 | 621 | 621 | 620.7 | 620.7 | 620.7 | 620.7 | 620.7 |
| Crown Land | 163 | 163 | 163 | 163 | 163.1 | 163.1 | 163.1 | 163.1 | 163.1 |

ROADS IN KM.:

| | | | | | | | | | |
|---------|-------|-------|-------|-------|-------|------|------|------|------|
| Paved | 75.1* | 75.1* | 75.1* | 73.5* | 73.5* | 85.0 | 84.0 | 84.0 | 84.0 |
| Unpaved | 19.4 | 19.4 | 19.4 | 21.0 | 21.0 | 21.0 | 24.0 | 24.0 | 24.0 |

SEWER LINES in KM.:

| | | | | | | | | | |
|----------|-------|-------|-------|-------|-------|------|------|------|------|
| Sanitary | 81.6* | 81.6* | 81.6* | 80.0* | 79.0* | 79.0 | 79.0 | 79.0 | 79.0 |
| Storm | 55.8* | 55.8* | 55.8* | 55.7* | 56.0* | 56.0 | 41.0 | 41.0 | 41.0 |

WATER LINES in KM.:

| | | | | | | | | | |
|------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| # Water Services | 86.9* | 86.9* | 86.9* | 87.6* | 85.5 * | 87.0 | 78.7 | 78.7 | 78.7 |
| # Hydrants | 4,105 | 4,105 | 4,182 | 4,092 | 3,964 | 3,972 | 3,972 | 3,840 | 3,840 |

| | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 305 | 305 | 305 | 326 | 324 | 316 | 312 | 300 | 295 |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|

PARKS AREA (in HA):

| | | | | | | | | | |
|-----------|----|----|----|----|----|----|----|----|----|
| Municipal | 30 | 30 | 30 | 30 | 30 | 16 | 16 | 16 | 16 |
|-----------|----|----|----|----|----|----|----|----|----|

NUMBER OF SCHOOLS:

| | | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|---|---|
| Vocational | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Colleges | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elementary Schools | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Senior Secondary Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Middle Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Private Schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| District Correspondence School | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

* figures adjusted in 2009 to match TCA information

Statistical Section

| THE CORPORATION OF THE CITY OF NELSON Major Projects Program 2014 - 2018 | | | | | |
|---|-------------------|------------------|------------------|-------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| MAJOR PROJECTS: | \$ | \$ | \$ | \$ | \$ |
| Information Services | 879,940 | 346,000 | 139,000 | 869,000 | 99,000 |
| City Owned Facilities/Buildings | 900,560 | 354,000 | - | 4,000,000 | - |
| Protective Services | 167,050 | 25,000 | 25,000 | 40,000 | - |
| Transportation Services | 1,435,000 | 880,000 | 920,000 | 760,000 | 860,000 |
| Recreation & Cultural Services | 1,879,000 | 382,200 | 190,750 | 2,216,750 | 1,019,000 |
| Equipment | 1,113,000 | 405,000 | 664,000 | 870,000 | 890,000 |
| Carbon Neutral Projects | 326,000 | 35,000 | - | - | - |
| Utilities | | | | | |
| Water | 2,060,000 | 2,309,125 | 2,359,215 | 2,405,060 | 2,069,659 |
| Sewer | 1,375,000 | 1,167,250 | 2,524,051 | 993,394 | 1,061,364 |
| Nelson Hydro | 3,986,000 | 3,116,695 | 2,926,729 | 2,062,115 | 1,702,864 |
| | 14,121,550 | 9,020,270 | 9,748,745 | 14,216,319 | 7,701,887 |
| SOURCE OF FUNDS: | | | | | |
| General operating | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Water Rates | 1,923,000 | 2,201,347 | 1,759,215 | 1,805,060 | 1,469,659 |
| Sewer Rates | 1,175,000 | 967,250 | 1,301,887 | 443,393 | 1,111,364 |
| Nelson Hydro Rates | 1,803,124 | 2,094,590 | 2,182,817 | 2,062,115 | 1,702,864 |
| Utility Reserves | 2,182,876 | 1,129,883 | 1,766,076 | - | - |
| Other Reserves | 4,180,850 | 1,906,200 | 1,688,750 | 3,149,278 | 2,048,920 |
| Reserve Accounts and Other | 1,833,700 | 351,000 | 90,000 | 95,000 | 90,000 |
| Government Grants | - | - | 400,000 | 1,801,473 | 1,019,080 |
| Community Works Grants | 913,000 | 285,000 | 450,000 | 200,000 | 200,000 |
| Borrowing | 50,000 | 25,000 | 50,000 | 4,600,000 | - |
| | 14,121,550 | 9,020,270 | 9,748,745 | 14,216,319 | 7,701,887 |



