

2021 Annual Report

City of
NELSON

MESSAGE FROM THE MAYOR



It is safe to say that many of us did not expect the pandemic to carry on into 2021. It was a reality that we could not avoid, and unfortunately, the adverse effects of the pandemic were felt throughout our city and beyond. I am incredibly proud of Council, our employees, residents and businesses for working so hard to tackle this ongoing challenge and respond in a way that showcased, not only the resiliency of our community but, the camaraderie and friendship that makes Nelsonites some of the best people in the world. They say there is strength in numbers, and I can guarantee we were stronger together as we responded to the pitfalls of the pandemic. I am pleased to see that businesses are rebounding, kids are kids again, folks are out socializing and travelling, and that perhaps, just maybe, we are entering a time where we do not have to think about a virus 24/7.

On top of managing a pandemic, our community was hit hard by a severe heat dome in late June 2021. Our Director of Emergency Management opened the Emergency Operations Centre (EOC) and worked closely with City staff, emergency services, volunteers and multiple service groups to find solutions to protect the vulnerable from the record-breaking heat. Cooling centres were deployed in two downtown central locations for those in need. But, it wasn't just our team that saved the day. I was continually impressed as I watched every one of you step up and check in with your friends and neighbours to make sure they were okay. From loaning out fans and air conditioners, to delivering water and ice, we should all be proud of what we did as a community. Building an EOC and developing a robust City of Nelson Emergency Management Program were important initiatives that Mayor and Council approved at the beginning of our term, which aided greatly as we faced adversity in our community over the past two years.

Although we did face unprecedented times, it was still business as usual for the City of Nelson. Every day, our employees came to work to ensure that our municipal operations were still being delivered and that we moved forward with Council's priorities, even when they were impacted themselves. On behalf of Council, I want to take this opportunity to thank our City employees and our community for going above and beyond in 2021. You have our sincere debt of gratitude. I am sure you will be as impressed as I am at what we have achieved. The highlights are outlined in this year's annual report.

As we look forward to the remainder of 2022, I am confident we will continue to build on our solid planning and deliver the best value for service of any municipality in Canada.

On behalf of the City and Council, I am pleased to present the 2021 Annual Report.

#nelsontogether

Mayor John Dooley

MAYOR & COUNCIL

The City of Nelson is governed by an elected Council comprised of one Mayor and six Councillors. Councillors are elected for four-year terms and each member of the Council represents the City at large. The Local Government Act and the Community Charter give Council the authority to set budgets, levy taxes and establish policies to guide the growth, development and operation of the City for the benefit and protection of its citizens. The powers of the Mayor and Council are exercised through the adoption of resolutions or the enacting of bylaws at Council meetings. Members of the public are welcome to attend open council meetings. Visit the City website at www.nelson.ca for information regarding dates and times of meetings. The next general election is on Saturday, October 15, 2022 in Nelson.



Left to Right

- Councillor Keith Page (2018)
- Councillor Jesse Woodward (2018)
- Councillor Janice Morrison (1999)
- Mayor John Dooley (1999)
- Councillor Cal Renwick (2018)
- Councillor Nicole Charlwood (2021)
- Councillor Rik Logtenberg (2018)





Kevin Cormack

Message from the City Manager

Recovery and adaptation. If I were to characterize 2021 for the City of Nelson, these two words would be front and center. As the pandemic continued, it was apparent we needed to pivot from focussing on recovery and start thinking about how we could adapt to the reality of living in a pandemic and continue to adapt to the reality of climate change.

Our Mayor and Council had a strong vision for our community at the beginning of their term in 2018. They worked collaboratively to set out priorities to help shape how we would move forward as an organization and continue to be a prosperous and resilient community. I am proud to say our employees, contractors and partner organizations have done an incredible job at accomplishing the goals set out in our 2019 - 2022 Strategic Plan.

In 2021, as a municipality, we achieved a great deal. To start, Council approved the implementation of a Climate & Energy team at the City, including a Climate & Energy Manager, Climate & Energy Advisor and an Energy Programs Coordinator. In addition, grant funding helped secure two additional roles – an Organic Waste Diversion Coordinator and a Climate Resiliency Coordinator. Together, this Team is implementing the aspirational goals of the City's Climate Action Plan, Nelson Next. The Team collaborates with all City departments to ensure that climate mitigation and adaptation are integrated into municipal operations and decision-making. They also administer key climate programs, including the Regional Energy Efficiency Program, E-Bike Financing Program, and an Organics Diversion Program.

We continued to support our business community in 2021 by waiving patio and sidewalk rental fees and providing over \$95,000 in Covid-19 relief grants to community groups and organizations. We also worked to develop more affordable housing units and in partnership with BC Housing, a total of 130 new mixed affordable housing units were added to the current inventory.

Our employees worked hard to secure over 20 new grants, totalling almost \$6.9 million. These grant funds have assisted in enhancing our emergency operations; provided key funding for youth programming; was a catalyst to start the Pier project; assisted with the bike route project & new 'Welcome to Nelson' signs, and helped upgrade our local airport to name a few. We did all this while dealing with severe windstorms, a heat dome, forest fires and a record overnight snowfall in January. It takes incredibly skilled and dedicated employees and a committed Mayor and Council to manage through all that while simultaneously moving the community forward.

WHO ARE WE?

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

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

CAO Office

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

Communications

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

Climate & Energy

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

CORPORATE SERVICES

Legislative Services

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

Human Resources

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

Information & Technology

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

COMMUNITY PLANNING & INFRASTRUCTURE

Public Works & Utilities

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

Development Services

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

Nelson Hydro

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

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

FINANCE

Financial Operations

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

Purchasing

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



COMMUNITY SERVICES

Arts & Culture

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

Nelson Police Department

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

Nelson Fire & Rescue Services

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

Emergency Management Program

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

Nelson & District Youth Centre

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

Nelson Public Library

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



Population

11,106

2021 Canada Census

Building Permits
Issued

231

↑
10%

Construction
Value

\$34M

↑
17%

New Single Family
Residential Units

45

↓
22%

Growth Rate

1% (annual)

BC Growth Rate 1.32%

New Secondary
Suites

31

↑
19%

New Bike
Route Added

2km

New Multi-Family
Residential Units

19

↑
42%



Nelson Fire Rescue

Service Area
Population

13,500

Nelson & Area E Fire Response Area

Number of Response
Calls

1,208

First Responder
Calls

385

Calls to Structure
Fires

37

Motor Vehicle
Accidents

63

Rescue Calls

20

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

Wildfire Mitigation
Hectares

10

Nelson & Local Area

Auxilliary Firefighters
Hired

10

In-Person
Property Tax
Payments

1,416

↓
3%

Online
Property Tax
Payments

2,128

↑
4%

% of Customers
on Pre-Authorized
Payment Plan

23%

Inter-Community
Business Licenses
Issued

145

Total Grant
Revenue

\$6.9M

Nelson Hydro
Return to the City

\$2.9M

Capital
Expenditures

\$9.8M

Total User fees
and Other
Revenues

\$35M

City of
NELSON
Finance



Corporate Services

Privacy Impact Assessments

5

Freedom of Information Requests

12

Statutory Right of Ways

38

Legal Agreements

40

Social Media Posts

428

Facebook Page Reach

210,629

Main City Facebook Page

Website Chat Bot Questions Asked

4,732

Print Newspaper Ads for City

110



NDYC Youth Centre

Summer Camp Registrants

125

Out-of-School Program Registration

53

Grant Funding Received

\$129,576

Youth Programs Delivered

236

Farmers Market Applications

112

Farmers Market Coupons Redeemed

\$30,933

Campground Revenue

\$61,974

Campground Bookings

2,133



Nelson Police Department

9-1-1 Calls

3,604

Total Calls For Service

5,623

*Clearance Rate

44.8%

**Cases per Officer

52

*2020 Clearance 44.8% Clearance rates – The portion of criminal incidents solved by the police either by charge or otherwise (StatsCan). In comparison, BC is 25.4%.

