

2022 Annual Report

City of
NELSON

MESSAGE FROM THE MAYOR



I am pleased to present the City of Nelson's 2022 Annual Report. As the Mayor, I am proud to share the remarkable achievements and highlights from our local government over the past year.

In October 2022, our new Council was elected to represent the interests and values of our community. The fresh perspectives and ideas brought by the newly elected Council members are invaluable as we work together to shape the future of Nelson. With their passion and dedication, I am confident we will continue to achieve great things for our community. I also want to thank the previous councils for their vision and decision-making, as they have laid a solid foundation upon which we can continue to build a prosperous community.

Over the past few months, our Council and City employees have diligently worked on developing our 2023 - 2026 Strategic Plan. This plan will outline the important priorities of our new Council, providing a clear roadmap for our collective efforts to ensure Nelson is future-ready and inclusive. We recognize the significance of this plan in guiding our actions and decisions, and we are committed to ensuring that it truly reflects our residents' diverse needs and passions. In addition, the City of Nelson is embarking on the Official Community Planning (OCP) process to update the current OCP. The Plan provides a framework for managing growth, protecting the environment, and promoting a healthy and vibrant community.

Our commitment to sustainability has driven initiatives such as the E-Bike Financing Program, the accelerated adoption of the BC Energy Step Code and Zero Carbon Step Code, our award-winning work on embodied carbon, and our innovative Organics Diversion program. All of these initiatives promote environmentally friendly practices, reduce pollution, and help preserve our natural surroundings.

Our local economy remains a top priority, and we celebrate the resilience and growth of our businesses and non-profits as they recover from the challenges posed by the pandemic. By creating an environment that supports entrepreneurship and innovation, we are attracting new investments and opportunities that benefit our residents and contribute to the economic vitality of our community. I am grateful for the unwavering commitment of our residents and businesses as we continue to face challenges together.

In closing, I sincerely thank our Council, City employees, community & cultural partners, and volunteers for their unwavering dedication and hard work. Together, we continue to lay the groundwork for a bright future. I am confident that the Annual Report will serve as a valuable resource, reflecting our shared achievements.

I encourage all residents to explore this Annual Report, which highlights our collective progress. Together, we can shape the future of Nelson, embracing our shared values and working towards a prosperous city for all.

Mayor Janice Morrison

MAYOR & COUNCIL

The City of Nelson operates under the governance of an elected Council, which consists of one Mayor and six Councillors. Councillors serve four-year terms, representing the entire City. The Council, empowered by the Local Government Act and the Community Charter, holds the authority to establish budgets, impose taxes, and implement policies that guide the City's growth, development, and operations for the welfare and safeguarding of its residents. The Mayor and Council exercise their powers through the adoption of resolutions or the enactment of bylaws during Council meetings. Regular council meetings are open to the public, and information regarding meeting dates and times can be found on the City's website at www.nelson.ca. The current Council members were elected on Saturday, October 15, 2022.



Left to Right:

Councillor Jesse Woodward (2018)

Councillor Kate Tait (2022)

Councillor Leslie Payne (2022)

Mayor Janice Morrison (1999)

Councillor Rik Logtenberg (2018)

Councillor Jesse Pineiro (2022)

Councillor Keith Page (2018)





Kevin Cormack

Message from the City Manager

First of all, I would encourage you to read through the entire annual report as it highlights the many projects and other successes we have had over the last 18 months. We are a large sophisticated organization which consistently hits well above our weight class. Normally, when I present our Annual Report to the community, I take the opportunity to highlight the successes and accomplishments of City operations. However, this year, I want to shift the spotlight and shine it on those that make things happen: our exceptional employees across the organization. We have a dedicated team of over 200+ employees, including full-time, part-time, contractors, and casuals, who work tirelessly to provide our community with a comprehensive range of essential services. These services include public safety (police, fire and emergency management), library, electrical utility (Nelson Hydro), water/sewer, waste management, capital projects, parks and transportation, infrastructure maintenance and planning, administration & corporate services, communications, IT, records management, finance, human resources, parkade, campground, youth programming, development services (including planning, permits and building inspections), and climate action. I would also like to acknowledge the hard work and dedication of our outgoing as well as our new City Council, whose commitment to serving our community has been instrumental in driving progress and achieving the notable accomplishments you will see highlighted in this Annual Report.

Last year was a transition year as we had some key employees leave the City, and it was an opportunity to look at our organizational structure to make the City more resilient and reflect the ongoing complexity of our various departments. The re-organization created more depth in the organization, improved support to some of our key departments and created opportunities for professional growth and advancement within our organization. Through promotions and internal advancements, we have recognized and nurtured the talent within our organization, empowering our team to take on greater responsibilities and contribute to the overall success of our city.

Throughout the year, our staff have, once again, gone above and beyond to navigate unprecedented challenges, overcome obstacles and jump on opportunities to ensure we are managing growth and change while providing services that are relevant and valued by our community. In particular, I want to emphasize the incredible achievements of our staff in securing grant funding for several new positions and initiatives within our organization. Through their expertise, tireless efforts, and strategic approach, they have successfully secured grants that have enabled us to expand our capabilities and enhance the services we provide to you, our residents.

2023 will be a year of engagement with the community as we update the Official Community Plan, engage on climate initiatives, roll out the pre-treatment organics program, engage in making our community more FireSmart and develop our Liquid Waste Management Plan. We encourage you to be part of these processes and let us know how you see Nelson continuing to evolve.

As we move into 2023, join me in recognizing and showing our collective appreciation for the invaluable contributions of our City employees who drive our success. Together, we will continue to build a stronger, more vibrant community that we can all be proud to call home.

Once again, I encourage you to review this year's report and see just how much our small but mighty workforce has accomplished in partnership with our amazing community.

WHO ARE WE?

The City of Nelson is a progressive and adaptable organization that delivers a wide range of municipal services to ensure the efficient and sustainable operation of our community now, and into the future.

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER CAO Office

Works closely with Council and staff to implement important policy and planning decisions. Nurtures a culture of inclusion, innovation, diversity and continuous learning as we deliver important community services.

Communications

Provides information to residents and visitors on all aspects of City business, planning and programs through the use of our website, social channels, plus other traditional and visual media platforms. Supports our team with public engagement and outreach and assists media outlets and others with access to information.

Climate & Energy

Coordinates the implementation of the Nelson Next Climate Plan, including tracking and reporting progress, communications, and community engagement. The Team works in collaboration with all City departments to ensure climate mitigation and adaptation are integrated into municipal operations and decision-making.

CORPORATE SERVICES

Legislative Services

Supports the government function to ensure that legislated procedures of Council meetings, decision-making and record keeping are followed. Issues Council agendas, reports and minutes. Supports Mayor and Council work and activities.

Human Resources

Supports all departments by helping to build a resilient team of professionals, providing training and development, leadership, benefits administration, recruitment and employee relations. Provides continuous administration and implementation of organization-wide occupational health and safety programs.

Information & Technology

Supports municipal services, facilities and departments through development, management, maintenance and security of all systems, including emergency communications, SCADA, dark fibre and City of Nelson CoLo facility.



COMMUNITY PLANNING & INFRASTRUCTURE

Public Works & Utilities

Operates and maintains our water, sanitary & storm systems, waste and recycling pickup. Maintains roads, laneways, bike lanes, curbs, sidewalks, parks & cemetery. Maintains and operates garage and transit services.

Development Services

Ensures development is consistent with Official Community Plan. This includes developing long-range policies that align with the vision of Council and the community and crafting land-use regulations to implement that vision. Supports applications through the planning and building approval process.

NELSON HYDRO

Maintains and operates the 16MW Bonnington Falls Generating Station and system substations. Repairs, maintains and upgrades over 300 kilometers of transmission and distribution systems within the service area. The Nelson Hydro service area covers from the Nelson Hydro Power Plant on Kootenay River to the west, Blewett, Taghum, Sproule and Grohman Creek, the City of Nelson, Highway 6 south towards Salmo to Perrier Road and beyond, north and east along Kootenay Lake to Harrop - Procter, Balfour, Queens Bay and terminating at Coffee Creek north of Queens Bay along Kootenay Lake. Nelson Hydro installs and upgrades new customer underground and overhead services. Manages vegetation around lines and electrical infrastructure.

Manages capital projects and 5-year plans to upgrade hydro infrastructure such as generation assets, substations and control systems. Designs new services, service extensions and upgrades to customer service connections. Locates buried underground electrical infrastructure for BC One Call. Responds to customer technical inquiries. Manages customer billing and account services and responds to customer inquiries.

FINANCE

Financial Operations

The Finance Department is responsible for the financial management of the City's assets. The department's primary responsibility is the planning, implementation and monitoring of the City's five-year financial plan for operating and capital. Staff must work closely with all other departments as well as the Nelson Police, the Nelson Public Library and the Nelson and District Youth Centre. The Finance department is also responsible for the collection of taxes, administration of the annual tax sale, collection of water, sewer, garbage and hydro fees, processing of accounts payable, parking control and payroll.

Purchasing

The Purchasing Department manages and directs procurement for goods and services, including overseeing procurement processes and contracts. The department ensures compliance with purchasing policies, trade agreements, legal requirements, insurance and risk management issues, administers competitive bid process, and assists with negotiations and contract management. The Purchasing Department is also responsible for supervision, direction and administration of the warehouse.



COMMUNITY SERVICES

Arts & Culture

Our Cultural Development Officer (CDO) works with the Cultural Development Committee (CDC) to develop and support the City's arts and cultural initiatives. The CDO facilitates, coordinates, monitors and implements the cultural planning projects as included in the CDC's Action Plan, including public art, art in infrastructure, community recognition programs, heritage initiatives, policy development, community engagement and consultation, and cross-sectoral and regional collaboration.

Nelson Police Department

An innovative police service that accomplishes our goals by using cutting edge technologies as well as "tried and true" methods of service delivery, such as the deployment of BEAT officers in the downtown core. Along with our sworn and civilian personnel, the NPD employs Bylaw Enforcement Officers, Victim Services Workers and has a robust Restorative Justice program.

Nelson Fire & Rescue Services

Nelson Fire & Rescue Services delivers emergency response services, fire prevention, and safety programs throughout our community. Emergency responses include fires and explosions, medical first responder, motor vehicle extrication, and technical rescues (hazardous material releases, high and low angle rope rescue, confined space, surface water rescue, and other rescues).