Statistical Section

| The Corporation of the City of Nelson | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Summary of Long Term Debt | | | | | |
| (In \$ 000's) | | | | | |
| | 2013 Actual | 2012 Actual | 2011 Actual | 2010 Actual | 2009 Actual |
| Total Debt (\$ 000's) | \$ 19,911 | \$ 19,684 | \$ 14,642 | \$ 18,324 | \$ 19,440 |
| Supported By: | | | | | |
| Selkirk College Lease | 3,795 | 3,976 | 4,207 | 4,427 | 4,638 |
| Property Tax | 1,390 | 257 | 398 | 693 | 940 |
| Water Utilities | 1,018 | 1,068 | 1,119 | 1,168 | 1,215 |
| Sewer Utilities | 762 | 825 | 891 | 954 | 1,015 |
| Nelson Hydro | 7,085 | 7,339 | 1,434 | 3,628 | 4,245 |
| Gas Franchise Lease Revenues | 5,861 | 6,219 | 6,593 | 7,454 | 7,386 |
| Debt Service Payments (\$000's) | \$ 1,746 | \$ 1,923 | \$ 2,943 | \$ 2,031 | \$ 2,321 |
| Supported By: | | | | | |
| Long term lease | 334.1 | 334.1 | 334.1 | 334.1 | 403.0 |
| Property Tax | 82.9 | 235.1 | 282.0 | 301.4 | 310.1 |
| Water Rates | 106.1 | 106.1 | 106.1 | 106.1 | 57.6 |
| Sewer Rates | 98.4 | 113.3 | 113.3 | 113.3 | 89.0 |
| Nelson Hydro Rates | 501.9 | 414.6 | 1,016.6 | 1,022.6 | 949.8 |
| Gas Franchise Lease Revenue | 622.9 | 720.0 | 1,090.4 | 153.4 | 512.0 |
| Total Revenues (\$000's) | \$ 40,391 | \$ 38,729 | \$ 38,986 | \$ 36,231 | \$ 34,218 |
| Long Term Debt as a | | | | | |
| Percentage of Total Revenue | 4.32% | 4.97% | 7.55% | 5.61% | 6.78% |



Statistical Section

THE CORPORATION OF THE CITY OF NELSON
 2013 Property Assessments and Tax Rates
 By Property Class

| Residential | Utilities | Light Industry | Business Other | Recreational Non-Profit | Boundary Expansion |
|-------------|-----------|----------------|----------------|-------------------------|--------------------|
|-------------|-----------|----------------|----------------|-------------------------|--------------------|

**Analysis of 2013
 Taxable Values**

| | | | | | | |
|---------------------------------|----------------------|------------------|------------------|---------------------|------------------|--------------------|
| Assessment for General Purposes | 1,225,427,800 | 3,184,640 | 1,153,200 | 205,357,500 | 1,840,200 | 100,142,900 |
| Percentage of Taxable Values | 79.72% | 0.21% | 0.08% | 13.36% | 0.12% | 6.52% |
| General Tax Levy by Class | \$ 5,268,359 | \$ 92,087 | \$ 8,628 | \$ 1,894,578 | \$ 5,886 | \$ 391,515 |
| Percentage of General Taxation | 68.77% | 1.20% | 0.11% | 24.73% | 0.08% | 5.11% |