**Case load per officer highest in BC at 52 cases per officer (Government of British Columbia, 2020, p. 10).

Total Water Use

**1,845,379
m³**

Total Wastewater Treated (Sewage)

**1,541,118
m³**

**Employee Hours:
Snow Operations**

3,931

Residential Water Main Replacement

600m

Public Works General Request Calls

1,550

Park Pathways Paved

1,320m

Roadways Paved

**30
City Blocks**

New Trees Planted

21



Nelson Hydro

Generation From Water

**85,547,189
kWh**

Generation From Sun (Solar Garden)

**68,433
kWh**

Hours Lost from Injury at Work

0

Average Service Availability

98.82%

BC One-Call Requests

1,141

Tree Trimming Budget Used

\$731,260

Calls Received on 24hr Outage Line

34,716

Customers Signed Up for Hydro E-Billing

2,283

Regional Energy Efficiency Program (REEP) Registrations

299

E-Bike Financing Program Participants

76

Organic Waste Diverted via Pilot Programs

6,800kg

***Grant Funding Secured**

\$100K

*\$25K Environment & Climate Change Canada to support full-time Organics Diversion Coordinator.
*\$75K FortisBC for Low Carbon Homes Pilot, which includes securing funding to host a full-time Climate Resiliency Coordinator.

Guided by the 2019 - 2022 City of Nelson Strategic Plan

VISION →

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

Our Vision is supported by four pillars for change.

**ENHANCE
SUSTAINABILITY OF
CITY SERVICES &
INFRASTRUCTURE**



**STRENGTHEN
NEIGHBOURHOODS**



**EXPAND LOCAL
JOBS & LOCAL
PROSPERITY**



**ACHIEVE
EXCELLENCE IN
CITY GOVERNANCE**



Evaluation of 2021 Goals *Highlights*



ENHANCE SUSTAINABILITY OF CITY SERVICES & INFRASTRUCTURE

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



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

- Converted 350m of overhead powerlines to underground, in conjunction with the Balfour Ferry Landing Project
- Completed the development of the Nelson Hydro Electrical System Model to enable virtual simulations of system enhancements and protection coordination to improve electrical service reliability.
- Installed EV chargers at Selkirk College, Silverking and 10th St campuses, to increase low carbon mobility options.
- Invested \$750,000 in Vegetation Management activities to benefit electrical service reliability.
- Repairs were completed to stop a leak in the turbine #5 penstock airshaft.
- Tested 595 hydro poles and replaced 94 in the Harrop Proctor area.
- Developed an Outage Response Plan to reduce system restoration times following major storms.
- In 2021 Nelson Fibre completed the link to the North Shore. Nelson Fibre also connected the Granite and Rosemont substations, providing Nelson Hydro with the opportunity for instantaneous SCADA access & control.
- Replaced 600ms of residential watermain.



Develop a safe and adequate water supply.

- Water Loss Mitigation Project Phase 2 - Cross-connection control program ensures that no water in a building flows back into the distribution system. This is important to prevent contamination from backflows and ensure our permit to operate a water supply system. Included identification of irrigation overuse, malfunctioning OTC's and toilets.
- Wastewater Strength Characterization and Reduction Project - Studied rain event data, investigated and mitigated sources of high-strength wastewater and compiled data for reporting of solutions.
- Pursuing a secondary source of potable water.
- Connected Selous & Anderson Creeks to the Mountain Stn reservoir & treatment facility.



Emergency Management

- The City's Emergency Management program received a total of \$50,000 in Provincial & UBCM grant funding for evacuation route planning & training and Emergency Operation Centre (EOC) enhancements.
- The City launched its new emergency notification system, Voyent Alert! To date, 4400 residents have registered.
- Information on City emergency preparedness and Voyent Alert! was mailed to all residents and businesses in Nelson.
- Emergency Management provided cooling centres for vulnerable populations during the June heat dome.
- Activated EOC for severe windstorm event in January 2021.
- Developed flood response plan.



Create an energy-efficient community

- The City of Nelson assembled a new Climate & Energy team.
- Established strategic direction for implementing Nelson Next Climate Plan grounded in the City of Nelson's community emissions profile, adaptation priorities, and community engagement.
- Secured funding from FortisBC to support a Climate Resiliency Planner to continue the Low Carbon Homes Pilot within the Climate & Energy team.
- Developed a case study for the Federation of Canadian Municipalities on how to develop and deliver a home energy retrofits program.
- Secured funding from Environment and Climate Change Canada to support a full-time Organics Diversion Coordinator position.
- Worked alongside Interior Health, Selkirk College, Nelson at its Best, and two expert facilitator consultants to host the Nest Lab. This resulted in the development of four participant-led climate projects that advance the Nelson Next Climate Plan. Learn more at: nestlabnelson.ca for Collaborative Climate Solutions.

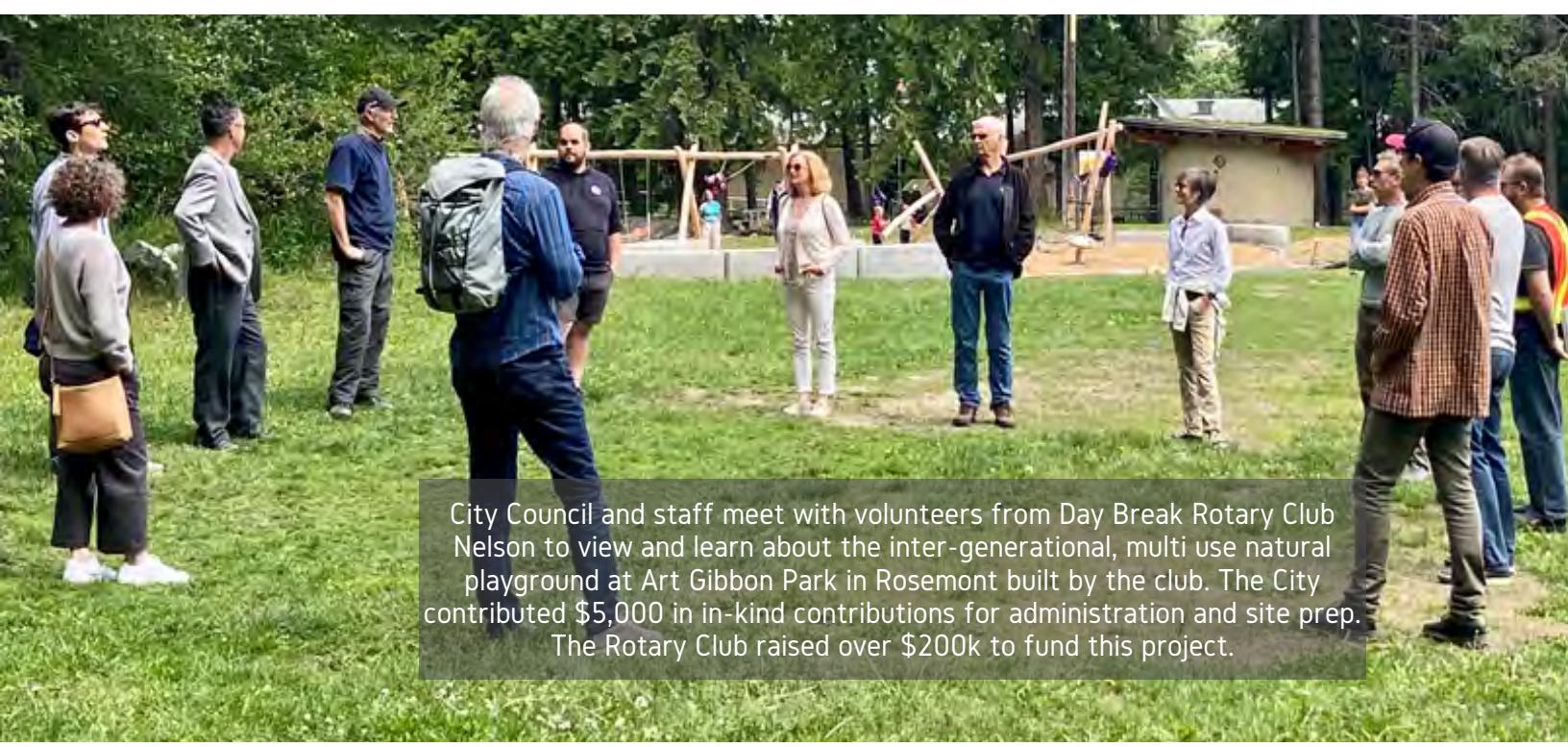
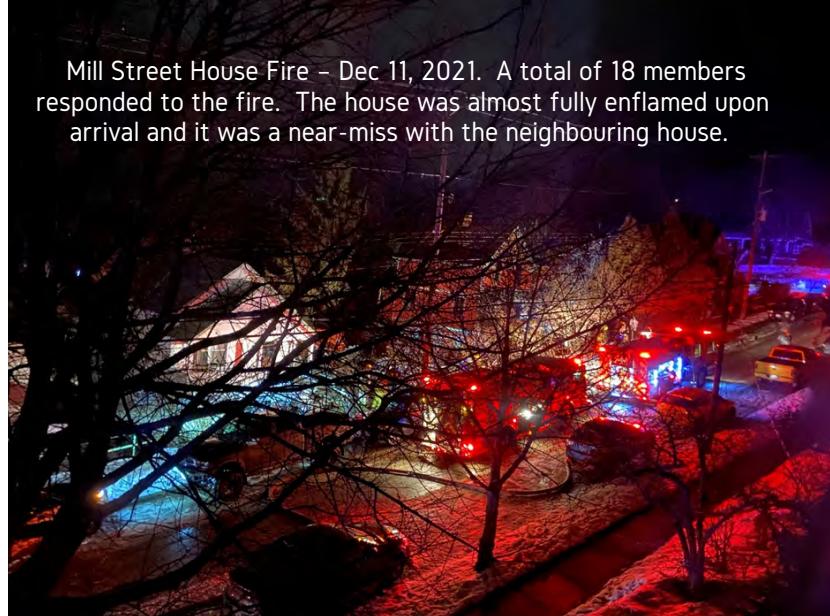