Emergency Management Program

Building community resilience by planning for, responding to, and recovering from large-scale emergency incidents. This is accomplished in part by prioritizing public education on emergency preparedness and establishing the Nelson Emergency Notification System. The program also focuses on developing internal capacity through training and maintaining operational readiness of the Emergency Operations Centre. With the support and collaboration of all City departments, Emergency Management strategically aligns plans, policies, and procedures with the four pillars of emergency management: mitigation, preparedness, response, and recovery.

Nelson & District Youth Centre

Manages and delivers youth programs and activities, including after-school and summer programming. Operates the Youth Centre, which houses programs for women, the Nelson Youth Action Network and a Makerspace for kids. The Youth Centre also manages important social enterprises in the community, including the Nelson City Campground, the Nelson Farmers Market, and the City Parkade.

Nelson Public Library

The Nelson Public Library was established as a municipal library in 1920. The Library is governed by a volunteer Board representing the City of Nelson and the Regional Districts of Areas F & H and serves a combined population of just over 21,000. The library is funded through the City of Nelson, Areas F & H, the provincial government, as well as fundraising efforts by the Friends of the Library.



Development Services

Population

11,467

Building Permits
Issued

176

Construction
Value

\$75M

New Single Family
Residential Units

45

Growth Rate

3% (annual)

BC Growth Rate 2.8%

New Secondary
Suites

29

New Bike Parking
at Lakeside

40

New Multi-Family
Residential Units

141



Nelson Fire Rescue

Service Area
Population

13,500

Nelson & Area E Fire Response Area

Number of Response
Calls

1,418

First Responder
Calls

589

Calls to Structure
Fires

169

Motor Vehicle
Accidents

50

Rescue Calls

19

Includes high
angle rope, low
slope, & swift water
rescues.

Wildfire Mitigation
Hectares

197

Nelson & Local Area

Auxilliary Firefighters
Hired

6

Finance

In-Person
Property Tax
Payments

1,037

Online
Property Tax
Payments

2,074

% of Customers
on Pre-Authorized
Payment Plan

24%

Inter-Community
Business Licenses
Issued

153

Total Grant
Revenue

\$7.1M

Nelson Hydro
Return to the City

\$2.9M

Capital
Expenditures

\$16M

Total User fees
and Other
Revenues

\$37M



Corporate Services

Privacy Impact
Assessments

5

Freedom of
Information Requests

19

Statutory Right of
Ways

29

Legal Agreements

39

Social Media Posts

376

Main City Facebook & Instagram

Facebook Page
Reach

170,829

Website Chat Bot
Questions Asked

4,208

Print Newspaper
Ads for City

72



Nelson & District Youth Centre

Summer Camp
Registrants

139

Out-of-School
Program Registration

215

Grant Funding
Received

\$115,287

Youth Programs
Delivered

112

Farmers Market
Applications

483

Farmers Market
Coupons Redeemed

\$19,589

Campground
Revenue

\$146,975

Campground
Bookings

2,376



Nelson Police Department

9-1-1 Calls

3,535

Total phone calls
handled by NP Dispatch
(non-emergency line)

15,451

Total Calls For
Service

6,366

Radio transmissions
recorded

33,834

Public Works

Total Water Use

1,856,050
m³

Total Wastewater Treated (Sewage)

1,662,394
m³

Employee Hours: Snow Operations

6,996

Residential Water Main Replacement

1,200m

Public Works General Request Calls

1,521

Grass Maintained in City Parks

69,689
m²

Roadways Paved

28
City Blocks

New Trees Planted

30



Nelson Hydro

Generation From Water

88,901,637
kWh

Generation From Sun (Solar Garden)

65,695
kWh

Hours Lost from Injury at Work

0

Average Service Availability

99.91%

BC One-Call Requests

958

Tree Trimming Budget Used

\$865,214

Calls Received on 24hr Outage Line

11,233

Customers Signed Up for Hydro E-Billing

2,827

Climate & Energy

Regional Energy Efficiency Program (REEP) Registrations

299

E-Bike Financing Program Participants

76

*Meaningful conversations with community members

215

**Grant Funding Secured

\$750K

*Nelson Next Youth Climate Ambassadors had over 215 meaningful conversations with residents about the City of Nelson's Climate Plan and Programs
** Funding consisted of \$600,000 for Pre-treatment Organics Program, \$75,000 Low Carbon Homes Pilot, \$75,000 Electric Vehicle

Guided by the 2019 – 2022 City of Nelson Strategic Plan

VISION →

Nelson is a prosperous and resilient community with robust ecosystems and safe, welcoming neighbourhoods where we celebrate diversity, history, and culture.

Our Vision is supported by four pillars for change.

ENHANCE SUSTAINABILITY OF CITY SERVICES & INFRASTRUCTURE



STRENGTHEN NEIGHBOURHOODS



EXPAND LOCAL JOBS & LOCAL PROSPERITY



ACHIEVE EXCELLENCE IN CITY GOVERNANCE



Evaluation of 2022 Goals *Highlights*



ENHANCE SUSTAINABILITY OF CITY SERVICES & INFRASTRUCTURE

Greater capacity and better capability to deliver high quality services that are built on social, environmental and economically sustainable service models.



Renewal of the assets of the City's major utilities in a cost-effective manner.

- Invested \$850,000 in vegetation management around powerlines to improve system reliability and increase storm resiliency;
- Completed an overhaul of the Generating Unit #5 turbine for the first time since it was installed in 1995;
- Tested 745 poles in the North Shore Service area, replacing 123 and 4km of the old copper conductor;
- Completed geotechnical and environmental testing and started engineering for the Mill St Substation Upgrade Project;
- Applied for a \$12.4 million Clean BC / Investing In Canada Infrastructure (ICIP) grant for the installation of a Battery Energy Storage System to reduce purchased power demand charges and improve reliability;
- Replaced 28 electrical vault lids around downtown to ensure worker and public safety;
- Implemented Voyent Alert! to notify Nelson Hydro customers of scheduled power outages, tree trimming & maintenance activities;
- Replaced 1,200ms of residential watermain.



Emergency Management

- The City's Emergency Management Program received \$25,000 in Provincial grant funding through the UBCM Community Emergency Preparedness Fund for the 2022 Emergency Operations Centre (EOC) Equipment & Training grant and finalized \$25,000 from the 2020 Public Notification & Evacuation Route Planning grant;
- Continued the emergency notification system, Voyent Alert!, registration has a total of 6,400 participants;
- 2022 Emergency Operations Centre activations included Snowmageddon, Baker Street Watermain break and extreme heat;
- Developed Flood Response Plan & Evacuation Route Plan;
- Participated in a number of community events, including the Seniors Fair, Wildfire Risk Reduction Open-house, Rail Trail FireSmart Volunteer Event, Wednesday Markets and a Business Continuity session for local businesses;
- Hosted an Interagency Mock Evacuation Exercise with Nelson Fire Rescue Services, Nelson Search & Rescue and Nelson Police Department; and,
- Five City staff attended the EOC Essentials in Castlegar.



Ensure sustainable, equitable and effective funding strategies to enable the City to provide high quality services and an appropriate level of infrastructure.

- On-going improvement at Cottonwood Park (total of \$570,000 Provincial and CBT grants);
- On-going work to complete wayfinding implementation strategy and renovation of the Welcome to Nelson signs (funded by the Province via the Tourism Dependent Communities program = \$350,000).



Create a low-carbon and resilient community

- Continued to implement the City of Nelson's Climate Plan in collaboration with all City Departments, other levels of government, partners, and community groups and members;
- Published a widely cited Material Carbon Emissions Guide and Benchmarking Report on Embodied Carbon as a part of Phase II of our Low Carbon Homes Pilot;
- Continued the Regional Energy Efficiency Program to encourage residential buildings to be low-carbon and energy efficient;
- Nelson Next Youth Climate Ambassadors had over 215 meaningful conversations with residents about the City of Nelson's Climate Plan and Programs;
- Hosted our first E-Bike Expo in collaboration with community partners and local E-Bike Champions;
- Partnered with UBC's Research on Active Transportation (REACT) Lab to study the impact of our E-Bike Financing Program on pollution and travel behaviour;
- Secured funding from FortisBC to support a full-time Sustainable Energy Specialist;
- Secured funding for the City's first fully electric vehicle through Columbia Basin Trust; and,
- Initiated Canada's first Pre-treated Organics Diversion Program by securing funding from the Federation of Canadian Municipalities and the Columbia Basin Trust, finalized a purchase agreement with FoodCycle Sciences Inc. and initiated an early adopter list of interested residents excited to participate in the Pre-treatment Organics Program, which is approaching 800 residents.



Develop a safe and adequate water supply.

- Water Loss Mitigation Project – using water meter data from commercial and institutional customers to identify high-use periods and reduce consumption;
- Completed construction and commissioning of the Anderson Booster Station to deliver raw water from Anderson Creek to the Mountain Station Treatment Facility, consolidating three drinking water sources;
- Initiated a Dam Safety Review to ensure the structural integrity of the Mount Station Reservoir; and,
- Completed Anderson Creek Reservoir cleaning and life cycle maintenance project.



The City promoted Deputy Chief Jeff Hebert into the role of Fire Chief in 2022.



The City demolished the Annex building out front of City Hall which was at end-of-life. This has freed up lands for other civic purposes such as a potential new library and housing.



17 City of Nelson employees participated in a pilot micro-credential course on (EDI) Equity, Diversity, and Inclusion offered by Selkirk College. Staff members gained valuable knowledge, skills, and perspectives, contributing to a more inclusive, equitable, and diverse workplace, which will ultimately lead to improved collaboration, productivity, and innovation within our organization.



The City of Nelson honours Steve Donald for his 31 years of dedicated service and congratulates him on his recent retirement.



Through a haze of smoky skies, we are reminded of the critical importance of supporting wildfire mitigation efforts. Through our robust Emergency Management Program, the City continues the important work of safeguarding our community and preparing our residents for emergencies.

Evaluation of 2022 Goals *Highlights*



STRENGTHEN NEIGHBOURHOODS

Healthy neighbourhoods are safe, welcoming, connected places with meaningful opportunities to interact with neighbours of all ages and income levels. Residents in healthy neighbourhoods will have inviting parks, community gardens, and informal spaces for public gatherings. They will also have diverse and affordable housing opportunities. We will have connected residential areas via safe, enjoyable walking and cycling corridors and greenways, and buildings that are sustainable in design and operation.



