



2023 Annual Report



MESSAGE FROM THE MAYOR



I am pleased to share the City of Nelson's 2023 Annual Report, a testament to our community's resilience, innovation, and progress. As we reflect on the past year, we are reminded of the unique challenges we have faced and the remarkable achievements we have accomplished together.

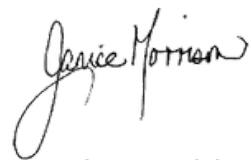
In this time of ongoing global uncertainty, Nelson has demonstrated unwavering strength and adaptability. Our community has come together in remarkable ways, supporting one another and fostering a spirit of unity that defines our city. This report highlights our collective efforts in creating a more vibrant and sustainable future.

Council completed our 2023-2026 Strategic Plan, which will guide us through the rest of our term in office. Additionally, we are well underway with our Official Community Plan (OCP) update, scheduled to be finalized in 2025. The OCP is Nelson's compass for growth and change, guiding our decisions on neighbourhood design, transportation, land use, and city amenities to achieve our collective vision for the next 25 years.

Good governance is the backbone of our success. We have strived to make our city governance processes more transparent, inclusive, and innovative. By engaging with residents in meaningful ways, we ensure that our policies and initiatives reflect our community's diverse needs and aspirations. Our governance practices are designed to encourage and advance creative and fiscally responsible solutions to the challenges we face and ensure that all voices are heard in the decision-making process.

I want to express my gratitude to our incredible City staff, community and cultural partners, and volunteers. Your hard work and dedication are the drivers of our success. I also want to thank the Council members for their invaluable support, teamwork, and commitment. Collectively, we have made remarkable progress, and I am confident we will continue to achieve great things.

I invite you to review this year's Annual Report and encourage you to provide feedback. Looking ahead, I am filled with optimism and excitement. Together, we will continue to build on our successes, overcome challenges, and create a brighter future for Nelson.



Mayor Janice Morrison

MAYOR & COUNCIL

We would like to acknowledge that the land on which we reside is the traditional territory of the Syilx, the Sinixt and the Ktunaxa peoples and is home to the Métis and many diverse Aboriginal persons. We honour their connection to the land and rivers and respect the importance of the environment to our strength as a community.

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, Councillor Leslie Payne, Councillor Jesse Pineiro, Mayor Janice Morrison, Councillor Keith Page, Councillor Kate Tait and Councillor Rik Logtenberg

MESSAGE FROM THE CITY MANAGER



I am honoured to present the City of Nelson's 2023 Annual Report, showcasing the milestones and achievements of our organization and community. This report reflects the hard work and dedication of our staff, partners, and residents, who have collectively contributed to our success across various strategic goals.

Our commitment to a sustainable future is evident through numerous initiatives. We successfully launched our innovative pre-treated organics program, distributing over 1,200 FoodCyclers to residents across Nelson. Our partnership with Simon Fraser University led to a comprehensive review of the City's Tree Management Plan, laying the groundwork for long-term urban forest management. Additionally, the City received the Commitment to Change Award at the BC Embodied Carbon Awards for our leadership in reducing embodied carbon emissions.

In 2023, we prioritized inclusive and diverse housing options, initiating the Housing Needs Report and revising bylaws to align with new provincial legislation. Construction of the Nelson Health Campus, which includes long-term care beds, is underway, ensuring our residents have access to essential health services. We also enhanced our active transportation network with upgrades to our sidewalks and bike routes, promoting healthier, connected neighbourhoods.

We continued to foster economic growth by supporting local businesses and attracting new enterprises. Collaboration with the Chamber of Commerce led to the expansion of downtown patios and workforce housing. The Nelson and Area Economic Development Partnership (NAEDP) focused on workforce development and housing strategies, supporting the Rural Northern Immigration Pilot and childcare providers. Significant progress was made on the Hall Street Pier project and enhancements at Cottonwood Park, further enriching our community's gathering spaces.

Our infrastructure projects in 2023 were aimed at ensuring long-term resilience and efficiency. Major projects included road resurfacing, sidewalk improvements, and advancements in our IT infrastructure, particularly in cybersecurity and GIS implementations. Nelson Hydro also made significant strides with the Mill Street Substation upgrade and the continued implementation of its vegetation management to improve reliability and to be more resilient to climate change.

Our governance practices have evolved to be more inclusive and innovative. Staff participated in various training programs, including Indigenous corporate training, artificial intelligence (AI), and cybersecurity. We also made significant progress in our Records Management Program, scanning legacy records and implementing detailed policies to enhance accessibility and security. Additionally, the Official Community Plan update is in progress and is a pivotal project that will guide us towards a forward-thinking and cohesive future.

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

Kevin Cormack



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.

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.

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.

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.

FINANCE & IT

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 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 the collection of taxes, water, sewer, garbage and hydro fees, processing of accounts payable, parking control and payroll.

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.

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 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.

Engineering, Capital Works & Special Projects

The Engineering, Capital & Special projects technical team delivers a wide range of complex municipal engineering projects, involving underground, surface, sub-surface and building facility infrastructure. The department manages capital/special projects, undertakes long term capital planning, performs capital budgeting/cost estimating, reviews technical engineering submittals, administers contracts, undertakes construction inspection and liaises with various ministries, consultants, developers, contractors, customers, residents and other internal City departments.

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.

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.



COMMUNITY SERVICES

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.

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 Victim Services Workers and has a robust Restorative Justice program.

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.



Population

Building Permits
IssuedConstruction
ValueNew Single Family
Residential Units**11,716****181****\$26M****36**

Growth Rate

New Secondary
Suites

New Bike Parking

New Multi-Family
Residential Units**1.3%** (annual)

BC Growth Rate 3.3%

27**1****21**

Nelson Fire Rescue

Service Area
PopulationNumber of Response
CallsFirst Responder
CallsCalls to Structure
Fires**13,500****1,371****710****243**

Nelson & Area E Fire Response Area

Motor Vehicle
Accidents

Rescue Calls

Wildfire Mitigation
HectaresAuxilliary Firefighters
Hired**40****17**Includes high
angle rope, low
slope, & swift water
rescues.**11.89**

Nelson & Local Area

0Business Licenses
IssuedProperty Tax
Payments% of Customers
on Pre-Authorized
Payment PlanProperty Tax
Revenue**1,524****4,950****20%****\$12.3M**Total Grant
RevenueNelson Hydro
Return to the CityCapital
ExpendituresTotal User fees
and Other
Revenues**\$9.9M****\$3.6M****\$20M****\$39M**



Corporate Services

Privacy Impact Assessments

7

Freedom of Information Requests

20

Statutory Right of Ways

26

Legal Agreements

71

Social Media Posts

499

Facebook Page Reach

362,100

Website Chat Bot Questions Asked

3,891

Print Newspaper Ads for City

74

Main City Facebook & Instagram



Nelson & District Youth Centre

Summer Camp Registrants

143

Out-of-School Program Registration

231

Grant Funding Received

\$14,305

Youth Programs Delivered

131

Farmers Market Applications

362

Farmers Market Coupons Redeemed

\$19,368

Campground Revenue

\$146,747

Campground Bookings

2,491



Nelson Police Department

9-1-1 Calls

4,212

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

20,781

Total Calls For Service

7,270

Radio transmissions recorded

38,281

Total Water Use

1,954,043
m³

Total Wastewater Treated (Sewage)

1,459,851
m³

Employee Hours: Snow Operations

5,516

Residential Water Main Replacement

500m

Public Works General Request Calls

1,213

Grass Maintained in City Parks

69,689
m²

Roadways Paved

25
City Blocks

New Trees Planted

48



Nelson Hydro

Generation From Water

84,855,809
kWh

Generation From Sun (Solar Garden)

68,320
kWh

Hours Lost from Injury at Work

0

Average Service Availability

99.96%

BC One-Call Requests

1,021

Vegetation Management Expenditures

\$833,263

Calls Received on 24hr Outage Line

6,344

Customers Signed Up for Hydro E-Billing

3,317

Regional Energy Efficiency Program (REEP) Registrations

367

E-Bike Financing Program Participants

68

Pretreated Organics Pilot Participation

76%

Grant Funding Secured

\$646K

Guided by the 2023 - 2026 City of Nelson Strategic Plan

VISION →

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

Our Vision is supported by five key components that guide our strategy.