Ensure sustainable, equitable and effective funding strategies to enable the City to provide high quality services and an appropriate level of infrastructure.

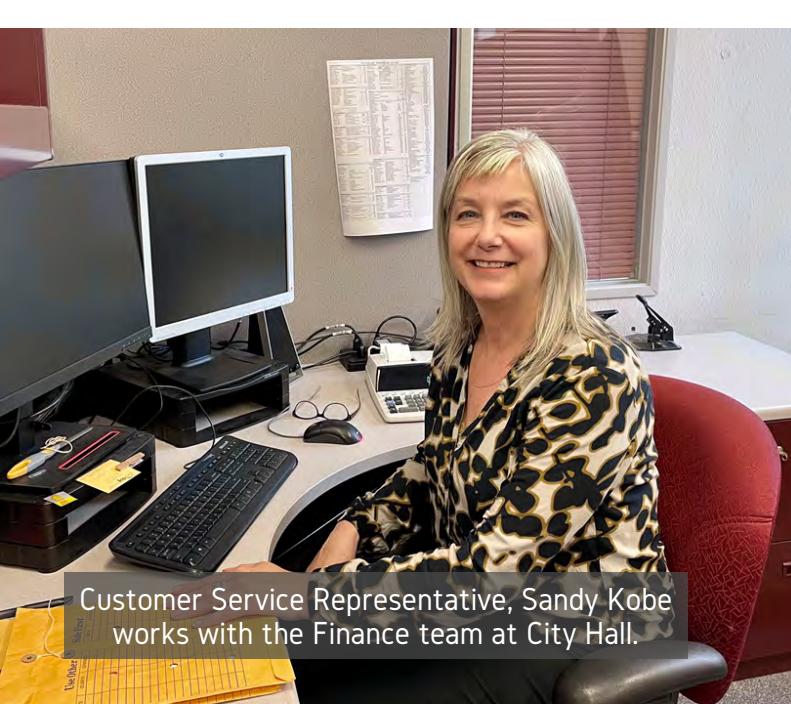
- Secured a CBT Grant for \$75,000 to further develop the Art Gibbon Multi-Generational park in the Rosemont.
- Additional grant funding was received for continued work at Queen Elizabeth ballpark in Fairview to cover the cost of new bleachers for seating.
- Received a \$350,000 Provincial grant for improvements to Cottonwood Park including public washrooms, electrical, lighting, viewing area, mural and enhanced community entrance.
- Received \$159,000 in Provincial Covid-19 relief funding for improvements to the Norman Stibbs (Nelson) airport, including upgraded tarmac, fencing and new entry gate.



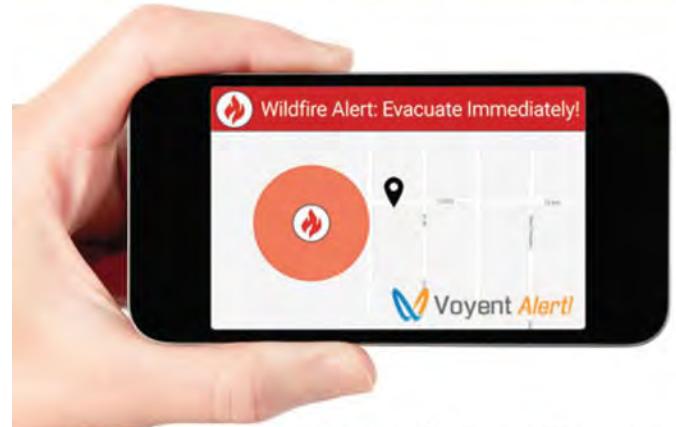
Nelson Police Department staff participate in the Special Olympics Torch Run



City Council and staff meet with volunteers from Day Break Rotary Club Nelson to view and learn about the inter-generational, multi use natural playground at Art Gibbon Park in Rosemont built by the club. The City contributed \$5,000 in in-kind contributions for administration and site prep. The Rotary Club raised over \$200k to fund this project.



Customer Service Representative, Sandy Kobe works with the Finance team at City Hall.



Register Now!

Evaluation of 2021 Goals *Highlights*



STRENGTHEN NEIGHBOURHOODS

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



Third Street Bike Route

Develop complete, well connected neighbourhoods.

- Phase 1 of the bike route along Third Street and High Street, connecting Fairview to Downtown, was completed in the summer of 2021.
- Phase 2 of the bike route project has begun with preliminary conceptual design and public engagement to redesign the transportation corridor between the neighbourhoods of Uphill and Rosemont. This connection was indicated as a missing link in the Active Transportation Implementation Plan.
- Secure bike storage (ideal for e-bikes) was developed in the City Parkade, further promoting Active Transportation.
- Decorative lights were installed downtown along Vernon Street - adding to the ambiance of downtown in both summer and winter, and creating a safe and inviting environment.
- 1.5 km of path, along the water at Lakeside Park, was paved to provide a surface that supports all users.



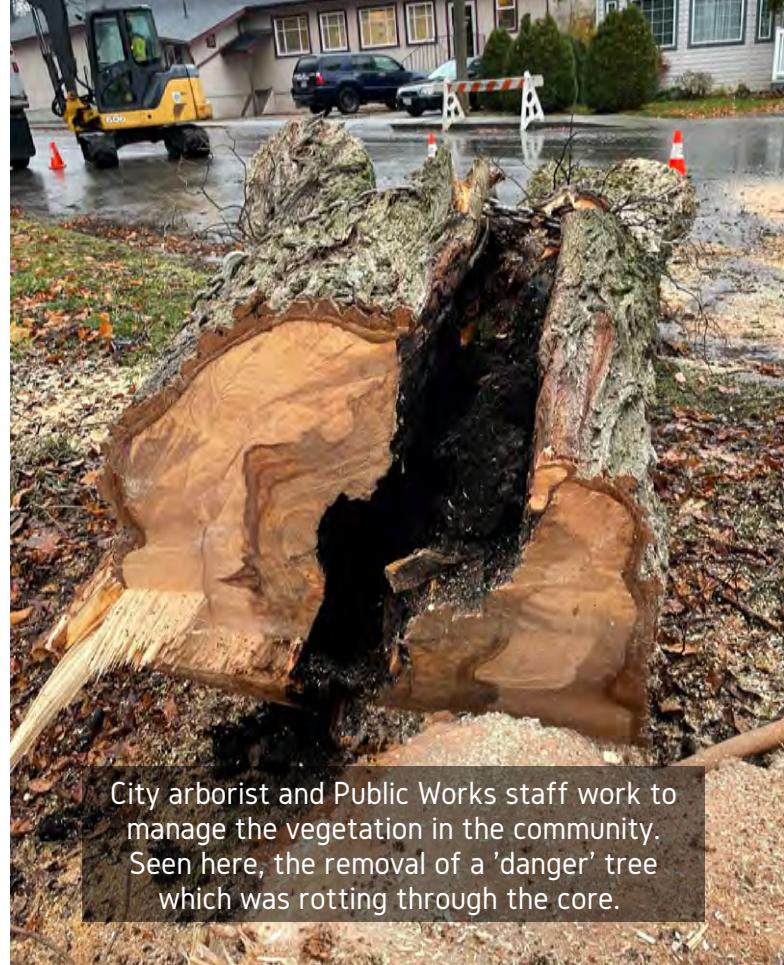
Encourage a suitable mix of housing in our neighbourhoods.