New bike parking added at Lakeside park to encourage alternative modes of transportation and a well-connected city.



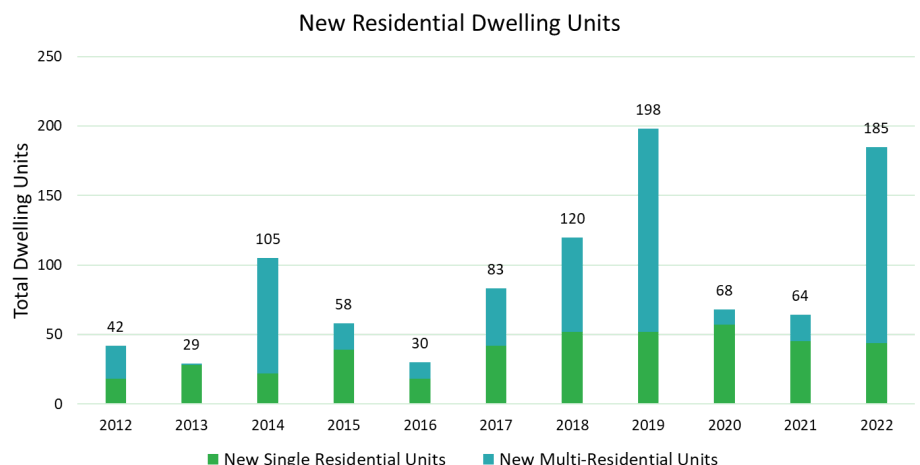
Develop complete, well connected neighbourhoods.

- Phase 2 of the bike route project has begun with completing conceptual design and initiating public engagement to redesign the transportation corridor between the neighbourhoods of Uphill and Rosemont. This connection was identified as a missing link in the Active Transportation Implementation Plan;
- Two new bike parking areas were created at Lakeside Park; and,
- Nelson Hydro replaced and repaired 123 street lights to keep our neighbourhoods safe.



Encourage a suitable mix of housing in our neighbourhoods.

- 60% of new low-density units were in the form of secondary suites;
- 75% of new dwellings are multi-unit dwellings.
- 190 residential units (permits received and construction to be initiated); and
- A 47-multi unit non-market housing project was completed and received occupancy @ 805 Nelson Ave.



2022 was the 2nd highest year for the issuance of permits for new residential dwelling units. Most of the units are in the form of multi-family dwelling which adds to the housing type in Nelson.



Our fire crews maintain their readiness by regularly exercising their skills, ensuring they are prepared to handle any situation that may arise.



The Farmers Market expanded to host a Harvest Market Festival in the fall that included farm stands, street food, artisans and live music.



On National Day for Truth and Reconciliation (September 30th), over 50 City of Nelson employees attended a workshop with Dr. Christopher Horsethief. Together, staff explored both general considerations of reconciliation and applied examples relevant to the Ktunaxa people.



Evaluation of 2022 Goals *Highlights*



EXPAND LOCAL JOBS & LOCAL PROSPERITY

Prosperity is about fostering a diverse, value-added economy that provides meaningful employment opportunities and supports healthy and affordable lifestyles.



Leverage community assets to drive investment and job creation.

- The City Pier plans were finalized, and work was initiated in 2022 and will be completed in 2023. The design was completed by a local architectural firm and is being constructed by local construction companies;
- Nelson Fibre connected twenty new customers; and,
- There are over 1,000 technology & knowledge workers active in Nelson area.



Support the retention, expansion and attraction of business to strengthen Nelson's economic base.

- Council waived restaurant patio fees for a third year in a row in response to the pandemic to assist in economic recovery;
- The City of Nelson issued 153 Intercommunity Business Licenses, which allow certain types of mobile businesses to operate across the City of Nelson, City of Castlegar, Town of Creston, City of Rossland, City of Grand Forks, Villages of Salmo, Slocan, Kaslo, Silverton & New Denver;
- Nelson Hydro engaged the Selkirk Technology Access Centre to reverse engineer and manufacture repair parts for the 1910 vintage Generating Unit #2 turbine; and,
- Nelson Hydro credited \$7,252 to solar garden subscribers to offset their electric bills.



Create an inspiring public realm through public art, and natural and designed spaces, that enhance the quality of life and encourages private sector investment.

- The City's Art Rental program supported local artists and brightened up City Hall with beautiful local art;
- The Nelson International Mural Festival is entering its sixth year and will have completed nearly 45 pieces across those six years by the end of this season. The festival has hired hundreds of performers, visual artists, hosts, and other members of the artistic community since its inception in 2018; and,
- Our Public Works team continued the beautification of the downtown core with the installation of flower baskets and planters.



Development that meets the goals of the OCP, especially in the downtown and the waterfront.

- Nelson Daily News building (266 Baker Street) redevelopment will add six new commercial units and ten residential units;
- 128-unit seniors housing development started construction at 611 Vernon;
- Issued permit for new Health Campus in Fairview;
- 514 Victoria Street, construction nearing completion; and,
- Issued Development Permit for a 120-unit mixed-use development on Lakeside Drive.



Facilitate vibrancy in sport, culture and recreation to enhance economic growth through partnerships, events, festivals and business development.

- The City operated a successful farmers market 2022 season at Cottonwood Lake Park. Over 400 local vendors and farmers applied to be part of the Wednesday & Saturday markets.



The Hall Street Pier Project is set to be completed in 2023. The pier is the final chapter of the Stores-to-Shores Downtown Revitalization Project linking the downtown core to the waterfront.



On May 19th, 2022, there was a linear break of a watermain on Baker Street on the 500 Block. A Level One Emergency Operation Centre was established, and together City crews quickly got to work to mitigate the impact of the watermain break on local businesses.



Our arborist crews work diligently to maintain the health of our urban forest and ensure a vibrant, green community for us all to enjoy.

Notice of Scheduled Power Outage



In 2022, Nelson Hydro unveiled its new look and feel, reflecting its commitment to providing reliable and sustainable electrical services to our community. With a refreshed branding that captures the spirit of innovation and environmental stewardship, Nelson Hydro is excited to continue serving our customers with excellence.

Be sure to check them out on Facebook and Instagram! @nelson.hydro



Evaluation of 2022 Goals *Highlights*



ACHIEVE EXCELLENCE IN CITY GOVERNANCE

A robust governance model that is based on the principles of openness, fairness, and accountability and ensures informed decision making throughout the organization and draws on the energies of citizen participation.



Maintain prudent financial management policies regarding land management, asset replacement and long-range planning and budgeting so that taxpayers remain confident that tax dollars are being spent wisely.

- Maintained an average tax rate increase from 2019-2023 under 3% - (2019: 2%, 2020: 0%, 2021: 1.75%, 2022: 4%, 2023 5.8% = 2.71% average);
- Inflationary only increases to water and sewer rates (2% and 2% respectively);
- Successfully secured numerous grants for capital and other projects for 2023 and 2024. This funding, along with continued investment in capital reserves, will result in projects being completed with minimal impact on taxation and user fees; and,
- Nelson Hydro Rate Increases - 2023 urban increase of 3.99% and a rural rate increase of 9.87%.



Develop strategic partnerships and positive working relationships with businesses, community groups and government organizations.

- Successfully secured more than 45 grants from various levels of government and organizations; and,
- The City of Nelson continues to work closely with the RDCK as we implement Canada's first residential pre-treated organics program to ensure this method of organics diversion is aligned with the Regional program.



Improve customer service and enhance efficiency and effectiveness through innovation, high customer service standards, and a commitment to continuous improvement.

- The City has added an Instagram account to its communication platforms. Be sure to check it out @city.nelson; and
- City staff continued the podcast "The Scoop with Avi & Ginger" which provides information and updates on City business and programs with the goal of debunking myths and misinformation. In addition, staff have rolled out a new video feature called Behind-the-Scenes to showcase what it takes to run a City!



Support, encourage and empower employees by living the City's values, recognizing success and fostering a positive team environment.

- City staff created an Indigenous Working group to continue to build lasting relationships with local First Nations and to develop our understanding of Truth & Reconciliation as an organization;
- On September 30, 2022, City staff participated in a day of learning in acknowledgment of the National Day for Truth & Reconciliation; and,
- Mayor & Council honoured our Long Service Employees at an all-staff event. These employees each received a framed certificate and gift to honour their dedicated service to the City.



Encourage citizen and neighbourhood engagement to help solve community challenges and take advantage of new opportunities.

- The City deployed a number of public engagement opportunities, including a series of ThoughtExchanges and surveys to garner feedback and ideas from the public on City projects; and,
- The Nelson & District Youth Centre successfully delivered the 'Angel Program', which connects people in need of assistance with shovelling snow and raking leaves with a local volunteer - nelson.ca/angelprogram.





Our Climate Programs Coordinator, Emily Mask takes receipt of 1600 FoodCycler units as part of the new Organics Diversion Program.

nelson.ca/organics

The City's Communications team rolled out a new video feature called 'Behind the Scenes'. The BTS videos take a deeper look at how the City operates on a day-to-day basis.

nelson.ca/behindthescenes



City of
NELSON

**BEHIND
THE
SCENES**

**Snowplowing
in Nelson**



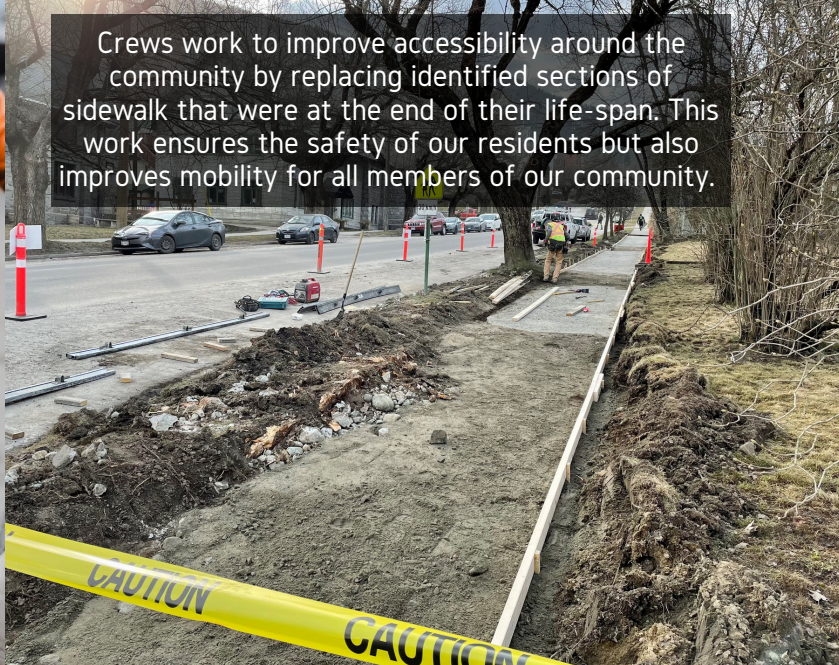
The City has actively engaged with the community in seeking input to replace the 'Welcome to Nelson' signs, which are at end-of-life. Through valuable consultation, we have gathered insights to ensure the new signs reflect the spirit and character of our community. Additionally, we are excited to announce that the City has secured funding to develop a comprehensive wayfinding strategy. This strategy will provide clear and effective navigation for residents and visitors, making it easier to find key City destinations and enhancing the overall experience of exploring our beautiful City.