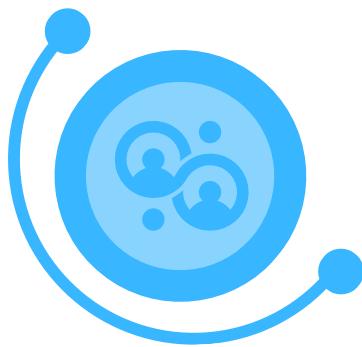
Our Economy is Thriving and Inclusive



We Foster a Healthy Built and Natural Environment



Our Community is Diverse and Connected



Strategic Goals

City Services and Infrastructure are Future-Ready



City Governance Supports Innovation and Inclusivity



Evaluation of 2023 Goals *Highlights*

WE FOSTER A HEALTHY BUILT AND NATURAL ENVIRONMENT

Council recognizes the interconnectedness of human well-being and the environment and supports a holistic approach to our community's commitment to a healthy built and natural environment.



Council will work towards a carbon-neutral future.

- Successfully secured funding through the Pacific Institute for Climate Solutions for the project 'Equity and climate adaptation through nature-based solutions' in Nelson, resulting in a fully funded scholar position to work in Nelson in 2024.
- Launched an innovative food waste program in 2023. Residents are provided with FoodCyclers to process their household food waste and divert organic waste from our landfills.
- A grant application was submitted to the FCM's Community Efficiency Financing Program to support residents in making their homes more low-carbon, energy-efficient, and resilient to climate impacts.
- A grant was received to develop the City fleet decarbonization plan, which is underway.
- Continued to deliver the E-bike Financing Program, 68 loans were dispersed to residents for commuting by bike.
- Nelson was awarded the *Commitment to Change Award at the BC Embodied Carbon Awards 2023* through Zebx for recognition of Nelson's leadership on the research of embodied carbon and the development of the low-carbon material emissions guide; secured funding for the low-carbon homes pilot phase 4 through FortisBC Built Better Funding Program.
- Updated Zero Carbon Step Code & Energy Step Code

Council will enhance the natural environment in our community, including air, water and lands

- In partnership with Simon Fraser University, the City's Tree Management Plan and Municipal Tree Bylaw were reviewed to create a solid foundation for long-range urban forest management as a climate solution for the City of Nelson.

Council collaborates with government, private and indigenous partners to manage the natural environment and wildlife in and around our community.

- Partnered with Kalesnikoff and the RDCK on the fuel treatment project in Selous Creek Watershed to the ensure the City's watershed was protected and more resilient.
- Ongoing discussions with Anderson Creek Timber regarding the harvesting of timber above Nelson to meet community values.

Evaluation of 2023 Goals *Highlights*

OUR COMMUNITY IS DIVERSE AND CONNECTED

Nelson's richness of character comes from having people from different backgrounds, cultures and experiences that interact with one another, engage in communal activities and share a sense of belonging and respect each other's differences.



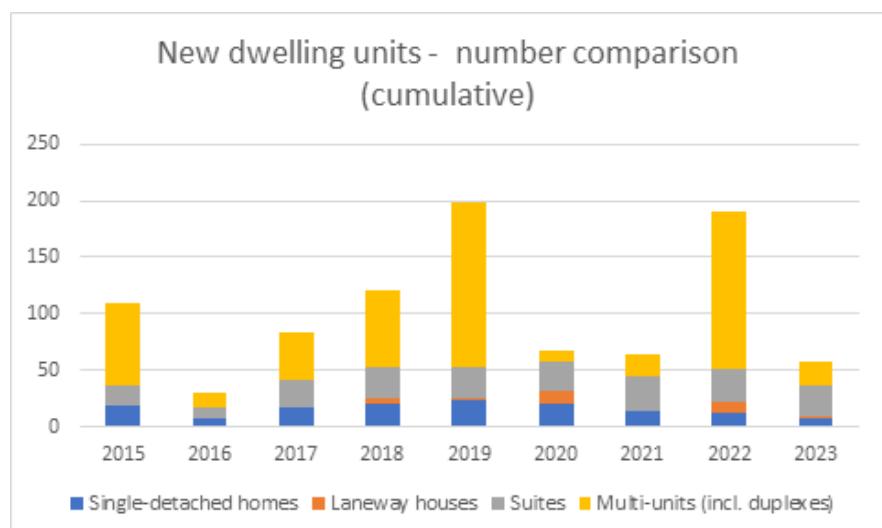
Council will expand diverse and inclusive housing options in the City that meet needs now and in the future.

- Work commenced to update the Official Community Plan to ensure that the City is planning ahead for a diversity of housing choice
- Preparation started to revise bylaws to conform with the new Provincial Government housing legislation
- Initiated the Housing Needs Report to understand local housing needs
- Presented the findings of the M'akola non-market housing strategy
- Construction of the Nelson Health Campus with Long-Term Care Beds is underway
- Working closely with BC Housing and local non-profits in supportive housing.
- Approved new private multi-family development projects on Lakeside Drive (76 Units), Vernon Street (125 Units) and the Health Campus on Eleventh Street (60 Units).

Council prioritizes healthy, connected neighbourhoods that include a diverse transportation ecosystem.

- Implement the Active Transportation Plan by installing new sidewalks that were identified as missing links in Fairview & Gyro neighbourhoods
- Continue to develop bike route options in Rosemont.
- Received funding for a new Trans Canada Trail/Waterfront Pathway along the 900 Block of Lakeside Drive - design is underway.
- Public Works completed a traffic calming pilot project in various locations throughout Nelson, one of which was on Vernon Street. This included delineators at the intersection of Vernon and Josephine Streets, which provide better visibility for drivers to see pedestrians while slowing traffic down.

- 75% of new low-density units were in the form of secondary suites
- 58% of new dwellings are multi-unit dwellings
- 57 residential units (permits received and construction to be initiated)





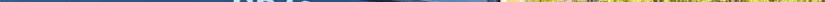
Mayor Morrison presents the 2023 Sustainability Leadership Award to Dan Thompson of Rokform Solutions



Soil Amendment Bins have been installed near our Public Works Complex at 80 Lakeside Drive and behind Safeway in Fairview.



Nelson Hydro's 'cycling team' proudly presents their multi-purpose e-bikes during the 2023 Spring GoByBike Week (L - R) Peter Woolsey, Casey Smit, Dario Cimolai, and Scott Spencer.



This multipurpose piece of machinery can clean our sidewalks in the summer and plow them in the winter.



Evaluation of 2023 Goals *Highlights*

OUR ECONOMY IS THRIVING AND INCLUSIVE

 Council supports a thriving and inclusive economy by creating a place where people want to live and work. Council will focus on facilitating vibrancy in sports, arts, culture and recreation to enhance economic growth through partnerships, events, festivals and business development.

Enhance gathering places for residents and visitors to enjoy our city

- Progress has been made on the Hall Street Pier project to improve the waterfront and establish a lively new area for the community.
- Various improvements have been implemented at Cottonwood Park, such as expanding the paved parking area to enhance traffic flow, installing new concrete sidewalks for better accessibility, upgrading electrical services, and adjusting landscaping to accommodate more vendors.
- Grant funding was obtained to refurbish the tramway tracks connecting Lakeside Park and the waterfront plaza. The project was successfully completed.
- A covered wooden outdoor gathering space at the 10th Street Campus was completed through a partnership between the City of Nelson, Selkirk College, and regional Indigenous nations.

Continue to explore opportunities to fund the expansion of key community assets and facilities through grants and partnerships.

- Supported the Curling Club application to upgrade their ice plant.
- Approved a 10-year lease on the 10th Street Campus lands for the location of a new Olympic-caliber climbing facility.
- The City approved the plans to transfer a portion of the 10th Street campus lands to Selkirk College while retaining certain areas for housing development.

Council supports our existing businesses while also working to expand and attract new business to the city's economic base.

- Worked with the Chamber of Commerce on expanding downtown patios and workforce housing.
- In 2023, the library hosted 4 programs for new business entrepreneurs.