- 2/3 of new single-family dwellings include a secondary suite
- 9 Pine Street, currently under construction, will add three new duplexes and two new single-family homes.
- The 1400 block of Crease Avenue will add nine new single-family homes. Five of the nine lots have been developed.
- Eight laneway house permits were issued in 2021. Two of those developments used the pre-reviewed laneway homes plans - the Pica and the Kootenay Three Step.
- 920 Front Street, currently under construction, will add a four-plex near downtown.
- 706 Herridge Lane will add three residential units plus commercial space adjacent to downtown.
- The corner of Hoover & Ward added three new residential units, all with secondary suites.
- 39 unit workforce housing project completed in the downtown.



Pre-Reviewed Design - Kootenay Three Step laneway house built in Nelson.

Bonnington Falls Generating Station Forebay cleaning in April 2021. In photo - Nelson Hydro staff Kevin Johnson, Christian Desrosier & Chris Knight.



City arborist and Public Works staff work to manage the vegetation in the community. Seen here, the removal of a 'danger' tree which was rotting through the core.

In 2021, the City had a successful farmers market season at Cottonwood Falls Park. The Wednesday market returned to Baker Street in 2022.



Nelson and area youth enjoy afterschool programming at the Youth Centre on Lake Street.

Evaluation of 2021 Goals *Highlights*



EXPAND LOCAL JOBS & LOCAL PROSPERITY

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

Leverage community assets to drive investment and job creation.

- The City Pier plans have been finalized and work was initiated in 2022. The design was completed by a local architectural firm and will be constructed by local construction companies .
- Nelson Fibre connected twenty new customers.
- The Nelson Innovation Centre re-opened to the public in 2021. The NiC is a professional community workspace where entrepreneurs and professionals can gather, work and network located in the Chamber of Commerce building in Railtown.
- There are over 1,000 technology & knowledge workers active in Nelson area

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

- Council waived restaurant patio fees for a second year in a row in response to the pandemic to assist economic recovery.
- The City of Nelson issued 145 Intercommunity Business Licenses which allows certain types of mobile businesses to operate across the City of Nelson, City of Castlegar, Town of Creston, City of Rossland, City of Grand Forks, Villages of Salmo, Slocan, Kaslo, Silverton & New Denver.
- 21 Nelson employers used the Rural & Northern Immigration pilot to recommend 47 candidates with an additional 46 spouses and dependents for a total of 93 recommendations for permanent residency to address our workforce needs.
- The NAEDP COVID rapid response team assisted 44 Nelson & area businesses implement new technology, 36 set-up e-gift cards and 279 listed on Small Business BC's online marketplace.

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

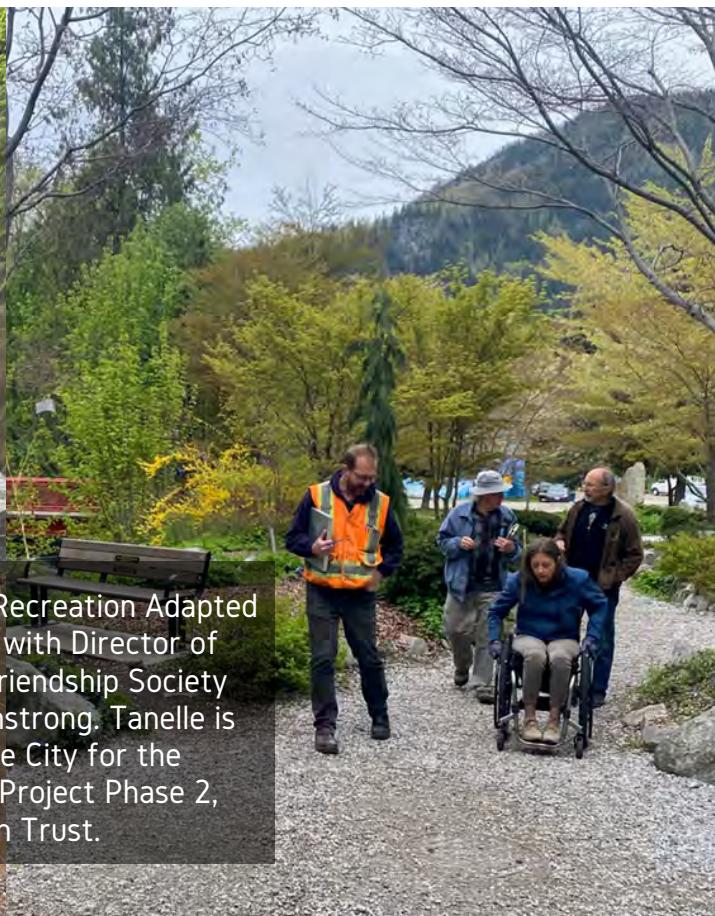
- The City's Cultural Development Committee beautified and enlivened Baker Street and the downtown core by showcasing five sculptures leased through our partnership with Castlegar Sculpturewalk. Additionally, our Art Rental program supported local artists and brightened up City Hall with beautiful local art.
- The Nelson International Mural Festival is entering its fifth year and will have completed nearly 40 pieces across those five years by the end of this season. The festival has hired hundreds of performers, visual artists, hosts, and other members of the artistic community since its inception in 2018.
- Our Public Works team continued the beautification of the downtown core with the installation of flower baskets and planters.

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

- Nelson Daily News building (266 Baker Street) redevelopment will add six new commercial units and ten residential units.
- 520 Falls Street received occupancy in the fall of 2021, providing 39 one-bedroom affordable housing units.
- 616 Railway Street, major renovation that included the stratification of four residential units.
- 45 Government Rd, currently under construction, will provide 35,200 sq. ft. of boutique commercial space.
- 514 Victoria Street, construction is underway for a 46-unit mixed-use development.
- 502 Vernon Street, Touchstones Museum, underwent major exterior repairs and façade improvements to ensure the heritage building's longevity.

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

- City Council directed staff to work with the Nelson Climbing Association (NCA) to find a suitable site for a new climbing facility. Staff is currently working with the NCA on site selection options.
- The City operated a successful farmers market 2021 season at Cottonwood Lake Park. Over 100 local vendors and farmers applied to be part of the Wednesday & Saturday markets.
- Provided nine (9) Covid-19 Recovery Grants to culture and sport groups for a total of \$95,667.



Evaluation of 2021 Goals *Highlights*



ACHIEVE EXCELLENCE IN CITY GOVERNANCE

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

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

- Maintained an average tax rate increase from 2019-2022 under 2% - (2019: 2%, 2020: 0%, 2021: 1.75%, 2022: 4% = 1.94% average)
- Inflationary only increases to water and sewer rates (2% and 1.5% respectively)
- Successfully secured numerous grants for capital and other projects for 2021 and 2022. This funding, along with continued investment in capital reserves, will result in projects being completed with minimal impact on taxation and user fees.
- Nelson Hydro Rate Increases - 2018: 2.25%; 2019: 1.50%; 2020: 0.00%; 2021: 2.30% and 2022: 2.50% for an average rate increase of 1.71%

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

- In partnership with BC Housing, a total of 130 new mixed affordable housing units were created.
- Successfully secured more than 20 grants from various levels of government and organizations.
- The City of Nelson is working closely with the RDCK as we implement Canada's first residential pre-treated organics program to ensure this method of organics diversion is aligned with the Regional program.
- 7.9 ha treated in West Arm Provincial Park surrounding the Five-Mile Water Intake which supplies Nelson with 80% of its water. This project was a provincially funded collaboration with BC Parks, RDCK, the City of Nelson, and Nelson Fire & Rescue Services.