Stay tuned for updates on these exciting initiatives!





Nelson Hydro Millwright, Andrew Meidrich, disassembling Generation Unit #5 Turbine during its overhaul in 2022.



Crews work to improve accessibility around the community by replacing identified sections of sidewalk that were at the end of their life-span. This work ensures the safety of our residents but also improves mobility for all members of our community.

PODCAST

THE SCOOP

WITH AVI & GINGER



With assistance from Restorative Justice volunteers, the Nelson Police Department proudly demonstrates its support and inclusivity towards the LGBTQIA2S+ community by painting a vibrant rainbow crosswalk in downtown Nelson. This colourful addition serves as a symbol of acceptance, unity, and celebration of diversity, promoting a safe and welcoming environment for all residents and visitors.



The Nelson Public Library was established as a municipal library in 1920. The Library is governed by a volunteer Board representing the City of Nelson and the Regional Districts of Areas F & H and serves a combined population of just over 21,000. The Library is funded through the City of Nelson, Areas F & H, the provincial government and fundraising efforts by the Friends of the Library.

As the pandemic restrictions were lifted in 2022, the Library saw a full return to regular services. Our community responded – children and families once again gathered at the library to enjoy Storytimes, and Crafternoons. Summer Reading Club welcomed over 100 school-aged children helping them keep up their reading skills through fun and entertaining activities. Youth and Adults enjoyed meeting and learning together at Book clubs, Learning Circles and workshops. Library outreach services resumed as well. Residents at senior's communities in Nelson and in the Slocan Valley welcomed back library staff in-person visits delivering materials and smiles.

Behind the scenes of these vibrant services, the Library Board also returned to gather in-person. They dived into developing a new strategic framework. Over 500 community members responded to a survey or participated in focus groups. These comments and conversations informed our values and are the foundation for our new framework.

Program Highlights:

- Author Talks with Indigenous and BC Authors
- Comics Workshops for kids, teens, and adults
- Mother-Daughter Book Club
- Pop-up Queer Archive
- Public Spaces Community Conversations
- Fashion Design 101 for Teens

By the Numbers:

- 1,072 new library members
- 168,491 physical items borrowed
- 50,608 ebooks & audiobooks downloaded
- 64,142 website visits
- 87,525 visitors to the library
- 284 public events
- 4,531 people attended library events

*You can read the Nelson Public Library 2022
Annual Report at nelson.ca/libraryreport*

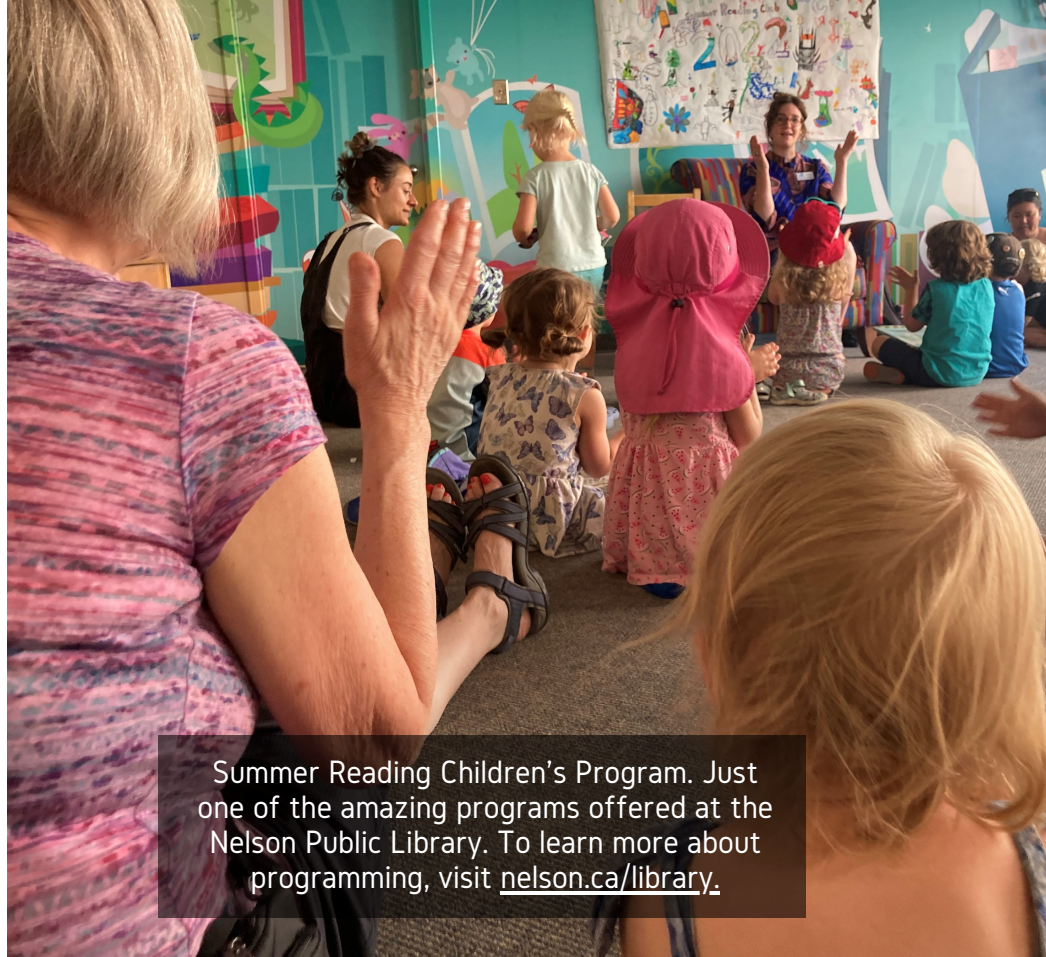
City of NELSON

Celebrating Community

125
YEARS

The City of Nelson marked its 125th anniversary as an incorporated municipality in 2022.

As we look ahead, we honour the past, embrace the present, and anticipate a future filled with continued prosperity for the City of Nelson and its residents.



Summer Reading Children's Program. Just one of the amazing programs offered at the Nelson Public Library. To learn more about programming, visit nelson.ca/library.



Our IT Team is responsible for maintaining the hardware and software infrastructure for all departments within the City. They provide technical support, troubleshoot issues, manage databases, maintain the network, and implement cybersecurity measures.



Nelson Next Youth Climate Ambassadors chat with local residents about creating a safe and healthy community.

NELSON POLICE DEPARTMENT



MISSION

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

The Nelson Police Department is the fifth oldest police service in British Columbia, with the first police officer, R.A. Winerals, having been appointed at the Nelson City Council meeting on April 22, 1897. Our police department is the only independent municipal force in British Columbia's interior. The sworn and civilian women and men of the Nelson Police Department strive to provide a safe, crime-free community for its citizens.

The City of Nelson provides funding for the Nelson Police Department, which is administered by a Police Board under the provisions of the BC 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 and has a total complement of twenty sworn officers.

The force is structured with an Operations Officer-inspector, and two patrol teams, each under the leadership of a platoon sergeant with six constables. Beat officers will work as part of the platoons on a regular weekly schedule along with two detectives in our General Investigations Section.

Under the command of the Chief Constable, is the Bylaw Department consisting of three full-time Bylaw Enforcement Officers, a two-person Integrated Victim Services Unit, a part-time Restorative Justice coordinator, four full-time police dispatchers and three administrative positions. The department also has a sergeant and three constables within the Integrated Road Safety Unit (IRSU); all four of these positions are integrated with the RCMP and are fully funded by the Province. Part-time relief dispatchers, restorative justice volunteers and a volunteer reserve force are used to augment the department's capabilities.