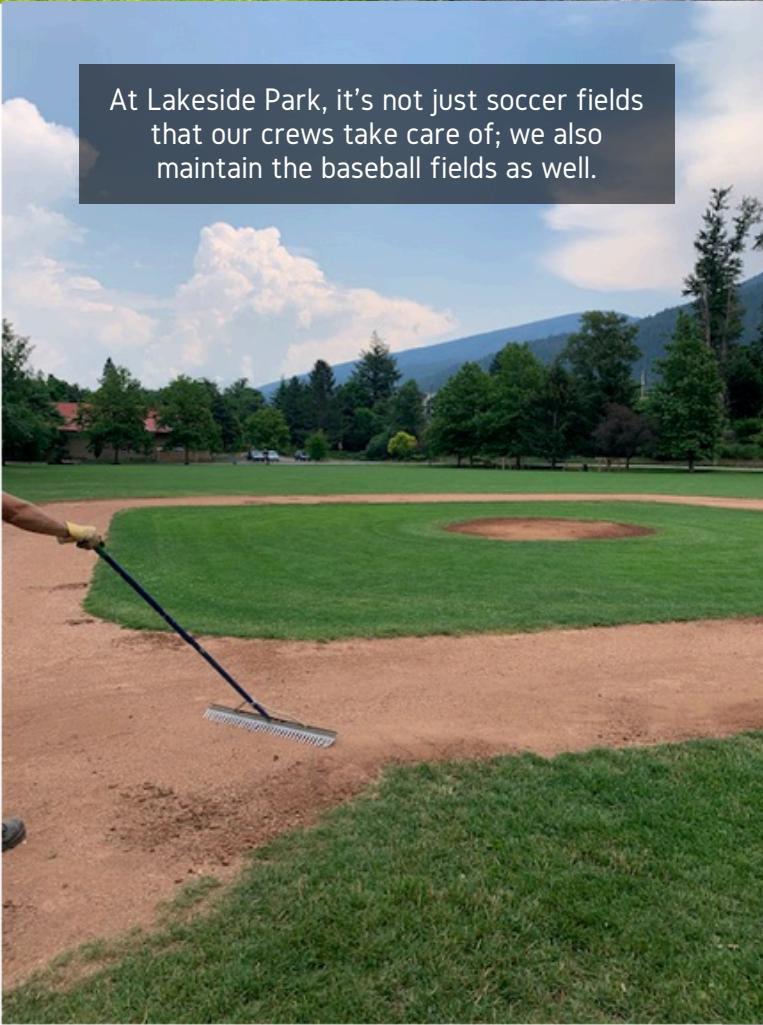
As a key partner in the Nelson and Area Economic Development Partnership, the NAEDP assisted in advancing the following:

- To deliver additional affordable housing units - a strategy for workforce housing was developed in collaboration with our non-profit service providers.
- Supported the Rural Northern Immigration Pilot and advocated and supported our childcare providers in developing additional childcare spaces.
- Completed a study that identified the potential to develop a film studio in Nelson. A grant was received for Phase II of the project.

Two new bike racks were installed in Lakeside Park as part of the provincial Active Transportation grant received in 2022.



At Lakeside Park, it's not just soccer fields that our crews take care of; we also maintain the baseball fields as well.



It is all in a day's work. City crews are seen here filling pesky potholes near Gyro Park Bluffs.



The City has adopted a brine application process to enhance our snow-clearing efforts. The brine application unit is seen here. To learn more, visit nelson.ca/behindthescenes.



Evaluation of 2023 Goals *Highlights*

CITY SERVICES AND INFRASTRUCTURE ARE FUTURE-READY

Council prioritizes prudent financial management policies and ensures sustainable and effective funding strategies are in place to protect our most valuable natural and human-made assets to support a resilient community now and into the future.



Facilities and Equipment: Facilities and equipment meet the current and future needs of the community.

- Developed and began implementing a Facility Asset Management framework in tandem with the Municipal Energy and Emissions Plan (MEEP) Sustainable Energy Management Plan as part of Nelson Next.
- A location and feasibility study for a new firehall is underway.
- Design work was completed to upgrade the Civic Centre roof trusses.
- Working with the Nelson Civic Theatre Society on their plans to develop three screens.

Information technological infrastructure is upgraded and improved to meet the current and future needs of the City.

- Consultant hired to develop City-wide GIS scope and project costs
- Nelson Hydro advanced its utility systems GIS implementation with training and data migration
- Funding received to migrate to NG911 at the Nelson Police Department.
- The City of Nelson underwent a cybersecurity audit. Implementation of the recommendations is ongoing and ensures a secure environment for both our employees and the residents we serve.

Infrastructure: Roads/Sidewalks/Active Transportation and public amenities: Roads, sidewalks and cycling routes are being improved and support a more active community.

- Continued implementation of the road resurfacing program with 25 city blocks resurfaced.
- Additional improvements to the Third Street Bike Route.
- Sidewalk improvements and repairs completed.

The City's utilities meet current and anticipated future regulations, support development, and are sustainable.

- Mill Street Substation (Nelson Hydro) - All engineering and procurement was completed, construction was started.
- The Liquid Waste Management Plan (LWMP) project was initiated with a \$395,000 grant from the Union of British Columbia Municipalities Strategic Priorities Fund through the Government of Canada's Canada Community Building Fund. Once complete, Nelson will have a 20-year plan that outlines policies and projects to facilitate the management of water resources and develop community-specific solutions for wastewater management.

The City is more Resilient to Natural Hazards.

- Continued Implementation of the City's Community Wildfire Resiliency Plan (CWRP) with regional partners.
- Continued implementation and refinement of the City's Emergency Response Plan.
- The City received grants to advance its Emergency Management Program, which includes training, new equipment, and continued development of evacuation preparedness.
- The City's EOC team participated in a collaborative tabletop exercise with the RDCK and the City of Castlegar. This exercise underscores the City's dedication to enhancing emergency preparedness through inter-agency cooperation.
- The Justice Institute of BC provided in-person EOC training to bolster the skills and knowledge of City staff.



A number of enhancements were made at Cottonwood Park, these include an expanded paved parking area to improve traffic flow, new concrete sidewalks for enhanced accessibility, upgraded electrical services, and landscaping changes to create more space for vendors.



Evaluation of 2023 Goals *Highlights*

CITY GOVERNANCE SUPPORTS INNOVATION AND INCLUSIVITY

Council is committed to cultivating a governance environment that values creativity, diversity and equity, adoption of new technologies and community engagement.



 **Council's focus is to ensure our facilities, infrastructure, utilities, and services will be future-ready.**

- Renewed Joint-Pole Ownership agreement with Telus.
- Renewed Joint-Use agreement with FortisBC.
- Team members participated in Artificial Intelligence training, enhancing their skills and equipping them with valuable knowledge for future innovation.
- Staff involved in recruitment received unconscious bias training to promote fair and inclusive hiring practices.
- Our staff participated in cyber security training to prevent threats like phishing.
- The Records Management Program has made substantial progress by developing and implementing detailed policies, scanning legacy records and commencing change management to enhance the accessibility and security of City records.

 **Staff are supported and empowered to live the City's values in a positive team environment that celebrates success.**

- Nelson Hydro staff training on GIS, metering, staking course, systems controls training, Field Service Representative level A training, attended hydropower operations conferences and Customer Information Service conference
- All staff participated in Indigenous corporate training to better understand Indigenous terminology and the principles of reconciliation.
- 100% of full-time Library staff have incorporated a Wellness Goal into their Employee Professional Development Plan.
- The City of Nelson provides ongoing professional development for its staff, enhancing employee success and growth through ongoing training and skill-building opportunities.
- Staff participated in the 2-day Bridging Rural Homelessness and Well-Being symposium.

 **Council values citizen and neighbourhood engagement to help solve community challenges and take advantage of new opportunities.**

- Official Community Plan Update underway.
- Council used community engagement and feedback to develop our 2023 - 2026 Strategic Plan
- In 2023, we made significant strides in our climate initiatives, including waste reduction, urban forest management, and promoting sustainable transportation.
- In the fall of 2023, the City established a feedback mechanism and formed an Accessibility & Inclusion Committee to promote inclusion, adaptability, and universal design, ensuring our services and operations are accessible and barrier-free for all residents and visitors.



The Official Community Plan is undergoing a comprehensive update for the first time in more than a decade. This two-year project aims to establish a vision and set a course for the Council towards 2050.

The OCP Advisory Committee consists of 12 residents and Council members. They serve as a project sounding board and assist with project communications, including social media updates.

In photo is OCP Advisory Committee Member Abhilash Bhasin.