**Analysis of 2013 Rates
 (Per \$1,000)**

| | | | | | | |
|---------------------------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|
| General | \$4.2992 | \$29.4590 | \$7.4815 | \$9.2325 | \$3.1986 | \$3.9600 |
| Debt | 0.1227 | 0.8410 | 0.2136 | 0.2636 | 0.0913 | |
| School | 2.5587 | 14.0000 | 10.8000 | 6.2000 | 3.4000 | 14.0000 |
| Central Kootenay Regional Hospital | (0.0065) | (0.0228) | (0.0221) | (0.0159) | (0.0065) | (0.0228) |
| West Kootenay Boundary Regional Hosp | 0.3498 | 1.2243 | 1.1893 | 0.8570 | 0.3498 | 1.2243 |
| Regional District of Central Kootenay | 1.7623 | 6.1681 | 5.9918 | 4.3176 | 1.7623 | 6.1681 |
| B.C. Assessment Authority | 0.0610 | 0.5213 | 0.1811 | 0.1811 | 0.0610 | 0.5213 |
| Municipal Finance Authority | 0.0002 | 0.0007 | 0.0007 | 0.0005 | 0.0002 | 0.0007 |
| | \$9.1474 | \$52.1916 | \$25.8359 | \$21.0364 | \$8.8567 | \$25.8516 |

Boundary Expan. Class 2 properties:

| | |
|---------------------|--------|
| Library Service | 0.3007 |
| Police Tax - Area E | 0.5387 |
| Police Tax - Area F | 0.5611 |
| Police Tax - Area H | 0.6750 |

NOTE:

Properties are categorized into 9 different classes for assessment and taxation purposes.

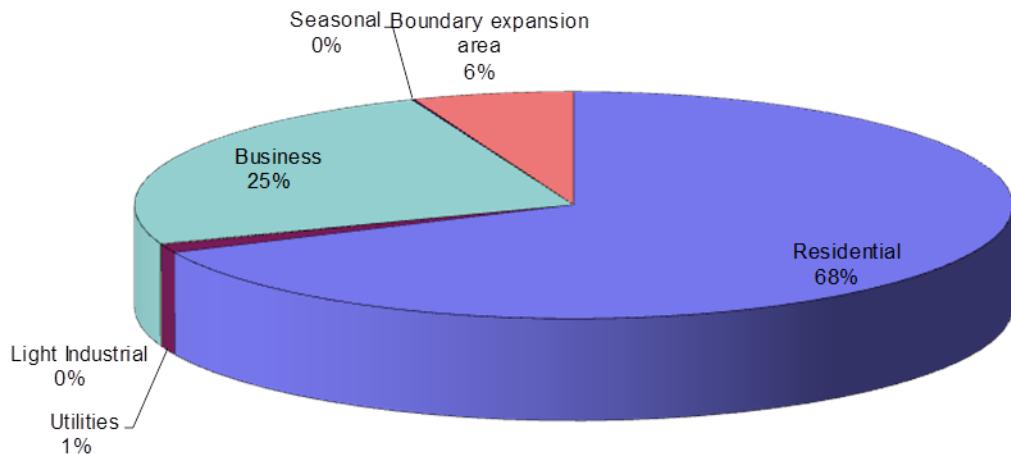
The City of Nelson has no properties within class 4 (Major Industry), 7 (Managed Forest Land) and 9 (Farm).