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



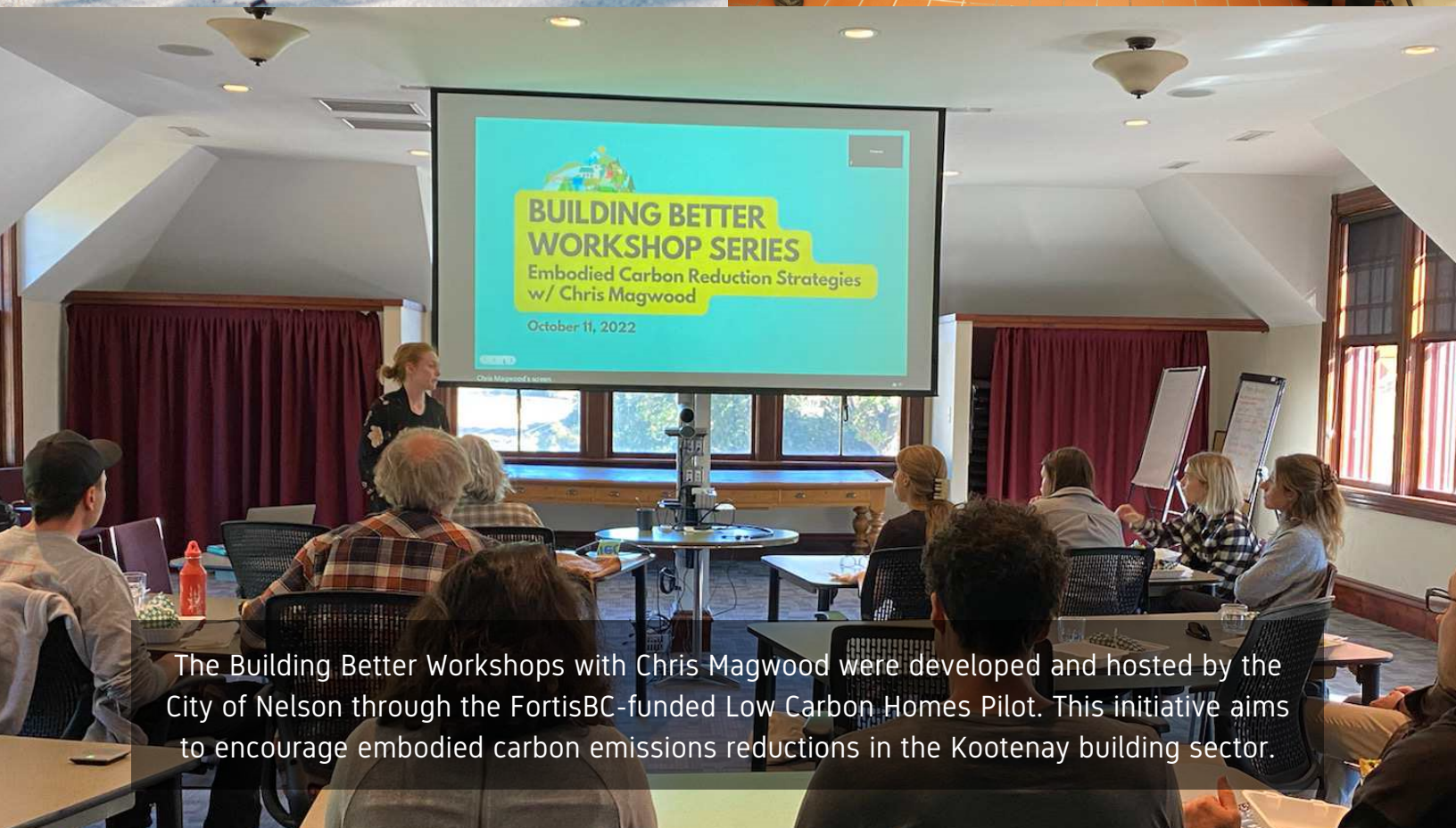
Nelson Hydro has a robust Vegetation Management Plan. In photo: Arborist, Luis Espinoza.



Nelson received over 80cms of snow in 24hrs in January 2022. Crews work to clear the downtown as part of the priority one route for snow clearing.



City of Nelson staff and Council visit Selkirk College in celebration of our Organics Diversion partnership.



The Building Better Workshops with Chris Magwood were developed and hosted by the City of Nelson through the FortisBC-funded Low Carbon Homes Pilot. This initiative aims to encourage embodied carbon emissions reductions in the Kootenay building sector.

Chief Financial Officer's Report

On behalf of the Finance Department, I am pleased to present the annual financial report of the City of Nelson for the year ended December 31, 2022. This report provides an overview of the financial health and operations of the City, including the Financial Statements for the year and an Audit Report from Grant Thornton LLP.

The financial statements enclosed, prepared by City staff, are in accordance with Canadian public sector accounting standards and provide a comprehensive view of the City's financial position, results of operations, changes in net debt, and cash flows for the year.

The financial statements have been audited by Grant Thornton Chartered Professional Accountants resulting in an unqualified audit opinion. For further details, please refer to the subsequent pages for a comprehensive review of the audit opinion.



Chris Jury

Statement of Financial Position Highlights:

During the year, the City's total accumulated surplus increased by \$10 million, reaching \$223 million, compared to \$213 million in the previous year. This amount includes the City's investment in capital assets and reserves set aside for infrastructure replacement and improvement. At the end of 2022, reserve balances amounted to \$40 million, with an additional \$5 million in surplus allocated for other capital and strategic priorities. For a more detailed breakdown of these balances, please refer to the notes accompanying the financial statements.

To ensure the long-term financial sustainability of the City, we aim to build reserves to a sustainable level, minimizing short-term pressure on tax rates while meeting the capital replacement requirements outlined in the five-year financial plan. Our asset management plans for water, sewer, hydro, and public works infrastructures will rely on these reserve balances for future funding.

In 2022, the City invested \$16 million in the addition and replacement of capital assets. Significant progress was made in the City's repaving program, secondary source program for the water system and community infrastructure. Further details on the City's capital assets can be found in the accompanying notes to the financial statements. Typically, funding for capital asset replacement is accomplished through reserves, external funding such as grants, or long-term borrowing. As of the end of 2022, the City's long-term debt stood at \$6.8 million, representing a decrease of \$0.9 million from the previous year. This reduction in debt reflects the scheduled repayment of borrowing, while no new debt has been added to the balance sheet.

Statement of Operations Highlights:

Tax revenue increased by \$550,000 or 5% compared to the previous year, primarily due to a budgeted tax increase of 4% in 2022, as well as additional revenues generated from growth in the tax base resulting from new buildings and construction.

Overall, revenue increased compared to the previous year, primarily due to an increase in investment income, unconditional grants, and user fees. Further details on unconditional and conditional government transfers can be found in the accompanying notes to the financial statements. Expenses increased by \$2.6 million or 6% in 2022. This increase can be attributed to general wage increases and inflationary pressures affecting materials and supplies.

For a more detailed breakdown of the statement of operations by department, please refer to the notes accompanying the financial statements.

I encourage you to review the complete financial report for a comprehensive understanding of the City's financial performance and position. Additionally, you can access information on the City's current financial plan or past annual reports on our official website at www.nelson.ca.

A handwritten signature in black ink, appearing to read 'Chris Jury'.

Chris Jury, CPA, CA
Chief Financial Officer



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2022 PERMISSIVE TAX EXEMPTIONS

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

To be considered for a PTE, 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.

Below is a listing of organizations granted a PTE in 2022 together with the estimated amount of municipal taxes that would have been imposed on the property if it were not considered exempt.

| | |
|---|----------|
| ASCENSION LUTHERAN CHURCH | \$530 |
| CANADIAN RED CROSS | \$930 |
| CATHEDRAL OF MARY IMMACULATE | \$280 |
| CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS IN CANADA | \$790 |
| CITY OF NELSON (CAPITOL THEATRE) | \$7,485 |
| CITY OF NELSON (GLACIER GYMNASTICS) | \$4,270 |
| CITY OF NELSON (NELSON & DISTRICT BOY SCOUTS & GIRL GUIDES) | \$444 |
| CITY OF NELSON (NELSON & DISTRICT MUSEUM) | \$16,564 |
| CITY OF NELSON (NELSON & DISTRICT ROD & GUN CLUB) | \$8,104 |
| CITY OF NELSON (NELSON CHRISTIAN SCHOOL) | \$8,330 |
| CITY OF NELSON (NELSON CIVIC THEATRE SOCIETY) | \$4,470 |
| CITY OF NELSON (NELSON CURLING CLUB) | \$18,734 |
| CITY OF NELSON (NELSON SOCCER ASSOCIATION) | \$7,300 |
| EVANGELICAL COVENANT CHURCH OF CANADA | \$110 |
| FIRST BAPTIST CHURCH OF NELSON BC | \$300 |
| GRANITE POINTE GOLF & RECREATION SOCIETY | \$12,550 |
| KALEIN HOSPICE CENTRE SOCIETY | \$1,380 |
| KOOTENAY CHRISTIAN FELLOWSHIP | \$150 |
| KOOTENAY COOPERATIVE RADIO | \$1,180 |
| KOOTENAY KIDS SOCIETY | \$4,210 |
| NELSON CARES SOCIETY | \$7,720 |
| NELSON CONGREGATION OF JEHOVAH'S WITNESSES | \$570 |
| NELSON KIWANIS PROJECTS SOCIETY | \$1,610 |
| NELSON UNITED CHURCH | \$170 |
| PENTECOSTAL ASSEMBLIES OF CANADA | \$850 |
| SALVATION ARMY IN CANADA | \$3,960 |
| ST. SAVIORS ANGLICAN PRO-CATHEDRAL | \$240 |
| UNITED PENTECOSTAL CHURCH OF BC | \$450 |
| WEST KOOTENAY WOMEN'S ASSOCIATION | \$1,520 |



THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2022

THE CORPORATION OF THE CITY OF NELSON
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For the Year Ended December 31, 2022

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Statement of Financial Position

Statement of Operations

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Statement of Cash Flows

Notes to the Financial Statements

Schedule A - Statement of Tangible Capital Assets

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

THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2022

RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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



Chris Jury, CPA, CA
Chief Financial Officer

Independent auditor's report

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

Opinion

We have audited the financial statements of The Corporation of the City of Nelson ("the City"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Nelson as at December 31, 2022, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trail, Canada
May 23, 2023

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Financial Assets | | |
| Cash | \$ 2,246,270 | \$ 4,769,231 |
| Investments (Note 2) | 51,494,794 | 48,266,637 |
| Accounts receivable (Note 3) | 8,412,807 | 8,154,590 |
| Long-term accounts receivable (Note 4) | 1,876,449 | 2,155,659 |
| MFA deposits (Note 5) | <u>271,178</u> | <u>269,590</u> |
| | <u>64,301,498</u> | <u>63,615,707</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities (Note 6) | 8,596,483 | 6,021,270 |
| Deferred revenue (Note 7) | 6,253,307 | 7,354,371 |
| Accrued future payroll benefits (Note 8) | 1,871,787 | 1,834,858 |
| Long-term debt (Note 9) | <u>6,807,277</u> | <u>7,683,456</u> |
| | <u>23,528,854</u> | <u>22,893,955</u> |
| Net Financial Assets | 40,772,644 | 40,721,752 |
| Non-Financial Assets | | |
| Tangible capital assets (Note 10) | 180,391,422 | 170,821,047 |
| Inventory (Note 11) | 2,231,110 | 1,618,273 |
| Prepaid expenses | <u>376,666</u> | <u>306,130</u> |
| | <u>182,999,198</u> | <u>172,745,450</u> |
| Accumulated Surplus (Note 12) | <u>\$223,771,842</u> | <u>\$213,467,202</u> |