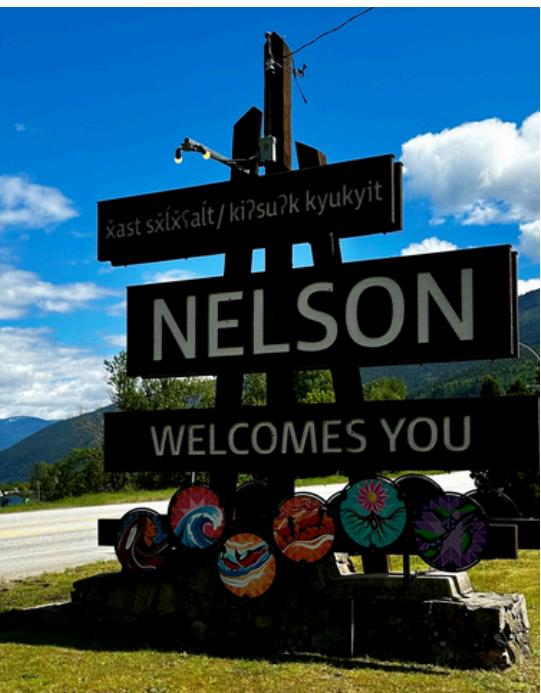




The City of Nelson launched an innovative food waste program in 2023. Residents were provided with FoodCyclers to process their household food waste, aiming to keep organic waste out of our landfill.

- Approximately 1,200 FoodCyclers were distributed to city residents.
- 76% of residents in the pilot neighbourhood of Fairview participated voluntarily.
- Five drop-off bins were installed throughout the city.
- The program received overwhelmingly positive feedback from participants.

The City replaced the "Welcome to Nelson" signs at the three entrances to the city, as the old signs were nearing the end of their lifespan. By consulting with the public and First Nations, we gathered valuable insights to ensure the new signs truly reflect the spirit and character of our community.



West Entrance

Louis Boyd is an artist and metal fabricator from the Arrow Lakes (Sinixt) Nation of the Colville Confederated Tribes. His art depicted in this sign stands as a tribute to the essence of sn?ayckstx culture and the values that define them as a people.



South Entrance

Darcy Luke is a Ktunaxa Artist from the community of Ya?it ?a-knuqt?it (Tobacco Plains) residing in ?a-kiskaqt?it (Cranbrook BC.) This sign depicts that, in Ktunaxa history, when the worms would come to the rosehips, the Ktunaxa people knew to go down the mountain to follow swa?mu (salmon).



North Entrance

Sheldon Pierre Louis is a s?yilx (okanagan) multi-disciplinary artist who resides at s?en?uxuxtan (place where the grizzly bear killed them) on the Okanagan Indian Reserve IR#1 near Vernon, BC. The imagery in this piece, "Mountain Goat & Huckleberries" (sx?w?l?i? ulth st'ax?atq), is inspired by captik?wl (oral history) connected to the local territory.

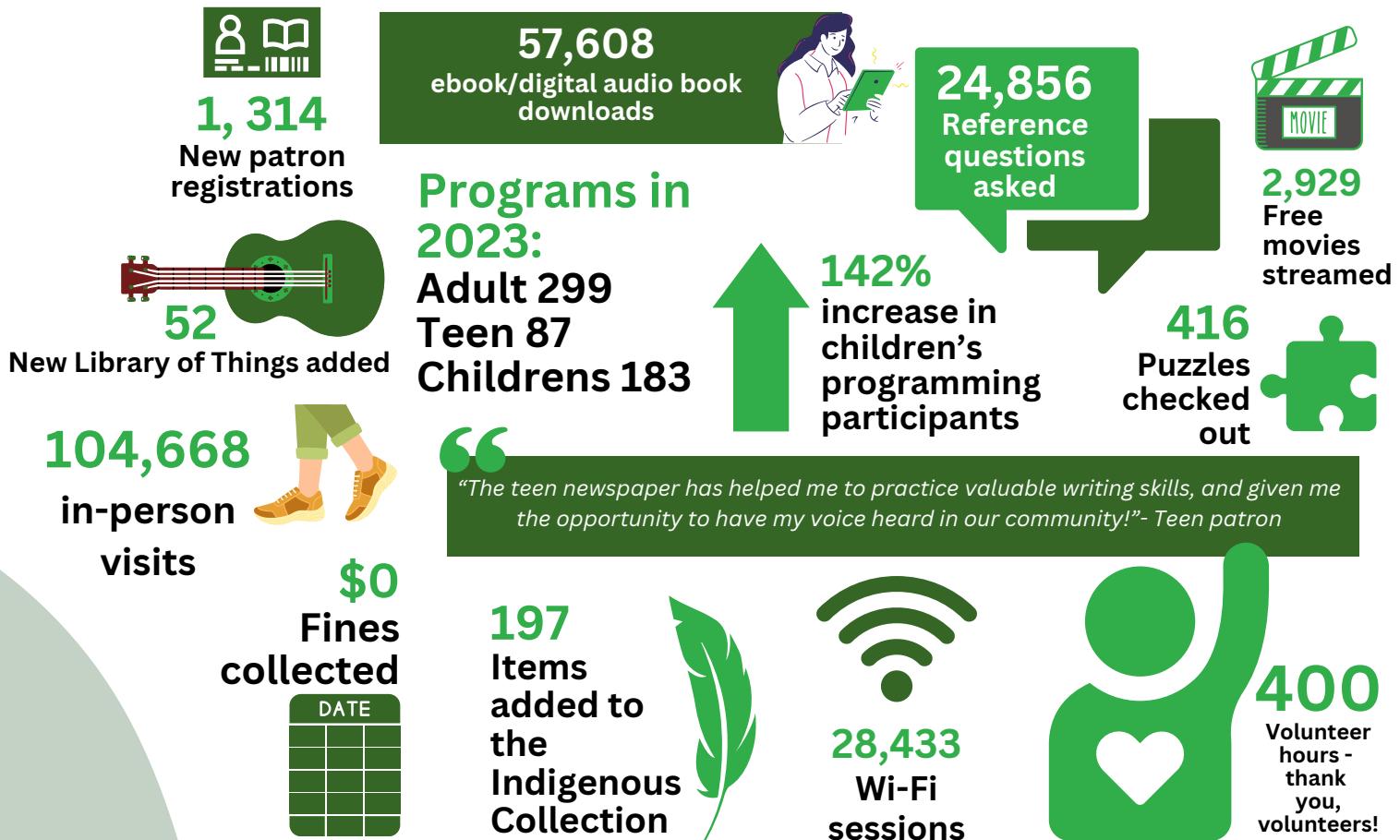


Nelson Public LIBRARY

The Nelson Public Library has been providing resources, services and books to our community for over 100 years. It's governed by a volunteer board that represents the community it serves. The Library is funded through the City of Nelson, RDCK Areas F & H, provincial government funding and fundraising efforts.

Library statistics demonstrate the critical service the library provides to the community. The statistics also draw a clear picture of how residents are using the library, both in-person and virtually. From a resource for isolated seniors to an after school safe haven for unaccompanied youth; from a language learning centre to free digital training for all, the library is a space to form community.

These amazing services would not be sustainable without community support from volunteers, donors and the amazing Friends of the Library.



You can read the Nelson Public Library 2023 Annual Report at nelson.ca/libraryreport

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 eight directors, one of whom is appointed by the Council, six by the Province and one member of the city council (either the mayor or one of the elected councillors). The Board then elects one of the Board directors to serve as Chair. The Department is under the command of a Chief Constable and has a total complement of twenty-two sworn officers.

The force is structured with a Chief Constable, Deputy Chief Constable, Operations Officer-Inspector, and two patrol teams, each under the leadership of a platoon sergeant and two corporals, with five 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 Community Safety Officer, a three-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 positions 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 one of 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.

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, 2023. 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:

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 2023, the City invested \$20 million in the addition and replacement of capital assets. The City completed or neared completion on several significant projects, such as the Cottonwood Park enhancements, Hall Street Pier, and the Youth Centre roof replacement. In addition, the City continued to invest in its transportation, water, sewer and infrastructure systems. Other projects, such as the Civic Centre roof and Next Gen 911 had just begun, and will form a significant part of the 2024 budget.

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 2023, the City's long-term debt stood at \$5.9 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 \$735,000 or 6.4% compared to the previous year, primarily due to a budgeted tax increase of 5.8% in 2023, 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, aided by 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 \$2.3 million or 5% in 2023. 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 "C. J." followed by a stylized surname.