Statistical Section

| Assessment/Taxation Comparative Statistics | | | | | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--|
| | 2013 | 2012 | 2011 | 2010 | 2009 | |
| Assessment for General Taxation | | | | | | |
| Land | \$ 633,718,742 | \$ 654,225,892 | \$ 653,712,737 | \$ 602,908,152 | \$ 599,213,102 | |
| Less: Exempt Land | <u>75,985,544</u> | <u>75,997,301</u> | <u>72,838,400</u> | <u>72,992,421</u> | <u>67,619,831</u> | |
| Net Land Assessment | <u>557,733,198</u> | <u>578,228,591</u> | <u>580,874,337</u> | <u>529,915,731</u> | <u>531,593,271</u> | |
| Improvements | 1,335,924,902 | 1,325,191,452 | 1,304,014,452 | 1,302,573,102 | 1,216,535,202 | |
| Less: Exempt Imp & Utils | <u>350,880,856</u> | <u>348,258,899</u> | <u>341,532,260</u> | <u>345,234,179</u> | <u>339,952,519</u> | |
| Net Improvement Assess | <u>985,044,046</u> | <u>976,932,553</u> | <u>962,482,192</u> | <u>957,338,923</u> | <u>876,582,683</u> | |
| Total Taxable Assessment | <u>\$ 1,542,777,244</u> | <u>\$ 1,555,161,144</u> | <u>\$ 1,543,356,529</u> | <u>\$ 1,487,254,654</u> | <u>\$ 1,408,175,954</u> | |
| Assessment for School Taxation | | | | | | |
| Total Taxable Assessment | <u>\$ 1,732,615,032</u> | <u>\$ 1,752,533,552</u> | <u>\$ 1,731,959,201</u> | <u>\$ 1,682,744,954</u> | <u>\$ 1,603,877,954</u> | |
| Municipal Tax Rates (per \$1,000) | | | | | | |
| Residential | \$ 4.4219 | \$ 4.1779 | \$ 4.0443 | \$ 4.1050 | \$ 4.1780 | |
| Utilities | \$ 30.3000 | \$ 30.9165 | \$ 29.9278 | \$ 30.3769 | \$ 30.9267 | |
| Industrial | \$ 7.6951 | \$ 7.5202 | \$ 7.2797 | \$ 7.3890 | \$ 10.8846 | |
| Business | \$ 9.4961 | \$ 9.8515 | \$ 10.1108 | \$ 10.2626 | \$ 10.8846 | |
| Seasonal | \$ 3.2899 | \$ 3.5763 | \$ 3.4619 | \$ 3.5139 | \$ 3.4803 | |
| Boundary expansion area | \$ 3.9600 | \$ 4.0000 | \$ 3.9500 | \$ 4.1000 | \$ 4.1600 | |
| School Tax Rate (per \$1,000) | | | | | | |
| Residential | \$ 2.5587 | \$ 2.4777 | \$ 2.4644 | \$ 2.5212 | \$ 2.6057 | |
| Utilities | \$ 14.0000 | \$ 14.2000 | \$ 14.1000 | \$ 14.4000 | \$ 14.5000 | |
| Industrial | \$ 10.8000 | \$ 6.4000 | \$ 6.6000 | \$ 6.8000 | \$ 7.0000 | |
| Business | \$ 6.2000 | \$ 6.4000 | \$ 6.6000 | \$ 6.8000 | \$ 7.0000 | |
| Seasonal | \$ 3.4000 | \$ 3.4000 | \$ 3.4000 | \$ 3.5000 | \$ 3.7000 | |