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

- The City deployed a website Chat Bot to assist the public with answering common questions to allow for our frontline staff to manage more critical tasks. In addition, a new monitor with video capabilities was installed at City Hall to relay information on City programs & initiatives for those attending in-person at City Hall.
- City staff introduced a podcast called "The Scoop with Avi & Ginger" that provides information and updates on City business and programs, with the goal of debunking myths and misinformation.

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

- City staff continue to build new and lasting relationships with local Nations to work collaboratively and develop our understanding of Truth & Reconciliation.
- On September 30, 2021, City staff participated in a day of learning in acknowledgment of the National Day for Truth & Reconciliation.
- Mayor & Council honoured our Long Service Employees at a Special Committee of the Whole Meeting. These employees each received a framed certificate and gift to honour their dedicated service to the City.

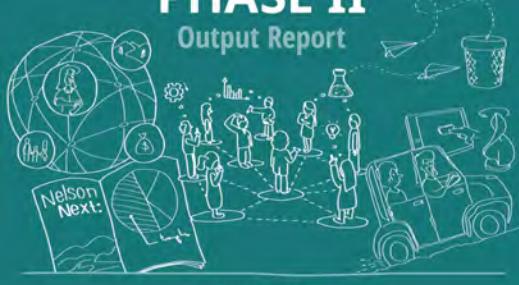
→ **Encourage citizen and neighbourhood engagement to help solve community challenges and take advantage of new opportunities.**

- The Nest Lab for Collaborative Climate Solutions successfully completed its second cohort resulting in four unique initiatives focused on reducing emissions.
- The City deployed a number of public engagement opportunities including a series of ThoughtExchanges and surveys to garner feedback and ideas from the public on City projects including Phase I of the bike route and the design competition for the new "Welcome to Nelson" signs.
- The Nelson & District Youth Centre successfully delivered the 'Angel Program' which connects people in need of assistance with shovelling snow and raking leaves with a local volunteer - nelson.ca/angelprogram.
- The City hosted and promoted the "Vax & Relax" contest to encourage locals to get vaccinated to further protect our community during the pandemic.
- The Restorative Justice program managed 7 case files in 2021, with one of these files involving 18 responsible people.



2021 PHASE II

Output Report



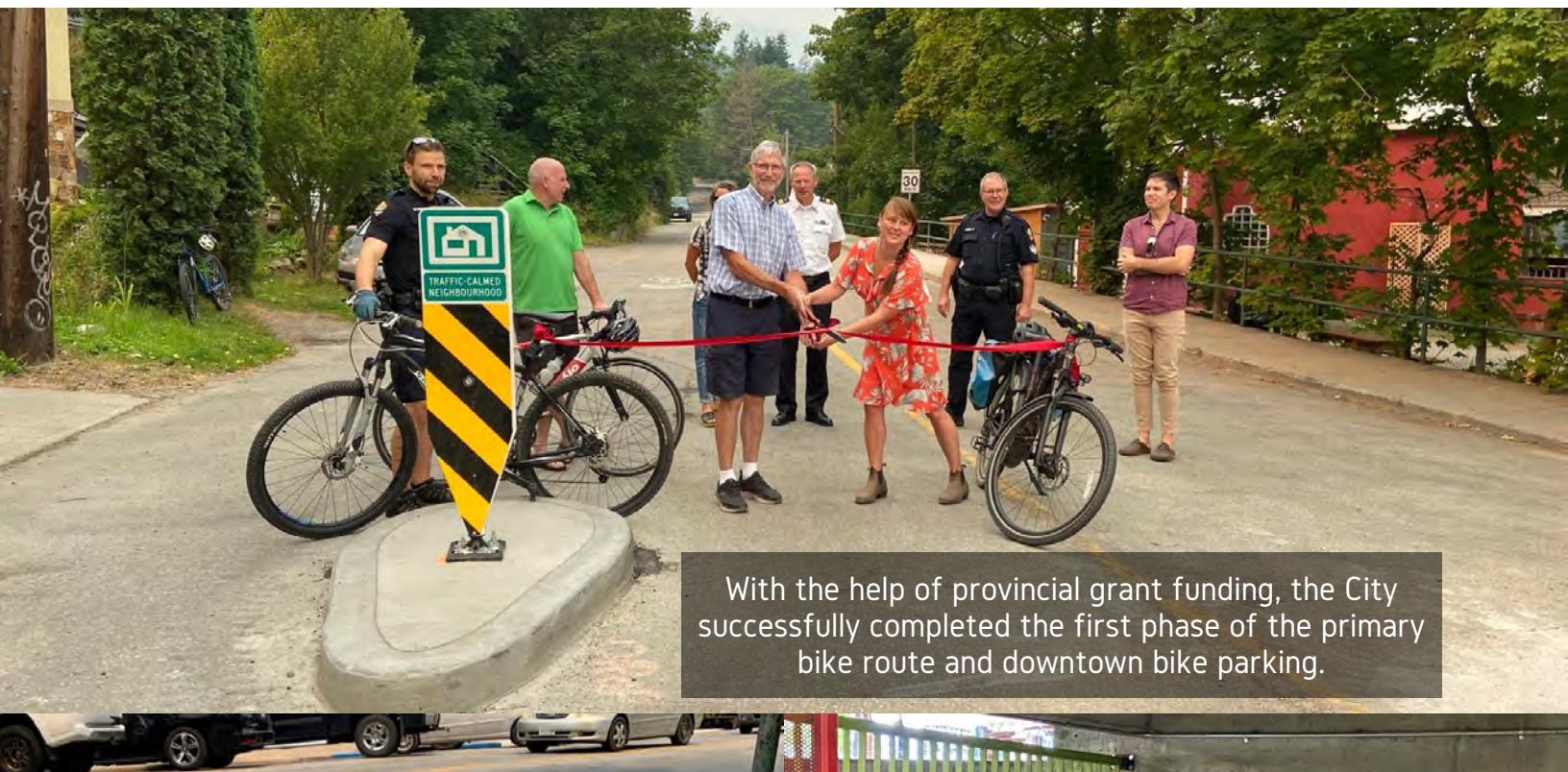
December 2021

Nest Lab for
Collaborative
Climate Solutions
completes a
second cohort.

The City hosted
the "Vax & Relax"
contest to
encourage locals
to get vaccinated
to further protect
our community
during the
pandemic.

ENTER TO WIN

RELAX



With the help of provincial grant funding, the City successfully completed the first phase of the primary bike route and downtown bike parking.

New bike racks
downtown.



Secure E-Bike
parking at City
Parkade.



Jordan Rothkop and Jason Procyshyn of Nelson Hydro, repairing powerlines following January 13, 2021 windstorm event.



City Hall lit up on September 30th. City staff participated in a day of learning in acknowledgment of the National Day for Truth & Reconciliation.



Nelson Hydro's Trevor Harding (PLT) and local contractor perform substation maintenance in August 2021.



Grade 8 Trafalgar students visit City Hall with Mayor Dooley.



A local low carbon laneway house is being built by builder Mike Coen, whose work both inspired and was assisted by the Low Carbon Homes Pilot initiative.



Public Works employee, Aaron Reese works to inspect a fire hydrant and prepare for the important task of water system flushing.





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 at fundraising efforts by the Friends of the Library.

As the Library continued to adjust and respond to a pandemic, a heat dome and smoky skies during 2021, we kept true to our priorities of community connections, spaces to connect and sustainability. Collaboration is an important Library value and it guided our board governance and staff to deliver amazing services.