Chris Jury, CPA, CA
Chief Financial Officer

2023 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 2023 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	\$379
CANADIAN RED CROSS	\$1,214
CATHEDRAL OF MARY IMMACULATE	\$194
CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS IN CANADA	\$570
CITY OF NELSON (CAPITOL THEATRE)	\$6,751
CITY OF NELSON (GLACIER GYMNASTICS)	\$5,146
CITY OF NELSON (NELSON & DISTRICT BOY SCOUTS & GIRL GUIDES)	\$304
CITY OF NELSON (NELSON & DISTRICT MUSEUM)	\$21,792
CITY OF NELSON (NELSON & DISTRICT ROD & GUN CLUB)	\$9,755
CITY OF NELSON (NELSON CHRISTIAN SCHOOL)	\$8,765
CITY OF NELSON (NELSON CIVIC THEATRE SOCIETY)	\$3,930
CITY OF NELSON (NELSON CURLING CLUB)	\$18,923
CITY OF NELSON (NELSON SOCCER ASSOCIATION)	\$8,893
EVANGELICAL COVENANT CHURCH OF CANADA	\$78
FIRST BAPTIST CHURCH OF NELSON BC	\$217
GRANITE POINTE GOLF & RECREATION SOCIETY	\$10,750
KALEIN HOSPICE CENTRE SOCIETY	\$1,414
KOOTENAY CHRISTIAN FELLOWSHIP	\$187
KOOTENAY COOPERATIVE RADIO	\$1,346
KOOTENAY KIDS SOCIETY	\$3,594
NELSON CARES SOCIETY	\$7,859
NELSON CONGREGATION OF JEHOVAH'S WITNESSES	\$395
NELSON KIWANIS PROJECTS SOCIETY	\$1,741
NELSON UNITED CHURCH	\$116
PENTECOSTAL ASSEMBLIES OF CANADA	\$411
SALVATION ARMY IN CANADA	\$4,856
ST. SAVIORS ANGLICAN PRO-CATHEDRAL	\$166
UNITED PENTECOSTAL CHURCH OF BC	\$302
WEST KOOTENAY WOMEN'S ASSOCIATION	\$1,600



**THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

THE CORPORATION OF THE CITY OF NELSON
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For the Year Ended December 31, 2023

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THE CORPORATION OF THE CITY OF NELSON

MANAGEMENT REPORT

For the Year Ended December 31, 2023

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, 2023, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Nelson as at December 31, 2023, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten font.

Trail, Canada
May 7, 2024

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 4,817,935	\$ 2,246,270
Investments (Note 3)	51,398,407	51,494,794
Accounts receivable (Note 4)	9,135,133	8,412,807
Long-term accounts receivable (Note 5)	1,496,147	1,876,449
MFA deposits (Note 6)	<u>279,606</u>	<u>271,178</u>
	<u>67,127,228</u>	<u>64,301,498</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	8,061,476	7,879,516
Deferred revenue (Note 8)	8,264,425	6,970,274
Accrued future payroll benefits (Note 9)	1,911,931	1,871,787
Long-term debt (Note 10)	5,913,435	6,807,277
Asset retirement obligations (Note 11)	<u>1,659,456</u>	<u>-</u>
	<u>25,810,723</u>	<u>23,528,854</u>
Net Financial Assets	41,316,505	40,772,644
Non-Financial Assets		
Tangible capital assets (Note 12)	194,441,068	180,391,422
Inventory (Note 13)	2,775,557	2,231,110
Prepaid expenses	<u>362,301</u>	<u>376,666</u>
	<u>197,578,926</u>	<u>182,999,198</u>
Accumulated Surplus (Note 14)	<u>\$238,895,431</u>	<u>\$223,771,842</u>
Commitments and Contingencies (Note 18)		

Chris Jury, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Note 21)	2023	2022
Revenue			
Taxes	\$ 12,209,231	\$ 12,297,471	\$ 11,562,329
Sale of services	4,315,924	3,880,497	4,052,566
Other revenue from own sources	4,649,474	6,059,080	4,563,345
Investment income	899,800	2,579,838	1,584,636
Government transfers - unconditional (Note 19)	816,652	900,843	917,121
Government transfers - conditional (Note 19)	6,815,644	9,023,483	6,142,388
Water user fees	2,640,392	2,639,754	2,571,670
Sewer user fees	4,959,160	4,948,450	4,751,578
Transit user fees	209,845	256,711	252,472
Nelson Hydro sales	22,020,000	21,422,203	20,728,017
Gain on disposal of assets	<u>-</u>	<u>253,375</u>	<u>-</u>
	<u>59,536,122</u>	<u>64,261,705</u>	<u>57,126,122</u>
Expenses			
General government services	5,473,011	4,974,665	4,747,149
Protective services	8,740,339	8,834,149	8,300,291
Transportation services	4,944,950	3,900,212	4,309,332
Environmental health services	583,974	566,476	460,379
Public health and welfare services	279,396	277,179	285,422
Parks, recreation and cultural services	2,684,159	2,665,590	2,409,914
Interest and other debt charges	637,737	464,128	448,330
Water utility operations	1,599,123	1,660,846	1,554,868
Sewer utility operations	2,140,132	1,948,084	1,910,291
Transit operations	1,882,543	2,024,537	1,904,878
Nelson Hydro operations	14,238,877	14,185,834	13,307,021
Library operations	1,017,003	965,584	904,694
Amortization	6,290,426	6,595,885	6,155,398
Accretion	<u>-</u>	<u>74,947</u>	<u>-</u>
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>123,515</u>
	<u>50,511,670</u>	<u>49,138,116</u>	<u>46,821,482</u>
Annual surplus	9,024,452	15,123,589	10,304,640
Accumulated surplus, beginning of the year	<u>223,771,842</u>	<u>223,771,842</u>	<u>213,467,202</u>
Accumulated surplus, end of the year	\$232,796,294	\$238,895,431	\$223,771,842

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2023

	<u>2023 Budget</u>	<u>2023</u>	<u>2022</u>
Annual surplus	\$ 9,024,452	\$ 15,123,589	\$ 10,304,640
Acquisition of tangible capital assets	(25,988,649)	(19,502,990)	(16,199,919)
Initial recognition of asset retirement obligations	-	(1,584,509)	-
Amortization of tangible capital assets	6,290,426	6,595,885	6,155,398
Proceeds on sale of tangible capital assets	-	695,342	350,631
Loss (gain) on disposal of tangible capital assets	-	(253,375)	123,515
	<u>(10,673,771)</u>	<u>1,073,942</u>	<u>734,265</u>
Acquisition of prepaid expenses	-	14,366	(70,536)
Consumption (acquisition) of supply inventory	-	(544,447)	(612,837)
	<u>-</u>	<u>(530,081)</u>	<u>(683,373)</u>
Increase (decrease) in net financial assets	(10,673,771)	543,861	50,892
Net financial assets, beginning of year	<u>40,772,644</u>	<u>40,772,644</u>	<u>40,721,752</u>
Net financial assets, end of the year	\$ 30,098,873	\$ 41,316,505	\$ 40,772,644

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 15,123,589	\$ 10,304,640
Items not involving cash:		
Amortization of tangible capital assets	6,595,885	6,155,398
Accretion	74,947	-
Actuarial adjustments	(390,493)	(377,410)
Loss (gain) on disposal of tangible capital assets	(253,375)	123,515
	<u>21,150,553</u>	<u>16,206,143</u>
(Increase) decrease in non-cash operating items:		
Accounts receivable	(722,326)	(258,217)
Long-term accounts receivable	380,302	279,210
MFA deposits	(8,428)	(1,588)
Accounts payable and accrued liabilities	181,960	2,575,213
Deferred revenue	1,294,151	(1,101,064)
Accrued future payroll benefits	40,144	36,929
Inventory	(544,447)	(612,837)
Prepaid expenses	<u>14,366</u>	<u>(70,536)</u>
	<u>21,786,275</u>	<u>17,053,253</u>
Financing Activities		
Long-term debt repayment	<u>(503,349)</u>	<u>(498,769)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	695,342	350,631
Acquisition of tangible capital assets	<u>(19,502,990)</u>	<u>(16,199,919)</u>
	<u>(18,807,648)</u>	<u>(15,849,288)</u>
Investing Activities		
Net sale (purchase) of investments	<u>96,387</u>	<u>(3,228,157)</u>
Net increase (decrease) in Cash	<u>2,571,665</u>	<u>(2,522,961)</u>
Cash, beginning of year	<u>2,246,270</u>	<u>4,769,231</u>
Cash, end of year	<u>\$ 4,817,935</u>	<u>\$ 2,246,270</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, Sewer Utility, Hydro Utility, Transit, and Reserve Funds for accounting and financial reporting purposes. The financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the financial statements.

(b) Revenue recognition

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

Taxation revenue

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

Sale of services, user fees and Nelson Hydro sales

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 tangible capital assets are recognized when the eligible expenditures are made. Revenue unearned in the current period is recorded as deferred revenue.

Government transfers

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

Interest income

Interest income on long-term receivables is recorded on the accrual basis and recognized when earned.