| Residential Tax Rate (per \$1,000) | | | | | | |
| General | \$ 4.2992 | \$ 4.0721 | \$ 3.9377 | \$ 3.9354 | \$ 4.0054 | |
| Debt | \$ 0.1227 | \$ 0.1058 | \$ 0.1066 | \$ 0.1696 | \$ 0.1726 | |
| Local School Levy | \$ 2.5587 | \$ 2.4777 | \$ 2.4644 | \$ 2.5212 | \$ 2.6057 | |
| Regional Hospital | \$ 0.3433 | \$ 0.2106 | \$ 0.2130 | \$ 0.1824 | \$ 0.1930 | |
| Regional District | \$ 1.7623 | \$ 1.4610 | \$ 1.4426 | \$ 1.4959 | \$ 1.4911 | |
| Specified Area | \$ - | \$ 0.1577 | \$ 0.1746 | \$ 0.1814 | \$ 0.1639 | |
| Municipal Finance Authority | \$ 0.0002 | \$ 0.0002 | \$ 0.0002 | \$ 0.0002 | \$ 0.0002 | |
| B. C. Assessment Authority | \$ 0.0610 | \$ 0.0599 | \$ 0.0621 | \$ 0.0664 | \$ 0.0641 | |
| | \$ 9.1474 | \$ 8.5450 | \$ 8.4012 | \$ 8.5525 | \$ 8.6960 | |
| Collection & Penalty | | | | | | |
| Curr Yrs Levy & Penalties (incl Sec 353) | \$ 21,938,261 | \$ 20,660,864 | \$ 19,993,042 | \$ 19,666,248 | \$ 18,910,945 | |
| Per Capita | \$ 2,237.68 | \$ 2,107.39 | \$ 2,039.27 | \$ 1,981.89 | \$ 1,905.77 | |
| Current Received | \$ 21,559,979 | \$ 20,278,072 | \$ 19,652,961 | \$ 19,661,196 | \$ 18,894,461 | |
| Percent of Levy | 98.28% | 98.15% | 98.30% | 99.97% | 99.91% | |
| Arrears/ Delinq. Collected | \$ 392,651 | \$ 348,651 | \$ 415,697 | \$ 293,585 | \$ 315,931 | |
| Total Collected | \$ 21,952,630 | \$ 20,626,723 | \$ 20,068,658 | \$ 19,954,781 | \$ 19,210,392 | |
| Percent of Current Levy | 100.07% | 99.83% | 100.38% | 101.47% | 101.58% | |
| Total Arrears Outstanding | \$ 582,718 | \$ 566,956 | \$ 504,784 | \$ 524,300 | \$ 428,968 | |
| Taxation Revenues (Municipal not incl debt) | | | | | | |
| Residential | \$ 5,268,359 | \$ 5,100,593 | \$ 4,913,071 | \$ 4,747,322 | \$ 4,456,229 | |
| Utilities | \$ 92,087 | \$ 91,653 | \$ 86,196 | \$ 85,518 | \$ 78,955 | |
| Light Industrial | \$ 8,628 | \$ 8,431 | \$ 10,835 | \$ 10,517 | \$ 9,928 | |
| Business | \$ 1,894,578 | \$ 1,839,119 | \$ 1,771,048 | \$ 1,730,295 | \$ 1,629,279 | |
| Seasonal | \$ 5,886 | \$ 6,606 | \$ 5,904 | \$ 5,049 | \$ 4,559 | |
| Boundary expansion area | \$ 391,515 | \$ 444,503 | \$ 439,049 | \$ 452,999 | \$ 372,235 | |
| | \$ 7,661,053 | \$ 7,490,905 | \$ 7,226,103 | \$ 7,031,700 | \$ 6,551,185 | |