Program Highlights:

- Podcast Club
- From the Heart: Indigenous Learning Circle
- Kootenay Teen News: A newspaper designed & written by teens
- Virtual Story Times
- Library of Things: borrow ukeuleles, go-pros, laptops, games, puzzles, and robots

By the Numbers:

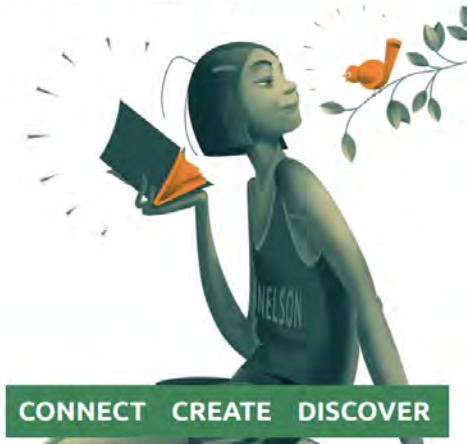
- 768 new library members
- 165,157 physical items borrowed
- 48,472 ebooks & audiobooks downloaded
- 57,121 website visits
- 8,799 people attended library events

Nelson Public Library

ANNUAL REPORT 2021

To the Community

*You can read the Nelson
Public Library 2021
Annual Report at
nelson.ca/libraryreport*



2021 By-Election

GENERAL VOTING DAY
MARCH 27, 2021

NELSON.CA/ELECTION

City of
NELSON

The 2021 installment of the Nelson International Mural Festival saw the creation of seven new murals and an additional youth mural supported by the NDAC, for a total of eight new pieces throughout downtown Nelson.



NELSON POLICE DEPARTMENT



MISSION

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

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

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

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

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

Mitigation crews, BC Parks, and City of Nelson representatives visit the Five Mile Creek water intake area where wildfire mitigation was being conducted as a part of a collaboration between Nelson Fire & Rescue Services and BC Parks. This work covered a total of 20 ha and was funded by provincial grant funding.



PODCAST

THE SCOOP

WITH AVI & GINGER



Introducing the City's Climate Action Plan, Nelson Next in front of the new EV Charging Station at Selkirk College's Silver King Campus. L-R Climate & Energy Manager, Carmen Proctor, Mayor John Dooley, City Manager Kevin Cormack and Nelson Hydro General Manager, Scott Spencer

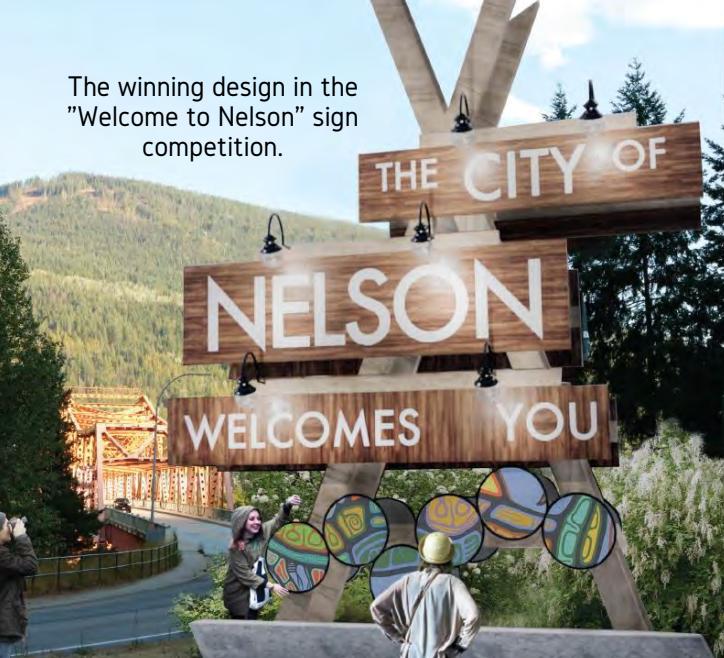


New garbage tags invite Nelson residents to participate in the City's Climate programs.



Nelson Police Department

The winning design in the "Welcome to Nelson" sign competition.



The Corporate Services team at City Hall. L-R Gabriel Bouvet-Boisclair, Sonya Martineau, Sarah Winton, Jordan Martin and Ginger Lester



It was all hands on deck for City crews and Emergency Services after a wind storm swept through Nelson on January 13, 2021.



ABOUT THE FINANCIAL STATEMENTS

The following pages are a report on the financial health and operations of The City of Nelson for the year. They include the Financial Statements for the year ended December 31, 2021, as well as an Audit Report from Grant Thornton LLP.

As expressed in the audit report, it is the opinion of Grant Thornton LLP that the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2021, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The financial statements are broken down into several sections, most notably the Statement of Financial Position, Statement of Operations, as well as other supporting statements and notes to the financial statements.

Statement of Financial Position Highlights:

- Total accumulated surplus for the City increased by \$9M in 2021, from \$204M in 2020 to \$213M in 2021. This amount includes the City's investment in capital assets, as well as reserves set aside to continue its program of infrastructure replacement and improvement. Reserve balances totalled \$39M at the end of 2021, with an additional \$5M in surplus set aside for other capital and strategic priorities. The details of these balances can be found in the notes to the financial statements.
- The City looks to build reserves to a sustainable level to minimize the short-term pressure on tax rates while meeting the long-term capital replacement requirements set out in the five-year financial plan. The asset management plans for the City's water, sewer, hydro and public works infrastructures will rely on these reserve balances for funding in the coming years.
- The City added or replaced \$10M in capital assets in 2021. Significant work was completed in the City's repaving program, Hydro asset replacement as well as the secondary source program for the City's water system. Details of the City's capital assets can be found in notes to the financial statements.
- Funding for capital asset replacement is typically accomplished through reserves, external funding (grants), or with long-term borrowing. Long-term debt at the end of 2021 was \$7.7M, a decrease of \$3.7M from 2020, as the City paid off some of its borrowing, while not adding any new debt to the balance sheet.

Statement of Operations Highlights:

- Revenue from taxation increased by \$300K from the prior year or 2.5%. This was due to the budgeted tax increase of 1.75% in 2021, as well as additional revenues from growth to the tax base through new buildings and construction.
- Overall, revenue decreased from the prior year, owing primarily to a decrease in conditional grants earmarked for specific capital projects. The details of unconditional and conditional government transfers can be found in the notes to the financial statements.
- Expenses increased in 2021 by \$700K, or 1.6%. Increases are primarily due to negotiated increases in wages, as well as inflationary pressures on materials and supplies.
- The statement of operations is also broken down by department in the notes to the financial statements.

Information on the City's current financial plan or past annual reports can be found on www.nelson.ca.

2021 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 2021 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:	\$518
CANADIAN RED CROSS:	\$917
CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS IN CANADA:	\$777
CITY OF NELSON (CAPITOL THEATRE):	\$7,338
CITY OF NELSON (GLACIER GYMNASTICS):	\$4,186
CITY OF NELSON (NELSON & DISTRICT BOY SCOUTS & GIRL GUIDES):	\$429
CITY OF NELSON (NELSON & DISTRICT MUSEUM):	\$17,791
CITY OF NELSON (NELSON & DISTRICT ROD & GUN CLUB):	\$7,945
CITY OF NELSON (NELSON CHRISTIAN SCHOOL):	\$8,167
CITY OF NELSON (NELSON CIVIC THEATRE SOCIETY):	\$4,382
CITY OF NELSON (NELSON CURLING CLUB):	\$18,367
CITY OF NELSON (NELSON SOCCER ASSOCIATION):	\$7,159
EVANGELICAL COVENANT CHURCH OF CANADA:	\$112
FIRST BAPTIST CHURCH OF NELSON BC:	\$293
GRANITE POINTE GOLF & RECREATION SOCIETY:	\$12,307
KALEIN HOSPICE CENTRE SOCIETY:	\$1,348
KOOTENAY CHRISTIAN FELLOWSHIP:	\$2,922
KOOTENAY COOPERATIVE RADIO:	\$1,155
KOOTENAY KIDS SOCIETY:	\$4,127
NELSON CARES SOCIETY:	\$14,587
NELSON CONGREGATION OF JEHOVAH'S WITNESSES:	\$561
NELSON KIWANIS PROJECTS SOCIETY:	\$1,577
NELSON UNITED CHURCH:	\$165
PENTECOSTAL ASSEMBLIES OF CANADA:	\$837
ROMAN CATHOLIC BISHOP OF NELSON:	\$276
SALVATION ARMY IN CANADA:	\$3,878
SYNOD OF THE DIOCESE OF KOOTENAY:	\$236
UNITED PENTECOSTAL CHURCH OF BC:	\$445
WEST KOOTENAY WOMEN'S ASSOCIATION	\$1,491



**THE CORPORATION OF THE CITY OF NELSON
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

THE CORPORATION OF THE CITY OF NELSON
INDEX TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

Management Report

Independent Auditors' Report

Financial Statements

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule A - Statement of Tangible Capital Assets

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

THE CORPORATION OF THE CITY OF NELSON
MANAGEMENT REPORT
For the Year Ended December 31, 2021

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.