Investment income

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

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, 2023

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

Buildings	3 to 75 years
Library, furniture, equipment, and vehicles	3 to 30 years
Technology	3 to 50 years
Transportation infrastructure	10 to 100 years
Parks and cemetery	10 to 75 years
Water, sewer, and storm drain infrastructure	10 to 100 years
Nelson Hydro infrastructure	5 to 100 years

(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.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant accounting policies (continued)

(j) Statutory reserves

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

(k) Reserves set aside by Council

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

(l) Use of estimates

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

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2023-2027, adopted by Council on May 9, 2023.

(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.

(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, 2023.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Significant accounting policies (continued)

(p) Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. The obligation is adjusted to reflect period-to-period changes resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the future cash flows or the discount rate.

2. Change in accounting policy

On January 1, 2023, the City adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with the standard. As a result of the adoption, for those tangible capital assets in productive use, there was an initial related increase at January 1, 2023 in the carrying amount of the related tangible capital asset and asset retirement obligation liability of \$1,584,509 (Note 11).

On January 1, 2023, the City adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, and PS 1201 Financial Statement Presentation. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 1). The adoption of these standards did not have any impact on the amounts presented in these financial statements.

3. Investments

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

	2023	2022
Bank and provincial issued bonds	\$ 711,668	\$ 848,711
Pooled investment fund	50,204,024	49,683,581
Principal protected notes and other	482,715	962,502
	<u>\$ 51,398,407</u>	<u>\$ 51,494,794</u>

The quoted market value of the investments at December 31, 2023 was \$50,293,566 (2022 - \$49,713,138).

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

4. Accounts receivable

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

	2023	2022
Property taxes	\$ 534,460	\$ 421,308
Utility billings	4,382,981	4,598,724
Other governments	435,902	404,401
Trade & other receivables	<u>3,781,790</u>	<u>2,988,374</u>
	<u><u>\$ 9,135,133</u></u>	<u><u>\$ 8,412,807</u></u>

5. Long-term accounts receivable

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

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

The 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.

	2023	2022
Selkirk College	\$ 750,362	\$ 1,115,055
Ecosave energy retrofits on-bill financing loans	593,586	581,619
Various other agreements	<u>152,199</u>	<u>179,775</u>
	<u><u>\$ 1,496,147</u></u>	<u><u>\$ 1,876,449</u></u>

6. Municipal Finance Authority debt reserve fund

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

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, 2023, the total of the Debt Reserve Fund was comprised of:

	2023	2023	2022	2022
	<u>Cash deposit</u>	<u>Demand note</u>	<u>Cash deposit</u>	<u>Demand note</u>
General fund	\$ 154,637	\$ 230,493	\$ 149,976	\$ 230,493
Water utility	14,898	31,435	14,449	31,435
Sewer utility	7,449	15,718	7,224	15,718
Nelson Hydro	<u>102,622</u>	<u>174,898</u>	<u>99,529</u>	<u>174,898</u>
	<u><u>\$ 279,606</u></u>	<u><u>\$ 452,544</u></u>	<u><u>\$ 271,178</u></u>	<u><u>\$ 452,544</u></u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Accounts payable and accrued liabilities

	2023	2022
Trades payable	\$ 6,745,148	\$ 5,245,147
Accrued wages and benefits	1,023,998	1,185,968
Accrued interest	80,179	78,109
Funds held on deposit	<u>212,151</u>	<u>1,370,292</u>
	<u><u>\$ 8,061,476</u></u>	<u><u>\$ 7,879,516</u></u>

8. Deferred revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax grant *	\$ -	\$ 546,111	\$ (546,111)	\$ -
Tax prepayments	2,524,166	2,555,308	(2,524,166)	2,555,308
Utility and Hydro prepayments	1,850,997	2,187,978	(1,850,997)	2,187,978
Other grants	1,204,928	3,181,313	(2,055,190)	2,331,051
Other	<u>1,390,183</u>	<u>1,125,607</u>	<u>(1,325,702)</u>	<u>1,190,088</u>
	<u><u>\$ 6,970,274</u></u>	<u><u>\$ 9,596,317</u></u>	<u><u>\$ (8,302,166)</u></u>	<u><u>\$ 8,264,425</u></u>

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

9. Accrued future payroll benefits

	2023	2022
Holiday pay	\$ 874,202	\$ 795,008
Sick leave	862,009	898,038
Banked overtime	<u>175,720</u>	<u>178,741</u>
	<u><u>\$ 1,911,931</u></u>	<u><u>\$ 1,871,787</u></u>

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

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, 2023

10. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2023 Balance	2022 Balance
<u>General purposes:</u>						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 164,125	\$ 177,269
3108	Baker Street bridge	3.85%	2033	900,000	537,132	580,150
2863	Tenth Street campus	6.45%	2025	<u>6,080,000</u>	<u>779,357</u>	<u>1,144,050</u>
				<u>7,255,000</u>	<u>1,480,614</u>	<u>1,901,469</u>
<u>Water purposes:</u>						
3110	Water improvements	4.90%	2029	<u>1,000,000</u>	<u>385,726</u>	<u>441,642</u>
<u>Sewer purposes:</u>						
3109	Sewer improvements	4.90%	2029	<u>500,000</u>	<u>192,863</u>	<u>220,821</u>
<u>Hydro purposes:</u>						
3106	Hydro improvements	4.90%	2029	1,500,000	578,588	662,462
3223	Hydro improvements	2.90%	2032	<u>6,000,000</u>	<u>3,275,644</u>	<u>3,580,883</u>
				<u>7,500,000</u>	<u>3,854,232</u>	<u>4,243,345</u>
Total long-term debt				\$ <u>5,913,435</u>	\$ <u>6,807,277</u>	

Principal payments and expected actuarial additions are as follows:

	General	Water	Sewer	Hydro	Total
2024	\$ 439,512	\$ 58,153	\$ 29,076	\$ 397,414	\$ 924,155
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
2028	68,329	68,030	34,015	464,919	635,293
Thereafter	<u>384,900</u>	<u>70,752</u>	<u>35,377</u>	<u>1,701,708</u>	<u>2,192,737</u>
	<u>\$ 1,480,614</u>	<u>\$ 385,726</u>	<u>\$ 192,863</u>	<u>\$ 3,854,232</u>	<u>\$ 5,913,435</u>

11. Asset retirement obligations

Existing laws and regulations require the City to take specific actions regarding the removal and disposal of certain capital assets at the end of their useful life. Following the adoption of the Public Accounting Standard PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal of these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings, sewer, and storm sewer infrastructure capital assets. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

The City has adopted the standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption or the standard. Estimated costs totaling \$3,839,286 have been discounted using a present value calculation with a discount rate of 4.73%. The discount rate used was based on borrowing rate for liabilities with similar risks and maturity. The timing of these expenditures is estimated to occur between 2026 and 2071 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

THE CORPORATION OF THE CITY OF NELSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

11. Asset retirement obligations (continued)

The following is a summary of asset retirement obligation transactions for the year:

	<u>2023</u>	<u>2022</u>
Opening asset retirement obligation	\$ -	\$ -
Initial recognition of expected discounted cash flows	1,584,509	-
Increase due to accretion	74,947	-
Closing asset retirement obligation	<u>\$ 1,659,456</u>	<u>\$ -</u>

12. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2023 Net book value</u>	<u>2022 Net book value</u>
Land	\$ 8,801,152	\$ -	\$ 8,801,152	\$ 8,831,717
Buildings	40,104,030	31,269,758	8,834,272	8,115,862
Vehicles	12,879,713	6,355,309	6,524,404	5,033,706
IT, equipment & furniture	5,648,261	2,786,660	2,861,601	2,660,450
Library	363,500	278,316	85,184	83,089
Transportation infrastructure	39,905,643	15,666,795	24,238,848	21,943,829
Parks & cemetery	9,996,998	4,384,776	5,612,222	5,547,911
Water infrastructure	58,983,541	17,750,577	41,232,964	41,404,813
Sewer infrastructure	35,037,473	15,878,819	19,158,654	19,084,803
Storm sewer infrastructure	20,887,219	8,584,209	12,303,010	12,553,374
Hydro generators & substations	22,935,229	9,775,937	13,159,292	13,190,230
Hydro infrastructure	46,139,655	11,372,933	34,766,722	33,610,623
Assets under construction	<u>16,862,743</u>	<u>-</u>	<u>16,862,743</u>	<u>8,331,015</u>
	<u>\$318,545,157</u>	<u>\$124,104,089</u>	<u>\$194,441,068</u>	<u>\$180,391,422</u>

See schedule of tangible capital assets for more information.