Commitments and Contingencies (Note 16)



Chris Jury, CFA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

| | <u>2022 Budget</u> (Note 20) | <u>2022</u> | <u>2021</u> |
|--|---------------------------------|----------------------|----------------------|
| Revenue | | | |
| Taxes | \$ 11,531,524 | \$ 11,562,329 | \$ 11,017,240 |
| Sale of services | 4,375,633 | 4,052,566 | 4,032,426 |
| Other revenue from own sources | 5,093,068 | 4,563,345 | 3,734,381 |
| Investment income | 724,200 | 1,584,636 | 879,290 |
| Government transfers - unconditional (Note 17) | 823,856 | 917,121 | 821,205 |
| Government transfers - conditional (Note 17) | 8,616,606 | 6,142,388 | 6,039,605 |
| Water user fees | 2,565,678 | 2,571,670 | 2,470,084 |
| Sewer user fees | 4,819,885 | 4,751,578 | 4,629,625 |
| Transit user fees | 207,767 | 252,472 | 228,333 |
| Nelson Hydro sales | 20,305,651 | 20,728,017 | 19,389,692 |
| Gain on disposal of tangible capital assets | - | - | 142,267 |
| | <u>59,063,868</u> | <u>57,126,122</u> | <u>53,384,148</u> |
| Expenses | | | |
| General government | 5,054,423 | 4,747,149 | 4,009,588 |
| Protective services | 8,120,765 | 8,300,291 | 7,535,823 |
| Transportation services | 5,095,199 | 4,309,332 | 3,480,428 |
| Environmental health services | 497,143 | 460,379 | 361,699 |
| Public health and welfare services | 221,176 | 285,422 | 222,196 |
| Parks, recreation and cultural services | 2,555,528 | 2,409,914 | 2,252,292 |
| Interest and other debt charges | 530,534 | 448,330 | 458,250 |
| Water utility operations | 1,479,534 | 1,554,868 | 1,400,136 |
| Sewer utility operations | 2,087,933 | 1,910,291 | 1,981,393 |
| Transit operations | 1,848,005 | 1,904,878 | 1,735,497 |
| Nelson Hydro operations | 13,923,408 | 13,307,021 | 13,609,022 |
| Library | 981,974 | 904,694 | 912,461 |
| Amortization | 6,228,145 | 6,155,398 | 6,214,781 |
| Loss on disposal of tangible capital assets | - | 123,515 | - |
| | <u>48,623,767</u> | <u>46,821,482</u> | <u>44,173,566</u> |
| Annual surplus | 10,440,101 | 10,304,640 | 9,210,582 |
| Accumulated surplus, beginning of the year | <u>213,467,202</u> | <u>213,467,202</u> | <u>204,256,620</u> |
| Accumulated surplus, end of the year | <u>\$223,907,303</u> | <u>\$223,771,842</u> | <u>\$213,467,202</u> |

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

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2022

| | <u>2022 Budget</u> | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|----------------------|
| Annual surplus | \$ 10,440,101 | \$ 10,304,640 | \$ 9,210,582 |
| Acquisition of tangible capital assets | (23,114,323) | (16,199,919) | (9,754,206) |
| Amortization of tangible capital assets | 6,228,145 | 6,155,398 | 6,214,781 |
| Proceeds on sale of tangible capital assets | - | 350,631 | 4,377,569 |
| Loss (gain) on disposal of tangible capital assets | <u>-</u> | <u>123,515</u> | <u>(142,267)</u> |
| | <u>(6,446,077)</u> | <u>734,265</u> | <u>9,906,459</u> |
| Acquisition of prepaid expenses | - | (70,536) | (21,336) |
| Consumption (acquisition) of supply inventory | <u>-</u> | <u>(612,837)</u> | <u>7,301</u> |
| | <u>-</u> | <u>(683,373)</u> | <u>(14,035)</u> |
| Increase (decrease) in net financial assets | (6,446,077) | 50,892 | 9,892,424 |
| Net financial assets, beginning of year | <u>40,721,752</u> | <u>40,721,752</u> | <u>30,829,328</u> |
| Net financial assets, end of the year | <u>\$ 34,275,675</u> | <u>\$ 40,772,644</u> | <u>\$ 40,721,752</u> |

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

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash Provided by (Used In) | | |
| Operating Activities | | |
| Annual surplus | \$ 10,304,640 | \$ 9,210,582 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 6,155,398 | 6,214,781 |
| Actuarial adjustments | (377,410) | (373,165) |
| Loss (gain) on disposal of tangible capital assets | <u>123,515</u> | <u>(142,267)</u> |
| | <u>16,206,143</u> | <u>14,909,931</u> |
| Increase (decrease) in non-cash operating items: | | |
| Accounts receivable | (258,217) | (1,590,920) |
| Long-term accounts receivable | 279,210 | 308,854 |
| MFA deposits | (1,588) | 8,541 |
| Accounts payable and accrued liabilities | 2,575,213 | (4,774,485) |
| Deferred revenue | (1,101,064) | 2,063,566 |
| Accrued future payroll benefits | 36,929 | (119,596) |
| Inventory | (612,837) | 7,301 |
| Prepaid expenses | <u>(70,536)</u> | <u>(21,336)</u> |
| | <u>17,053,253</u> | <u>10,791,856</u> |
| Financing Activities | | |
| Long-term debt repayment | (498,769) | (3,294,823) |
| Repayment of capital lease obligations | <u>-</u> | <u>(329,560)</u> |
| | <u>(498,769)</u> | <u>(3,624,383)</u> |
| Capital Activities | | |
| Proceeds from disposal of tangible capital assets | 350,631 | 4,377,569 |
| Acquisition of tangible capital assets | <u>(16,199,919)</u> | <u>(9,754,206)</u> |
| | <u>(15,849,288)</u> | <u>(5,376,637)</u> |
| Investing Activities | | |
| Net purchase of investments | <u>(3,228,157)</u> | <u>(4,109,983)</u> |
| Net decrease in Cash | (2,522,961) | (2,319,147) |
| Cash, beginning of year | <u>4,769,231</u> | <u>7,088,378</u> |
| Cash, end of year | <u>\$ 2,246,270</u> | <u>\$ 4,769,231</u> |

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. Significant Accounting Policies

The Corporation of the City of Nelson ("the City") is a local government in the Province of British Columbia. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

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

(a) Basis of presentation

The City of Nelson's resources and operations are segregated into General, Water Utility, Wastewater Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the financial statements.

(b) Revenue recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues.

Taxation revenue

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

Sale of services, user fees and Nelson Hydro sales

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

Grant revenues

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

Government transfers

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

Investment income

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

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. Significant accounting policies (continued)

(c) Deferred revenue

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

(d) Financial instruments

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

(e) Accrued future payroll benefits

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

(f) Interest and actuarial gains on long-term debt

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

(g) Tangible capital assets

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

| | |
|--|-----------------|
| Buildings | 10 to 75 years |
| Library, furniture, equipment, and vehicles | 4 to 20 years |
| Technology | 4 to 10 years |
| Transportation infrastructure | 10 to 100 years |
| Parks and cemetery | 10 to 50 years |
| Water, sewer, and storm drain infrastructure | 10 to 100 years |
| Nelson Hydro infrastructure | 10 to 100 years |

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. Significant accounting policies (continued)

(h) Non-financial assets

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

(i) Inventory

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

(j) Statutory reserves

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

(k) Reserves set aside by Council

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

(l) Use of estimates

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

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2022-2026, adopted by Council on May 9, 2022.

(n) Municipal Pension Plan

The City's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers is responsible for administering the plan, including investment assets and administration of benefits. The plan is a multi-employer defined benefit plan.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

1. Significant accounting policies (continued)

(o) **Liability for contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There were no liabilities recorded as at December 31, 2022.

2. Investments

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

| | 2022 | 2021 |
|-------------------------------------|----------------------|----------------------|
| Bank and provincial issued bonds | \$ 848,711 | \$ 885,007 |
| Pooled investment fund | 49,683,581 | 46,331,615 |
| Principal protected notes and other | <u>962,502</u> | <u>1,050,015</u> |
| | <u>\$ 51,494,794</u> | <u>\$ 48,266,637</u> |

The quoted market value of the investments at December 31, 2022 was \$49,713,138 (2021 - \$48,130,984).

3. Accounts receivable

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

| | 2022 | 2021 |
|---------------------------|---------------------|---------------------|
| Property taxes | \$ 421,308 | \$ 338,209 |
| Utility billings | 4,598,724 | 4,040,122 |
| Other governments | 404,401 | 358,673 |
| Trade & other receivables | <u>2,988,374</u> | <u>3,417,586</u> |
| | <u>\$ 8,412,807</u> | <u>\$ 8,154,590</u> |

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

4. Long-term accounts receivable

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

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

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

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Selkirk College | \$ 1,115,055 | \$ 1,464,043 |
| Ecosave energy retrofits on-bill financing loans | 581,619 | 482,709 |
| Various other agreements | 179,775 | 208,907 |
| | <u>\$ 1,876,449</u> | <u>\$ 2,155,659</u> |

5. 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, 2022, the total of the Debt Reserve Fund was comprised of:

| | 2022 | 2022 | 2021 | 2021 |
|---------------|-------------------|-------------------|-------------------|-------------------|
| | Cash deposit | Demand note | Cash deposit | Demand note |
| General fund | \$ 149,976 | \$ 230,493 | \$ 147,451 | \$ 232,466 |
| Sewer utility | 14,449 | 31,435 | 17,718 | 40,843 |
| Water utility | 7,224 | 15,718 | 7,067 | 15,718 |
| Nelson Hydro | 99,529 | 174,898 | 97,354 | 174,898 |
| | <u>\$ 271,178</u> | <u>\$ 452,544</u> | <u>\$ 269,590</u> | <u>\$ 463,925</u> |

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

6. Accounts payable and accrued liabilities

| | 2022 | 2021 |
|----------------------------|---------------------|---------------------|
| Trades payable | \$ 6,003,862 | \$ 5,078,722 |
| Accrued wages and benefits | 1,185,968 | 740,772 |
| Accrued interest | 78,109 | 68,969 |
| Funds held on deposit | <u>1,328,544</u> | <u>132,809</u> |
| | <u>\$ 8,596,483</u> | <u>\$ 6,021,272</u> |