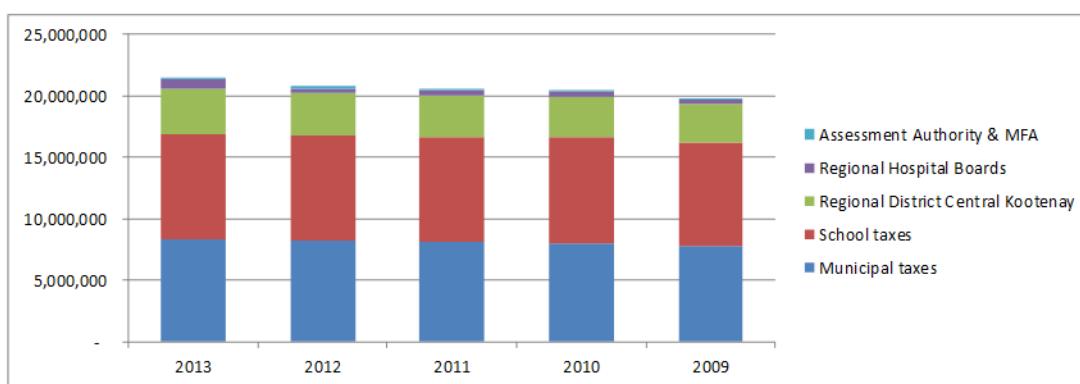
Statistical Section

Municipal Taxes by Property Classification



The Corporation of the City of Nelson Taxes Collected 2009 - 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Municipal taxes | 8,299,835 | 8,197,676 | 8,159,893 | 8,048,460 | 7,825,835 |
| School taxes | 8,595,176 | 8,606,135 | 8,509,758 | 8,630,011 | 8,391,987 |
| Regional District Central Kootenay | 3,722,235 | 3,400,476 | 3,325,064 | 3,284,381 | 3,101,851 |
| Regional Hospital Boards | 725,208 | 444,584 | 441,406 | 364,165 | 364,670 |
| Assessment Authority & MFA | 168,851 | 166,480 | 167,343 | 170,701 | 155,558 |

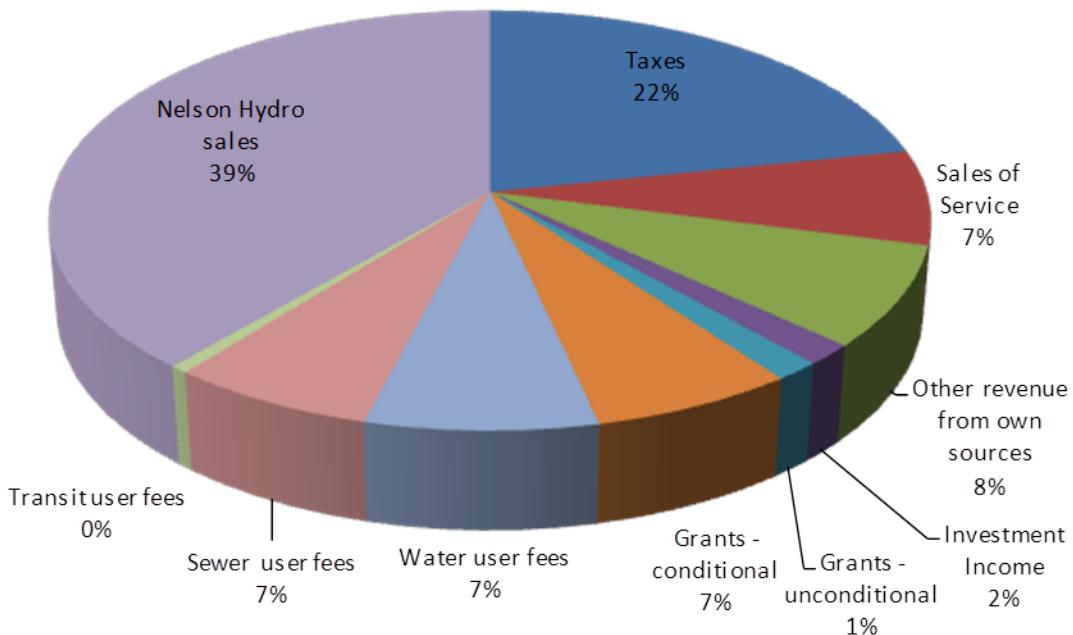


Statistical Section

CITY OF NELSON

2013 Operating Revenues

| | |
|--------------------------------|-------------------|
| Taxes | 8,784,662 |
| Sales of Service | 2,942,316 |
| Other revenue from own sources | 3,149,338 |
| Investment Income | 650,007 |
| Grants - unconditional | 593,441 |
| Grants - conditional | 2,671,102 |
| Water user fees | 3,029,958 |
| Sewer user fees | 2,692,367 |
| Transit user fees | 236,134 |
| Nelson Hydro sales | 15,641,694 |
| | 40,391,019 |