13. Inventory

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

	<u>2023</u>	<u>2022</u>
General, water, sewer, transit, garage and library supplies	\$ 806,262	\$ 656,334
Fuel	56,923	82,717
Hydro operating supplies	<u>1,912,372</u>	<u>1,492,059</u>
	<u>\$ 2,775,557</u>	<u>\$ 2,231,110</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

14. Accumulated surplus

	2023	2022
Reserves		
Set aside by Council		
Affordable housing	\$ 125,113	\$ -
Capital projects	1,784,395	1,718,387
Community works fund	1,757,613	2,393,996
Equipment replacement	3,051,050	4,139,116
Financial stabilization	1,000,000	-
Future power purchase	1,253,042	1,213,330
Growing communities	4,275,530	-
Legacy	991,425	1,408,889
Nelson Public Library	23,737	21,899
Nelson Hydro capital	4,938,517	7,621,674
Sewer utility capital	16,677,463	13,822,854
Waterfront development	34,015	33,415
Water licence	616,922	1,424,069
Water utility capital	<u>5,812,931</u>	<u>5,886,872</u>
	42,341,753	39,684,501
Statutory reserves		
Active transportation	66,973	11,081
Land sales	742,621	1,236,975
Parks acquisition	51,501	50,602
Tax sale	<u>25,983</u>	<u>25,483</u>
	<u>887,078</u>	<u>1,324,141</u>
Total reserves	<u>43,228,831</u>	<u>41,008,642</u>
Surplus		
Surplus set aside by Council		
Airport	130,595	101,038
Art in public places	48,099	18,228
Bridge	459,789	419,789
Building reserve	1,878,563	1,346,279
Economic development	345,710	345,710
Downtown & waterfront	360,793	260,321
Insurance	424,762	412,217
Legal	20,000	20,000
Parking	7,578	7,578
Recycling reserve	-	340
911	106,589	99,089
10th street	<u>255,493</u>	<u>235,493</u>
	4,037,971	3,266,082
Unappropriated surplus	<u>4,010,087</u>	<u>4,797,920</u>
Total surplus	<u>8,048,058</u>	<u>8,064,002</u>
Invested in tangible capital assets	<u>187,618,542</u>	<u>174,699,198</u>
Total accumulated surplus	<u>\$238,895,431</u>	<u>\$223,771,842</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

15. 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:

	2023	2022
Balances, beginning of year	\$ 1,030,805	\$ 1,028,619
Contributions received	15,180	16,005
Interest earned	35,623	22,181
Expenses and transfers	(24,000)	(36,000)
Balances, end of year	<u>\$ 1,057,608</u>	<u>\$ 1,030,805</u>

16. Taxes levied for other paid authorities

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

	2023	2022
Provincial Government - school taxes	\$ 9,860,928	\$ 9,702,320
Regional District of Central Kootenay	5,491,525	5,150,312
West Kootenay - Boundary Regional Hospital District	676,204	718,181
British Columbia Assessment Authority	191,140	186,678
Municipal Finance Authority	841	787
	<u>\$ 16,220,638</u>	<u>\$ 15,758,278</u>

17. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2023

17. Pension plan (continued)

The City of Nelson paid \$1,746,418 (2022 - \$1,631,203) for employer contributions to the plan in fiscal 2023.

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.

18. 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.

19. Government transfers

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

	2023	2023	2022	2022
	Unconditional	Conditional	Unconditional	Conditional
Federal government	\$ 156,208	\$ 774,739	\$ 159,726	\$ 391,742
Provincial government	455,828	7,411,122	522,845	2,834,067
Regional/other	<u>288,807</u>	<u>837,622</u>	<u>234,550</u>	<u>2,916,579</u>
	<u>\$ 900,843</u>	<u>\$ 9,023,483</u>	<u>\$ 917,121</u>	<u>\$ 6,142,388</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

20. Segmented information

The City is a diversified municipal government institution that provides a wide range of services. City services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information and the services they provide, are as follows:

General government services

The departments and divisions within general government services are responsible for bylaws, administrative policy, taxes and utilities billing, developing and maintaining information technology systems, ensuring effective financial management and communication, administering City grants, developing an effective labour force, administering collective agreements and payroll, emergency planning, economic development, monitoring and reporting performance, preparing land use plans, bylaws and policies for sustainable development of the City, and ensuring that high quality City service standards are met.

Protective services

Protective services comprises police and fire services. The mandate of police services is to keep our community safe by enforcing the law, and by preventing and reducing crime. Bylaw services is responsible for parking and other bylaw enforcement, and domestic animal control. The mandate of the fire and rescue services is to protect life, property and the environment through emergency response, inspections, code enforcement and public education, ensuring safety for the public.

Transportation services

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

Environmental health services

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

Public health and welfare services

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

Parks, culture and recreation services

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

Water and sewer utility operations

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

Transit operations

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

Nelson Hydro operations

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

Library operations

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

20. Segmented information (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health	Public health & welfare
Revenues					
Taxes	\$12,234,291	\$ -	\$ 63,180	\$ -	\$ -
Sales of service	151,462	1,723,844	499,203	728,514	67,940
Other revenue from own sources	1,910,155	323,974	112,879	2,213	18,000
Investment income	1,469,391	-	-	-	-
Grant transfers - unconditional	410,900	107,100	-	-	-
Grant transfers - conditional	1,129,374	360,008	4,151,678	-	2,400
Water and sewer user fees	-	-	-	-	-
Transit user fees	-	-	-	-	-
Nelson Hydro sales	-	-	-	-	-
Gain on disposal of assets	-	-	387,697	-	-
	<u>17,305,573</u>	<u>2,514,926</u>	<u>5,214,637</u>	<u>730,727</u>	<u>88,340</u>
Expenditures					
Wages and benefits	3,188,804	7,404,230	1,678,785	358,281	225,039
Supplies and services	1,785,861	1,429,919	2,221,427	208,195	52,140
Interest and other debt charges	145,920	-	47,308	-	-
Amortization	1,114,890	105,974	2,086,188	151,634	-
Accretion	46,041	-	-	-	-
Loss on disposal of assets	-	-	-	-	-
	<u>6,281,516</u>	<u>8,940,123</u>	<u>6,033,708</u>	<u>718,110</u>	<u>277,179</u>
Annual Surplus (Deficit)	<u>\$11,024,057</u>	<u>\$(6,425,197)</u>	<u>\$ (819,071)</u>	<u>\$ 12,617</u>	<u>\$ (188,839)</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Parks, recreation & cultural	Water & sewer utilities	Transit	Nelson Hydro	Library	2023 Total	2022 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,297,471	\$ 11,562,329
698,488	-	-	-	11,046	3,880,497	4,052,566
144,561	392,627	3,412	3,111,151	40,108	6,059,080	4,563,345
-	632,277	-	448,466	29,704	2,579,838	1,584,636
-	-	-	-	382,843	900,843	917,121
1,716,390	128,249	1,448,374	50,800	36,210	9,023,483	6,142,388
-	7,588,204	-	-	-	7,588,204	7,323,248
-	-	256,711	-	-	256,711	252,472
-	-	-	21,422,203	-	21,422,203	20,728,017
-	(33,606)	-	(100,716)	-	253,375	-
<u>2,559,439</u>	<u>8,707,751</u>	<u>1,708,497</u>	<u>24,931,904</u>	<u>499,911</u>	<u>64,261,705</u>	<u>57,126,122</u>
1,404,149	2,271,094	999,837	3,608,014	741,322	21,879,555	20,305,227
1,261,441	1,337,836	1,024,700	10,577,820	224,262	20,123,601	19,789,012
-	33,750	-	237,150	-	464,128	448,330
264,876	1,440,204	-	1,432,119	-	6,595,885	6,155,398
-	28,794	-	112	-	74,947	-
-	-	-	-	-	-	123,515
<u>2,930,466</u>	<u>5,111,678</u>	<u>2,024,537</u>	<u>15,855,215</u>	<u>965,584</u>	<u>49,138,116</u>	<u>46,821,482</u>
<u>\$ (371,027)</u>	<u>\$ 3,596,073</u>	<u>\$ (316,040)</u>	<u>\$ 9,076,689</u>	<u>\$ (465,673)</u>	<u>\$ 15,123,589</u>	<u>\$ 10,304,640</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

21. Budget data

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

	2023
Budget surplus per statement of operations	\$ 9,024,452
Less: Capital expenditures	25,988,649
Long-term debt principal repayments	501,767
Budgeted transfers to reserves	6,199,749
Add: Budgeted transfers from surplus and reserves	16,583,787
Amortization	6,290,426
Debt proceeds	<u>791,500</u>
Net annual budget	\$ <u>-</u>

22. Financial instruments and risk management

Financial instruments include cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long-term debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, interest risk, currency risk and liquidity risk. Management is responsible for safe guarding resources, managing risks, and implementing appropriate policies and framework.