7. Deferred revenue

| | Opening Balance | Contributions Received | Revenue Recognized | Ending Balance |
|-------------------------------|---------------------|---------------------------|-----------------------|---------------------|
| Federal Gas Tax grant * | \$ - | \$ 523,174 | \$ (523,174) | \$ - |
| Tax prepayments | 2,488,412 | 2,524,166 | (2,488,412) | 2,524,166 |
| Utility and Hydro prepayments | 1,770,454 | 1,850,997 | (1,770,454) | 1,850,997 |
| Other grants | 2,476,315 | 140,486 | (1,411,873) | 1,204,928 |
| Other | <u>619,190</u> | <u>287,798</u> | <u>(233,772)</u> | <u>673,216</u> |
| | <u>\$ 7,354,371</u> | <u>\$ 5,326,621</u> | <u>\$ (6,427,685)</u> | <u>\$ 6,253,307</u> |

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

8. Accrued future payroll benefits

| | 2022 | 2021 |
|-----------------|---------------------|---------------------|
| Holiday pay | \$ 795,008 | \$ 738,440 |
| Sick leave | 898,038 | 912,214 |
| Banked overtime | <u>178,741</u> | <u>184,204</u> |
| | <u>\$ 1,871,787</u> | <u>\$ 1,834,858</u> |

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

Employees of the City are entitled to accumulate earned benefits related to sick leave. Employees accumulate sick leave on a pro-rata basis at a rate dependent on the relevant contract or collective agreement with the City. Upon retirement from the City, employees are entitled to a portion of their accumulated sick leave based on years of service in excess of 5 years.

The deferred liability related to sick leave is valued at management's best estimate, which is based on past experience and assumptions about retirement, wage, and salary increases and employee turnover.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

9. Long-term debt

| Debt Bylaw # | Purpose of Bylaw | Interest rate % | Year of maturity | Original issue | 2022 Balance | 2021 Balance |
|--------------------------|------------------------|--------------------|---------------------|-------------------|---------------------|---------------------|
| General purposes: | | | | | | |
| 3107 | Catacombs | 3.85% | 2033 | \$ 275,000 | \$ 177,269 | \$ 189,907 |
| 3108 | Baker Street bridge | 3.85% | 2033 | 900,000 | 580,150 | 621,513 |
| 3034 | Street construction | 4.82% | 2022 | 50,341 | - | 4,354 |
| 2863 | Tenth Street campus | 6.45% | 2025 | 6,080,000 | 1,144,050 | 1,493,038 |
| 3036 | Highway 3A | 4.00% | 2021 | 300,000 | - | - |
| | | | | <u>7,605,341</u> | <u>1,901,469</u> | <u>2,308,812</u> |
| Short-term financing | | | | | - | - |
| Water purposes: | | | | | | |
| 3038 | Fairview reservoir | 4.82% | 2022 | 240,000 | - | 20,756 |
| 3110 | Water improvements | 4.90% | 2029 | 1,000,000 | 441,642 | 495,407 |
| | | | | <u>1,240,000</u> | <u>441,642</u> | <u>516,163</u> |
| Sewer purposes: | | | | | | |
| 3037 | Sewage treatment plant | 4.00% | 2021 | 550,000 | - | - |
| 3109 | Sewer improvements | 4.90% | 2029 | 500,000 | 220,821 | 247,703 |
| | | | | <u>1,050,000</u> | <u>220,821</u> | <u>247,703</u> |
| Hydro purposes: | | | | | | |
| 3106 | Hydro improvements | 4.90% | 2029 | 1,500,000 | 662,462 | 743,111 |
| 3223 | Hydro improvements | 3.05% | 2032 | 6,000,000 | 3,580,883 | 3,867,667 |
| | | | | <u>7,500,000</u> | <u>4,243,345</u> | <u>4,610,778</u> |
| Total long-term debt | | | | | <u>\$ 6,807,277</u> | <u>\$ 7,683,456</u> |

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

| | General | Water | Sewer | Hydro | Total |
|------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| 2023 | \$ 420,855 | \$ 55,916 | \$ 27,958 | \$ 382,129 | \$ 886,858 |
| 2024 | 439,512 | 58,153 | 29,067 | 397,414 | 924,146 |
| 2025 | 458,998 | 60,479 | 30,239 | 413,311 | 963,027 |
| 2026 | 63,174 | 62,898 | 31,449 | 429,843 | 587,364 |
| 2027 | 65,701 | 65,414 | 32,707 | 447,037 | 610,859 |
| Thereafter | <u>453,229</u> | <u>138,782</u> | <u>69,401</u> | <u>2,173,611</u> | <u>2,835,023</u> |
| | <u>\$ 1,901,469</u> | <u>\$ 441,642</u> | <u>\$ 220,821</u> | <u>\$ 4,243,345</u> | <u>\$ 6,807,277</u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

10. Tangible capital assets

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>2022 Net book value</u> | <u>2021 Net book value</u> |
|----------------------------------|-----------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Land | \$ 8,831,717 | \$ - | \$ 8,831,717 | \$ 8,985,717 |
| Buildings | 38,698,001 | 30,582,139 | 8,115,862 | 8,516,579 |
| Vehicles | 11,214,598 | 6,180,892 | 5,033,706 | 4,405,394 |
| IT, equipment & furniture | 5,065,412 | 2,404,962 | 2,660,450 | 1,782,311 |
| Library | 335,453 | 252,364 | 83,089 | 90,052 |
| Natural gas system capital lease | - | - | - | - |
| Transportation infrastructure | 36,504,983 | 14,561,154 | 21,943,829 | 21,103,701 |
| Parks & cemetery | 9,667,811 | 4,119,900 | 5,547,911 | 5,706,322 |
| Water infrastructure | 58,385,268 | 16,980,455 | 41,404,813 | 41,423,034 |
| Sewer infrastructure | 34,325,234 | 15,240,431 | 19,084,803 | 19,545,785 |
| Storm sewer infrastructure | 20,860,690 | 8,307,316 | 12,553,374 | 12,557,430 |
| Hydro generators & substations | 22,465,856 | 9,275,626 | 13,190,230 | 13,429,702 |
| Hydro infrastructure | 44,132,194 | 10,521,571 | 33,610,623 | 31,932,809 |
| Assets under construction | <u>8,331,015</u> | <u>-</u> | <u>8,331,015</u> | <u>1,342,214</u> |
| | <u><u>\$298,818,232</u></u> | <u><u>\$118,426,810</u></u> | <u><u>\$180,391,422</u></u> | <u><u>\$170,821,050</u></u> |

See schedule of tangible capital assets for more information.

11. Inventory

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

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| General, water, sewer, transit, garage and library supplies | \$ 656,334 | \$ 514,115 |
| Fuel | 82,717 | 68,853 |
| Hydro operating supplies | <u>1,492,059</u> | <u>1,083,493</u> |
| | <u><u>\$ 2,231,110</u></u> | <u><u>\$ 1,666,461</u></u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

12. **Accumulated surplus**

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| Reserves set aside by Council | | |
| Capital projects | \$ 1,718,387 | \$ 1,913,149 |
| Community works fund | 2,393,996 | 2,696,533 |
| Equipment replacement | 4,139,116 | 4,451,390 |
| Future power purchase | 1,213,330 | 1,186,110 |
| Nelson municipal library | 21,899 | 21,373 |
| Nelson Hydro capital | 7,621,674 | 7,883,715 |
| Sewer utility capital | 13,822,854 | 10,598,714 |
| Waterfront development | 33,415 | 32,815 |
| Water licence | 1,424,069 | 2,198,307 |
| Water utility capital | <u>5,886,872</u> | <u>6,158,637</u> |
| | 38,275,612 | 37,140,743 |
| Statutory reserves | | |
| Land sales | 1,236,975 | 1,366,091 |
| Off street parking | 11,081 | 10,881 |
| Parks acquisition | 50,602 | 49,702 |
| Tax sale | <u>25,483</u> | <u>24,983</u> |
| | <u>1,324,141</u> | <u>1,451,657</u> |
| Total reserves | <u>39,599,753</u> | <u>38,592,400</u> |
| Surplus set aside by Council | | |
| Airport | 101,038 | 74,038 |
| Art in public places | 18,228 | 12,661 |
| Bridge | 419,789 | 479,789 |
| Building reserve | 1,346,279 | 952,358 |
| Economic development | 345,710 | 285,710 |
| Downtown & waterfront | 260,321 | 298,400 |
| FortisBC | 1,408,889 | 1,908,889 |
| Insurance | 412,217 | 402,329 |
| Legal | 20,000 | 20,000 |
| Parking | 7,578 | 7,578 |
| Recycling reserve | 340 | 171,339 |
| 911 | 99,089 | 91,589 |
| 10th street | <u>235,493</u> | <u>214,693</u> |
| | 4,674,971 | 4,919,373 |
| Unappropriated surplus | <u>4,797,920</u> | <u>5,353,794</u> |
| Total surplus | <u>9,472,891</u> | <u>10,273,167</u> |
| Invested in tangible capital assets | <u>174,699,198</u> | <u>164,601,635</u> |
| Total accumulated surplus | <u>\$223,771,842</u> | <u>\$213,467,202</u> |

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

13. Trust funds

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

| | 2022 | 2021 |
|-----------------------------|---------------------|---------------------|
| Balances, beginning of year | \$ 1,028,619 | \$ 1,001,550 |
| Contributions received | 16,005 | 13,895 |
| Interest earned | 22,181 | 13,174 |
| Expenses and transfers | (36,000) | - |
| Balances, end of year | <u>\$ 1,030,805</u> | <u>\$ 1,028,619</u> |

14. 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.

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Provincial Government - school taxes | \$ 9,702,320 | \$ 9,269,533 |
| Regional District of Central Kootenay | 5,150,312 | 4,961,588 |
| West Kootenay Boundary Hospital District | 718,181 | 705,005 |
| British Columbia Assessment Authority | 186,678 | 174,499 |
| Municipal Finance Authority | 787 | 638 |
| | <u>\$ 15,758,278</u> | <u>\$ 15,111,263</u> |

15. Pension plan

The City of Nelson and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

15. **Pension plan** (continued)

The City of Nelson paid \$1,631,203 (2021 - \$1,622,183) for employer contributions to the plan in fiscal 2022.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

16. **Commitments and contingencies**

Regional District debt

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

Claims for damages

In the normal course of a year the City is faced with lawsuits and claims for damages of a diverse nature. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful, will be recorded when a liability is likely and determinable.