Colin McClure, CPA, CA
Chief Financial Officer

Grant Thornton LLP
1440 Bay Avenue
Trail, BC
V1R 4B1
T – 250 368 6445

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, 2021, and the statements of operations, change in net debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Nelson as at December 31, 2021, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Chartered Professional Accountants

Trail, Canada
May 24, 2022

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	2021	2020
Financial Assets		
Cash	\$ 4,769,231	\$ 7,088,378
Investments (Note 2)	48,266,637	44,156,654
Accounts receivable (Note 3)	8,154,590	6,563,670
Long-term accounts receivable (Note 4)	2,155,659	2,464,513
MFA deposits (Note 5)	269,590	278,131
	<u>63,615,707</u>	<u>60,551,346</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	6,021,270	10,795,755
Deferred revenue (Note 7)	7,354,371	5,290,805
Accrued future payroll benefits (Note 8)	1,834,858	1,954,454
Capital lease obligation (Note 9)	-	329,560
Long-term debt (Note 10)	<u>7,683,456</u>	<u>11,351,444</u>
	<u>22,893,955</u>	<u>29,722,018</u>
Net Financial Assets	40,721,752	30,829,328
Non-Financial Assets		
Tangible capital assets (Note 11)	170,821,047	171,516,924
Inventory (Note 12)	1,618,273	1,625,574
Prepaid expenses	<u>306,130</u>	<u>284,794</u>
	<u>172,745,450</u>	<u>173,427,292</u>
Accumulated Surplus (Note 13)	<u>\$213,467,202</u>	<u>\$204,256,620</u>

Commitments and Contingencies (Note 17)



Colin McClure, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2021

	2021 Budget (Note 20)	2021	2020
Revenue			
Taxes	\$ 10,978,921	\$ 11,017,240	\$ 10,732,784
Sale of services	3,991,952	4,032,426	4,094,520
Other revenue from own sources	4,616,779	3,734,381	4,053,574
Investment income	759,000	879,290	1,504,650
Government transfers - unconditional (Note 18)	831,177	821,205	838,166
Government transfers - conditional (Note 18)	11,580,830	6,039,605	9,265,870
Water user fees	2,463,695	2,470,084	2,325,293
Sewer user fees	4,653,042	4,629,625	4,476,303
Transit user fees	273,981	228,333	193,338
Nelson Hydro sales	19,100,000	19,389,692	18,622,492
Gain on disposal of tangible capital assets	-	142,267	-
	<u>59,249,377</u>	<u>53,384,148</u>	<u>56,106,990</u>
Expenses			
General government	5,074,805	4,009,588	3,991,191
Protective services	7,539,141	7,535,823	7,426,079
Transportation services	4,661,829	3,480,428	3,531,669
Environmental health services	455,303	361,699	459,546
Public health and welfare services	205,752	222,196	186,915
Parks, recreation and cultural services	2,389,287	2,252,292	1,840,878
Interest and other debt charges	558,165	458,250	576,521
Water utility operations	1,503,448	1,400,136	1,918,978
Sewer utility operations	2,037,008	1,981,393	1,973,351
Transit operations	1,728,888	1,735,497	1,693,562
Nelson Hydro operations	13,394,273	13,609,022	12,453,677
Library	940,578	912,461	892,483
Amortization	6,209,875	6,214,781	6,156,782
Loss on disposal of tangible capital assets	-	-	370,202
	<u>46,698,352</u>	<u>44,173,566</u>	<u>43,471,834</u>
Annual surplus	12,551,025	9,210,582	12,635,156
Accumulated surplus, beginning of the year	<u>204,256,620</u>	<u>204,256,620</u>	<u>191,621,464</u>
Accumulated surplus, end of the year	\$216,807,645	\$213,467,202	\$204,256,620

THE CORPORATION OF THE CITY OF NELSON
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2021

	<u>2021 Budget</u>	<u>2021</u>	<u>2020</u>
Annual surplus	\$ 12,551,025	\$ 9,210,582	\$ 12,635,156
Acquisition of tangible capital assets	(22,010,711)	(9,754,206)	(11,800,827)
Amortization of tangible capital assets	6,209,875	6,214,781	6,156,782
Proceeds on sale of tangible capital assets	-	4,377,569	74,292
Loss (gain) on disposal of tangible capital assets	-	(142,267)	370,202
	<u>(3,249,811)</u>	<u>9,906,459</u>	<u>7,435,605</u>
Acquisition of prepaid expenses	-	(21,336)	(32,081)
Consumption (acquisition) of supply inventory	-	7,301	(151,414)
	<u>-</u>	<u>(14,035)</u>	<u>(183,495)</u>
Increase (decrease) in net financial assets	(3,249,811)	9,892,424	7,252,110
Net financial assets, beginning of year	<u>30,829,328</u>	<u>30,829,328</u>	<u>23,577,218</u>
Net financial assets, end of the year	<u>\$ 27,579,517</u>	<u>\$ 40,721,752</u>	<u>\$ 30,829,328</u>

THE CORPORATION OF THE CITY OF NELSON

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 9,210,582	\$ 12,635,156
Items not involving cash:		
Amortization of tangible capital assets	6,214,781	6,156,782
Actuarial adjustments	(373,165)	(484,544)
Loss (gain) on disposal of tangible capital assets	<u>(142,267)</u>	<u>370,202</u>
	14,909,931	18,677,596
Increase (decrease) in non-cash operating items:		
Accounts receivable	(1,590,920)	273,060
Long-term accounts receivable	308,854	177,566
MFA deposits	8,541	50,088
Accounts payable and accrued liabilities	(4,774,485)	5,959,690
Deferred revenue	2,063,566	245,481
Accrued future payroll benefits	(119,596)	(68,580)
Inventory	7,301	(151,414)
Prepaid expenses	<u>(21,336)</u>	<u>(32,081)</u>
	<u>10,791,856</u>	<u>25,131,406</u>
Financing Activities		
Long-term debt repayment	(3,294,823)	(891,040)
Repayment of capital lease obligations	<u>(329,560)</u>	<u>(7,480)</u>
	<u>(3,624,383)</u>	<u>(898,520)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	4,377,569	74,292
Acquisition of tangible capital assets	<u>(9,754,206)</u>	<u>(11,800,827)</u>
	<u>(5,376,637)</u>	<u>(11,726,535)</u>
Investing Activities		
Net purchase of investments	<u>(4,109,983)</u>	<u>(8,160,526)</u>
Net increase (decrease) in Cash	(2,319,147)	4,345,825
Cash, beginning of year	<u>7,088,378</u>	<u>2,742,553</u>
Cash, end of year	<u>\$ 4,769,231</u>	<u>\$ 7,088,378</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. Significant Accounting Policies

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

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

(a) Basis of presentation

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

(b) Revenue recognition

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

Taxation revenue

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

Sale of services, user fees and Nelson Hydro sales

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

Grant revenues

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

Government transfers

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. Significant accounting policies (continued)

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.

(c) Deferred revenue

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

(d) Financial instruments

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

(e) Accrued future payroll benefits

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

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

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

(g) Tangible capital assets

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

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. Significant accounting policies (continued)

(h) Non-financial assets

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

(i) Inventory

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

(j) Statutory reserves

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

(k) Reserves set aside by Council

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

(l) Use of estimates

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

(m) Budget

Budget data presented in these financial statements is based on the City's Five Year Financial Plan for the years 2021-2025, adopted by Council on April 13, 2021.

(n) Municipal Pension Plan

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. Significant accounting policies (continued)

(o) Liability for contaminated sites

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

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

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

There were no liabilities recorded as at December 31, 2021.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

2. Investments

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

	2021	2020
Bank and provincial issued bonds	\$ 885,007	\$ 1,020,742
Pooled investment fund	46,331,615	42,085,193
Principal protected notes and other	1,050,015	1,050,719
	<u>\$ 48,266,637</u>	<u>\$ 44,156,654</u>

The quoted market value of the investments at December 31, 2021 was \$48,130,984 (2020 - \$44,580,359).