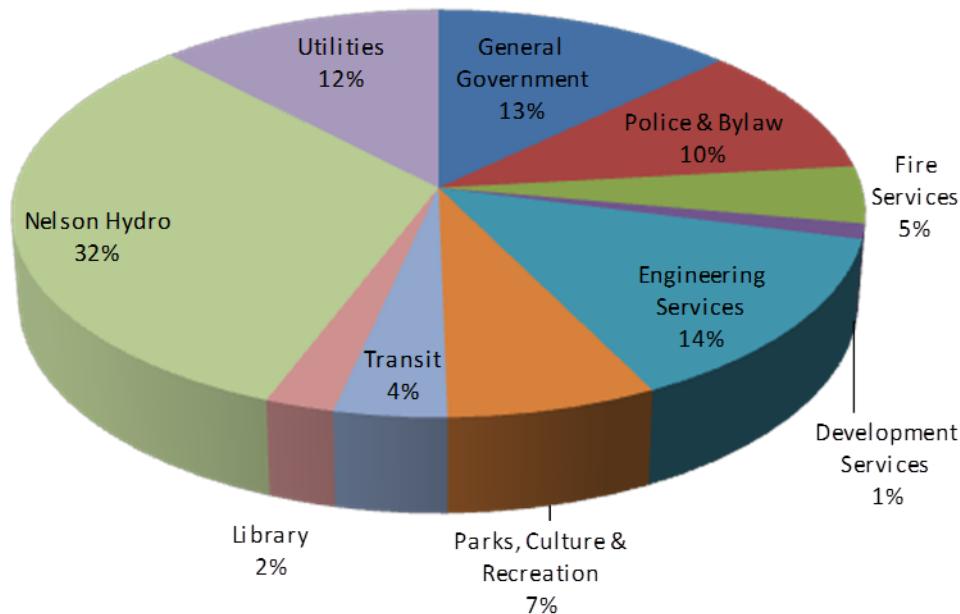


Statistical Section

CITY OF NELSON

2013 Operating Expenses

| | |
|-----------------------------|------------|
| General Government | 4,678,841 |
| Police & Bylaw | 3,765,117 |
| Fire Services | 1,653,000 |
| Development Services | 435,561 |
| Engineering Services | 4,939,542 |
| Parks, Culture & Recreation | 2,577,974 |
| Transit | 1,379,077 |
| Library | 845,592 |
| Nelson Hydro | 11,617,969 |
| Utilities | 4,423,698 |
| | 36,316,371 |



Statistical Section

CITY OF NELSON SUMMARY OF EXPENSES BY OBJECT AND FUNCTION FOR THE YEAR ENDED DECEMBER 31, 2013

| | General Government | Police & Bylaw | Fire Services | Development Services | Engineering Services | Parks | | | | | Utilities | Total |
|---------------------------------|-----------------------|-------------------|------------------|-------------------------|-------------------------|-------------------------|------------------|----------------|-------------------|------------------|-------------------|-------|
| | | | | | | Culture & Recreation | Transit | Library | Nelson Hydro | | | |
| Wages and benefits | 1,423,550 | 3,136,753 | 1,351,244 | 355,896 | 1,586,380 | 1,109,626 | 675,747 | 640,571 | 1,971,024 | 1,342,978 | 13,593,769 | |
| Supplies and services | 1,135,941 | 564,988 | 207,891 | 79,665 | 2,204,282 | 1,305,945 | 703,330 | 205,021 | 8,562,451 | 1,242,932 | 16,212,446 | |
| Interest and other debt charges | 460,414 | - | - | - | 33,743 | - | - | - | 247,385 | 115,627 | 857,169 | |
| Amortization | 1,571,629 | 63,376 | 93,865 | - | 1,034,655 | 162,403 | - | - | 730,420 | 1,122,013 | 4,778,361 | |
| Loss on disposal of assets | 87,307 | - | - | - | 80,482 | - | - | - | 106,689 | 600,148 | 874,626 | |
| | 4,678,841 | 3,765,117 | 1,653,000 | 435,561 | 4,939,542 | 2,577,974 | 1,379,077 | 845,592 | 11,617,969 | 4,423,698 | 36,316,371 | |