Reciprocal insurance exchange agreement

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

17. **Government transfers**

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

| | 2022 | 2022 | 2021 | 2021 |
|-----------------------|-------------------|---------------------|-------------------|---------------------|
| | Unconditional | Conditional | Unconditional | Conditional |
| Federal government | \$ 159,726 | \$ 391,742 | \$ 179,992 | \$ 140,789 |
| Provincial government | 522,845 | 1,125,494 | 427,845 | 5,147,030 |
| Regional/other | <u>234,550</u> | <u>4,625,152</u> | <u>213,368</u> | <u>751,786</u> |
| | <u>\$ 917,121</u> | <u>\$ 6,142,388</u> | <u>\$ 821,205</u> | <u>\$ 6,039,605</u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

18. 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; preparing land use plans, bylaws and policies for sustainable development of the City; and ensuring that high quality City service standards are met.

Protective services

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

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.

Transportation services

Transportation services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for storm sewer services and fleet services.

Environmental health

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

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

18. **Segmented information** (continued)

Public health and welfare

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

Parks, culture and recreation services

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

Water and sewer utility operations

The water utility operates and distributes over 8 million cubic meters of drinking water annually, and maintains water mains and pump stations. The sewer and drainage utility is responsible for the collection, treatment and disposal of sanitary sewage and drainage, as well as the network of sewer mains and pump stations.

Transit

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

Nelson Hydro

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

Library

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

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

18. **Segmented information** (continued)
Statement of operations by object and function:

| | General government | Protective services | Transportation services | Environmental health |
|---|-----------------------|------------------------|----------------------------|-------------------------|
| Revenues | | | | |
| Taxes | \$11,498,924 | \$ - | \$ 63,405 | \$ - |
| Sales of service | 277,648 | 1,858,633 | 426,468 | 712,890 |
| Other revenue from own services | 1,523,370 | 199,348 | 109,376 | (142) |
| Investment income | 857,781 | - | - | - |
| Grants - unconditional | 515,886 | 107,710 | - | - |
| Grants - conditional | 1,242,125 | 384,851 | 63,011 | - |
| Water and sewer user fees | - | - | - | - |
| Transit user fees | - | - | - | - |
| Nelson Hydro sales | - | - | - | - |
| | <u>15,915,734</u> | <u>2,550,542</u> | <u>662,260</u> | <u>712,748</u> |
| Expenditures | | | | |
| Wages and benefits | 2,856,261 | 6,910,286 | 1,937,700 | 285,890 |
| Supplies and services | 1,890,888 | 1,390,005 | 2,371,632 | 174,489 |
| Interest and other debt charges | 145,920 | - | 46,277 | - |
| Amortization of tangible capital assets | 1,072,634 | 103,704 | 1,885,214 | - |
| Loss on disposal of tangible capital assets | - | - | 23,949 | - |
| | <u>5,965,703</u> | <u>8,403,995</u> | <u>6,264,772</u> | <u>460,379</u> |
| Annual Surplus (Deficit) | <u>\$ 9,950,031</u> | <u>\$(5,853,453)</u> | <u>\$(5,602,512)</u> | <u>\$ 252,369</u> |

| Public health & welfare | Parks recreation & cultural | Water & sewer utilities | Transit | Nelson hydro | Library | 2022 Total |
|-------------------------------|-----------------------------------|-------------------------------|---------------------|---------------------|---------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,562,329 |
| 78,241 | 683,397 | - | - | - | 15,289 | 4,052,566 |
| 36,000 | 156,635 | 1,258,229 | 2,709 | 1,242,768 | 35,052 | 4,563,345 |
| - | - | 386,245 | - | 331,644 | 8,966 | 1,584,636 |
| - | - | - | - | - | 293,525 | 917,121 |
| 2,400 | 2,129,159 | 900,000 | 1,354,926 | 30,200 | 35,716 | 6,142,388 |
| - | - | 7,323,248 | - | - | - | 7,323,248 |
| - | - | - | 252,472 | - | - | 252,472 |
| - | - | - | - | 20,728,017 | - | 20,728,017 |
| <u>116,641</u> | <u>2,969,191</u> | <u>9,867,722</u> | <u>1,610,107</u> | <u>22,332,629</u> | <u>388,548</u> | <u>57,126,122</u> |
| 236,478 | 1,169,715 | 2,104,887 | 972,977 | 3,139,997 | 691,036 | 20,305,227 |
| 48,944 | 1,240,199 | 1,360,273 | 931,901 | 10,167,023 | 213,658 | 19,789,012 |
| - | - | 38,706 | - | 217,427 | - | 448,330 |
| - | 327,231 | 1,382,714 | - | 1,383,901 | - | 6,155,398 |
| - | - | 920 | - | 98,646 | - | 123,515 |
| <u>285,422</u> | <u>2,737,145</u> | <u>4,887,500</u> | <u>1,904,878</u> | <u>15,006,994</u> | <u>904,694</u> | <u>46,821,482</u> |
| \$ <u>(168,781)</u> | \$ <u>232,046</u> | \$ <u>4,980,222</u> | \$ <u>(294,771)</u> | \$ <u>7,325,635</u> | \$ <u>(516,146)</u> | \$ <u>10,304,640</u> |

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

19. Budget data

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

| | <u>2022</u> |
|---|----------------|
| Budget surplus per statement of operations | \$ 10,440,101 |
| Less: Capital expenditures | 23,114,323 |
| Long-term debt principal repayments | 513,753 |
| Budgeted transfers to reserves | 5,641,891 |
| Add: Budgeted transfers from surplus and reserves | 12,041,721 |
| Amortization | 6,228,145 |
| Debt proceeds | <u>560,000</u> |
| Net annual budget | <u>\$ -</u> |

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2022

Province of BC Restart Grant reconciliation

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

Historical Revenues and Expenses

| <u>Revenues (in thousands)</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Taxes | 11,562 | 11,017 | 10,733 | 10,614 | 10,521 |
| Sale of services | 4,053 | 4,032 | 4,095 | 4,082 | 3,687 |
| Other income | 4,563 | 3,734 | 4,054 | 6,040 | 3,609 |
| Investment income | 1,585 | 879 | 1,505 | 1,312 | 974 |
| Grants - unconditional | 917 | 821 | 838 | 799 | 798 |
| Grants - conditional | 6,142 | 6,040 | 9,266 | 3,489 | 6,261 |
| Water user fees | 2,572 | 2,470 | 2,325 | 2,339 | 3,544 |
| Sewer user fees | 4,752 | 4,630 | 4,476 | 4,436 | 3,037 |
| Transit user fees | 252 | 228 | 193 | 305 | 287 |
| Nelson Hydro sales | 20,728 | 19,390 | 18,633 | 18,681 | 18,509 |
| Gain on disposal of assets | - | 142 | - | 512 | - |

| <u>Expenses (in thousands)</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| General government | 4,747 | 4,010 | 3,991 | 3,763 | 3,524 |
| Protective services | 8,300 | 7,536 | 7,426 | 7,254 | 6,620 |
| Transportation | 4,309 | 3,480 | 3,532 | 3,885 | 3,390 |
| Environmental health services | 460 | 362 | 460 | 240 | 217 |
| Public health and welfare | 285 | 222 | 187 | 207 | 171 |
| Parks, recreation, and cultural | 2,410 | 2,252 | 1,841 | 2,366 | 2,009 |
| Interest and debt charges | 448 | 458 | 577 | 767 | 797 |
| Water utility operations | 1,555 | 1,400 | 1,919 | 1,501 | 1,354 |
| Sewer utility operations | 1,910 | 1,981 | 1,973 | 1,850 | 1,796 |
| Transit operations | 1,905 | 1,735 | 1,694 | 1,766 | 1,678 |
| Nelson Hydro operations | 13,307 | 13,609 | 12,454 | 11,910 | 11,428 |
| Library | 905 | 912 | 892 | 933 | 905 |
| Amortization | 6,155 | 6,215 | 6,157 | 6,081 | 5,786 |
| Loss on disposal of assets | 124 | - | 370 | - | 200 |

Assessments and property tax by Class

| | <u>Residential</u> | <u>Utilities</u> | <u>Light Industry</u> | <u>Business Other</u> | <u>Recreational Non-Profit</u> |
|---------------------------------|--------------------|------------------|-----------------------|-----------------------|--------------------------------|
| Assessment for General Purposes | 2,594,297,900 | 120,012,905 | 4,025,900 | 343,230,000 | 3,063,600 |
| Percentage of Taxable Values | 84.65% | 3.92% | 0.13% | 11.20% | 0.10% |
| General Tax Levy by Class | 7,400,239 | 139,410 | 22,078 | 2,487,508 | 5,368 |
| Percentage of General Taxation | 73.60% | 1.39% | 0.22% | 24.74% | 0.05% |

2022 Rates (per \$1,000)

| | <u>Residential</u> | <u>Utilities</u> | <u>Light Industry</u> | <u>Business Other</u> | <u>Recreational Non-Profit</u> |
|-----------------------------|--------------------|------------------|-----------------------|-----------------------|--------------------------------|
| General | 2.7946 | 32.5495 | 5.3681 | 7.0983 | 1.7150 |
| Debt | 0.0604 | 0.7034 | 0.1160 | 0.1534 | 0.0371 |
| School | 1.6410 | 12.7200 | 3.5200 | 3.5200 | 2.0300 |
| Regional Hospital | 0.1834 | 0.6419 | 0.6236 | 0.4490 | 0.1834 |
| Regional District | 1.1925 | 4.1738 | 4.0545 | 2.9213 | 1.1925 |
| B.C. Assessment | 0.0349 | 0.4662 | 0.1036 | 0.1036 | 0.0349 |
| Municipal Finance Authority | 0.0002 | 0.0007 | 0.0007 | 0.0005 | 0.0002 |
| Total | 5.907 | 51.2555 | 13.7865 | 14.2461 | 5.1931 |

The logo for the City of Nelson features the words "City of" in a white script font above the word "NELSON" in a large, bold, white sans-serif font. The background is a solid yellow color with large, curved, orange-brown shapes in the corners.

City of **NELSON**

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