Credit risk

Credit risk refers to the risk of financial loss to the City if a debtor fails to discharge their obligation. The City is exposed to this arising from its cash, investments and receivables. The City mitigates credit risk in its investments by adhering to the City's Financial Management Investment policy and regulations set out by the Community Charter. Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. In the current and prior years, all of the impairment allowance relate to trade and other receivables. As at December 31, 2023, there were no significant collection issues related to outstanding receivable accounts. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Interest risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The City is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risk.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

22. Financial instruments and risk management (continued)

Currency risk

Currency risk arises from exposure to transactions throughout the year that are denominated in a foreign currency. The City's investment portfolio has minimal exposure to foreign exchange risk as the securities held are mainly denominated in Canadian currency. Furthermore, the City issues debentures in Canadian currency, which has no exposure to currency risk as debt repayments and interest payments are denominated in Canadian currency. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City is exposed to this arising from its accounts payable and accrued liabilities, accrued future payroll benefits and long-term debt. The City mitigates that risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cashflows arise. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

23. Comparative figures

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

THE CORPORATION OF THE CITY OF NELSON
SCHEDEULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023

	Opening balance	Additions & reallocation of assets under construction	Disposals	Closing balance	Accumulated amortization opening balance	Amortization expense	Reduction on disposals	Accumulated amortization closing balance	Net carrying amount end of year
Tangible capital assets									
Land	\$ 8,831,717	\$ -	\$ (30,565)	\$ 8,801,152	\$ -	\$ -	\$ -	\$ -	\$ 8,801,152
Buildings	38,698,001	1,605,463	(199,434)	40,104,030	30,582,139	875,555	(187,936)	31,269,758	8,834,272
Vehicles	11,214,598	2,352,989	(687,874)	12,879,713	6,180,892	685,410	(510,993)	6,355,309	6,524,404
IT, equipment & furniture	5,065,412	592,849	(10,000)	5,648,261	2,404,962	391,698	(10,000)	2,786,660	2,861,601
Library	335,453	28,319	(272)	363,500	252,364	26,224	(272)	278,316	85,184
Transportation infrastructure	36,504,983	3,586,625	(185,965)	39,905,643	14,561,154	1,202,905	(97,264)	15,666,795	24,238,848
Parks and cemetery	9,667,811	329,187	-	9,996,998	4,119,900	264,876	-	4,384,776	5,612,222
Water infrastructure	58,385,268	663,573	(65,300)	58,983,541	16,980,455	801,816	(31,694)	17,750,577	41,232,964
Sewer infrastructure	34,325,234	712,239	-	35,037,473	15,240,431	638,388	-	15,878,819	19,158,654
Storm sewer infrastructure	20,860,690	26,529	-	20,887,219	8,307,316	276,893	-	8,584,209	12,303,010
Hydro generators & substations	22,465,856	469,373	-	22,935,229	9,275,626	500,311	-	9,775,937	13,159,292
Hydro infrastructure	44,132,194	2,188,624	(181,163)	46,139,655	10,521,571	931,809	(80,447)	11,372,933	34,766,722
Assets under construction	8,331,015	8,531,728	-	16,862,743	-	-	-	-	16,862,743
2023 Totals	\$ 298,818,232	\$ 21,087,498	\$ (1,360,573)	\$ 318,545,157	\$ 118,426,810	\$ 6,595,885	\$ (918,606)	\$ 124,104,089	\$ 194,441,068
2022 Totals	\$ 283,836,781	\$ 16,443,617	\$ (1,462,166)	\$ 298,818,232	\$ 113,015,734	\$ 6,155,398	\$ (744,322)	\$ 118,426,810	\$ 180,391,422

Included in the current year additions of buildings, sewer infrastructure, and storm sewer infrastructure is \$993,625, \$564,355, and \$26,528 related to the initial recognition of asset retirement obligations, respectively.

THE CORPORATION OF THE CITY OF NELSON
SCHEDULE B - GROWING COMMUNITIES FUND RECONILIATION
December 31, 2023

Province of BC Growing Communities Fund reconciliation

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

	<u>2023</u>	<u>2022</u>
Growing Communities Fund opening balance	\$ -	\$ -
Initial funds	4,151,000	-
Interest earned during the year	124,530	-
Less: Eligible use of funds	<u>-</u>	<u>-</u>
Remaining grant	<u>\$ 4,275,530</u>	<u>\$ -</u>

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2023

Province of BC COVID-19 Restart Grant reconciliation

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

	<u>2023</u>	<u>2022</u>
COVID-19 Restart Grant opening balance	\$ 666,405	\$ 849,641
Less grant recognition:		
Revenue shortfalls	-	-
Facility reopening & operating costs	200,000	50,000
Emergency planning and response	-	50,000
Computer & other electronic technology costs	<u>107,105</u>	<u>83,236</u>
Remaining grant	<u>\$ 359,300</u>	<u>\$ 666,405</u>

Historical Revenues and Expenses

<u>Revenues (in thousands)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Taxes	12,297	11,562	11,017	10,733	10,614
Sale of services	3,880	4,053	4,032	4,095	4,082
Other income	6,059	4,563	3,734	4,054	6,040
Investment income	2,580	1,585	879	1,505	1,312
Grants - unconditional	901	917	821	838	799
Grants - conditional	9,023	6,142	6,040	9,266	3,489
Water user fees	2,640	2,572	2,470	2,325	2,339
Sewer user fees	4,949	4,752	4,630	4,476	4,436
Transit user fees	257	252	228	193	305
Nelson Hydro sales	21,422	20,728	19,390	18,633	18,681
Gain on disposal of assets	253	-	142	-	512

<u>Expenses (in thousands)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General government	4,975	4,747	4,010	3,991	3,763
Protective services	8,834	8,300	7,536	7,426	7,254
Transportation	3,900	4,309	3,480	3,532	3,885
Environmental health services	566	460	362	460	240
Public health and welfare	277	285	222	187	207
Parks, recreation, and cultural	2,666	2,410	2,252	1,841	2,366
Interest and debt charges	464	448	458	577	767
Water utility operations	1,661	1,555	1,400	1,919	1,501
Sewer utility operations	1,948	1,910	1,981	1,973	1,850
Transit operations	2,025	1,905	1,735	1,694	1,766
Nelson Hydro operations	14,186	13,307	13,609	12,454	11,910
Library	966	905	912	892	933
Amortization	6,596	6,155	6,215	6,157	6,081
Accretion	75	-	-	-	-
Loss on disposal of assets	-	124	-	370	-

Assessments and property tax by Class

	<u>Residential</u>	<u>Utilities</u>	<u>Major Industry</u>	<u>Light Industry</u>	<u>Business Other</u>	<u>Recreational Non-Profit</u>
Assessment for General Purposes	2,757,561,400	125,663,865	1,424,000	3,104,300	374,959,100	3,400,000
Percentage of Taxable Values	84.43%	3.85%	0.04%	0.10%	11.48%	0.10%
General Tax Levy by Class	7,745,352	142,291	9,130	19,904	2,596,304	3,669
Percentage of General Taxation	73.64%	1.36%	0.09%	0.19%	24.69%	0.03%

2023 Rates (per \$1,000)

	<u>Residential</u>	<u>Utilities</u>	<u>Major Industry</u>	<u>Light Industry</u>	<u>Business Other</u>	<u>Recreational Non-Profit</u>
General	2.8113	30.6994	6.4117	6.4117	6.9284	1.0790
Debt	0.0568	0.6208	0.1296	0.1296	0.1405	0.0218
School	1.5671	12.5700	1.3300	3.3300	3.3300	1.9900
Regional Hospital	0.1618	0.5663	0.5501	0.5501	0.3967	0.1618
Regional District	1.1936	4.1776	4.0582	4.0582	2.9241	1.1936
B.C. Assessment	0.0336	0.4550	0.4550	0.0964	0.0964	0.0336
Municipal Finance Authority	0.0002	0.0007	0.0007	0.0007	0.0005	0.0002
Total	5.8244	49.0898	12.9353	14.5767	13.8166	4.4800

City of
NELSON

101-310 Ward Street

Nelson, BC V1L 5S4

reception@nelson.ca

250-352-5511

www.nelson.ca