3. Accounts receivable

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

	2021	2020
Property taxes	\$ 338,209	\$ 400,940
Utility billings	4,040,122	3,734,241
Other governments	358,673	347,760
Trade & other receivables	<u>3,417,586</u>	<u>2,080,729</u>
	<u>\$ 8,154,590</u>	<u>\$ 6,563,670</u>

4. Long-term accounts receivable

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

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

4. Long-term accounts receivable (continued)

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

	2021	2020
Selkirk College	\$ 1,464,043	\$ 1,798,003
Ecosave energy retrofits on-bill financing loans	482,709	426,517
Various other agreements	<u>208,907</u>	<u>239,993</u>
	<u><u>\$ 2,155,659</u></u>	<u><u>\$ 2,464,513</u></u>

5. Municipal Finance Authority debt reserve fund

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

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

Upon maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Municipality. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2021, the total of the Debt Reserve Fund was comprised of:

	2021	2021	2020	2020
	Cash deposit	Demand note	Cash deposit	Demand note
General fund	\$ 147,451	\$ 232,466	\$ 149,591	\$ 243,579
Sewer utility	17,718	40,843	17,421	40,843
Water utility	7,067	15,718	15,393	36,091
Nelson Hydro	<u>97,354</u>	<u>174,898</u>	<u>95,726</u>	<u>174,898</u>
	<u><u>\$ 269,590</u></u>	<u><u>\$ 463,925</u></u>	<u><u>\$ 278,131</u></u>	<u><u>\$ 495,411</u></u>

6. Accounts payable and accrued liabilities

	2021	2020
Trades payable	\$ 5,078,720	\$ 10,042,123
Accrued wages and benefits	740,772	546,653
Accrued interest	68,969	71,944
Funds held on deposit	<u>132,809</u>	<u>135,035</u>
	<u><u>\$ 6,021,270</u></u>	<u><u>\$ 10,795,755</u></u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

7. Deferred Revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax Grant *	\$ -	\$ 1,023,507	\$ (1,023,507)	\$ -
Tax prepayments	2,053,686	2,488,412	(2,053,686)	2,488,412
Utility and Hydro prepayments	1,768,309	1,770,454	(1,768,309)	1,770,454
Other Grants	715,584	7,598,034	(5,837,303)	2,476,315
Other	<u>753,226</u>	<u>980,332</u>	<u>(1,114,368)</u>	<u>619,190</u>
	<u>\$ 5,290,805</u>	<u>\$ 13,860,739</u>	<u>\$ (11,797,173)</u>	<u>\$ 7,354,371</u>

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

8. Accrued future payroll benefits

	2021	2020
Holiday pay	\$ 738,440	\$ 841,660
Sick leave	912,214	922,293
Banked overtime	<u>184,204</u>	<u>190,501</u>
	<u>\$ 1,834,858</u>	<u>\$ 1,954,454</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.

9. Capital lease obligation

FortisBC Energy Inc. lease

In 2003, the City entered into a capital lease agreement with FortisBC Energy Inc ("FortisBC") for the natural gas distribution system within the Municipality's boundary for \$8,000,000. The City prepaid \$7,600,000 of the capital lease obligation and financed the prepayment through debt with the Municipal Finance Authority. The remaining \$400,000 was paid through annual lease payments to FortisBC of \$36,354 including interest at 8.614%.

During the year, FortisBC exercised their termination option based on the terms of the lease and paid the City of Nelson \$3,918,571 in exchange for the City releasing its interest in the gas distribution assets with a net book value of \$3,976,256. The remaining capital lease obligation was forgiven by FortisBC. The City then repaid the debt balance with the Municipal Finance Authority in the amount of \$2,753,604. The City has signed an operating agreement with FortisBC to receive an operating fee based on a percentage of gross revenues.

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

10. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2021 Balance	2020 Balance
General purposes:						
3107	Catacombs	3.85%	2033	\$ 275,000	\$ 189,907	\$ 202,059
3108	Baker Street bridge	3.85%	2033	900,000	621,513	661,285
3034	Street construction	4.82%	2022	50,341	4,354	8,540
2863	Tenth Street campus	6.45%	2025	6,080,000	1,493,038	1,826,998
3036	Highway 3A	4.00%	2021	300,000	-	25,945
				<u>7,605,341</u>	<u>2,308,812</u>	<u>2,724,827</u>
Short-term financing						
		CDOR+.5%			-	<u>2,753,604</u>
Water purposes:						
3038	Fairview reservoir	4.82%	2022	240,000	20,756	40,713
3110	Water improvements	4.90%	2029	1,000,000	495,407	547,105
				<u>1,240,000</u>	<u>516,163</u>	<u>587,818</u>
Sewer purposes:						
3037	Sewage treatment plant	4.00%	2021	550,000	-	47,565
3109	Sewer improvements	4.90%	2029	500,000	247,703	273,552
				<u>1,050,000</u>	<u>247,703</u>	<u>321,117</u>
Hydro purposes:						
3106	Hydro improvements	4.90%	2029	1,500,000	743,111	820,657
3223	Hydro improvements	3.05%	2032	6,000,000	3,867,667	4,143,421
				<u>7,500,000</u>	<u>4,610,778</u>	<u>4,964,078</u>
Total long-term debt						
					<u>\$ 7,683,456</u>	<u>\$ 11,351,444</u>

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

	General	Water	Sewer	Hydro	Total
2022	\$ 407,344	\$ 74,521	\$ 26,883	\$ 567,432	\$ 1,076,180
2023	420,855	55,916	27,958	382,129	886,858
2024	439,512	58,153	29,067	397,414	924,146
2025	458,998	60,479	30,239	413,311	963,027
2026	458,998	62,898	31,449	429,843	983,188
Thereafter	<u>123,105</u>	<u>204,196</u>	<u>102,107</u>	<u>2,420,649</u>	<u>2,850,057</u>
	<u>\$ 2,308,812</u>	<u>\$ 516,163</u>	<u>\$ 247,703</u>	<u>\$ 4,610,778</u>	<u>\$ 7,683,456</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

11. Tangible capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 8,985,717	\$ -	\$ 8,985,717	\$ 8,985,717
Buildings	38,247,129	29,730,550	8,516,579	8,673,775
Vehicles	10,524,110	6,118,716	4,405,394	4,532,430
IT, equipment & furniture	3,965,608	2,183,297	1,782,311	1,772,059
Library	321,918	231,866	90,052	99,079
Natural gas system capital lease	-	-	-	3,976,256
Transportation infrastructure	34,688,797	13,585,096	21,103,701	20,277,400
Parks & cemetery	9,498,991	3,792,669	5,706,322	5,140,009
Water infrastructure	57,616,999	16,193,965	41,423,034	40,395,232
Sewer infrastructure	34,195,858	14,650,073	19,545,785	19,928,247
Storm sewer infrastructure	20,591,544	8,034,114	12,557,430	12,622,208
Hydro generators & substations	22,212,421	8,782,719	13,429,702	13,696,061
Hydro infrastructure	41,645,478	9,712,669	31,932,809	30,870,439
Assets under construction	<u>1,342,211</u>	<u>-</u>	<u>1,342,211</u>	<u>548,012</u>
	<u>\$283,836,781</u>	<u>\$113,015,734</u>	<u>\$170,821,047</u>	<u>\$171,516,924</u>

See schedule of tangible capital assets for more information.

12. Inventory

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

	2021	2020
General, water, sewer, transit, garage and library supplies	\$ 465,927	\$ 514,115
Fuel	68,853	62,407
Hydro operating supplies	<u>1,083,493</u>	<u>1,049,052</u>
	<u>\$ 1,618,273</u>	<u>\$ 1,625,574</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

13. Accumulated surplus

	2021	2020
Reserves set aside by Council		
Capital projects	\$ 1,913,149	\$ 1,295,357
Community works fund	2,696,533	2,704,774
Equipment replacement	4,451,390	4,087,918
Future power purchase	1,186,110	1,163,575
Nelson municipal library	21,373	21,041
Nelson Hydro capital	7,883,715	7,567,200
Sewer utility capital	10,598,714	8,040,629
Waterfront development	32,815	32,305
Water licence	2,198,307	1,982,052
Water utility capital	<u>6,158,637</u>	<u>5,766,084</u>
	37,140,743	32,660,935
Statutory reserves		
Land sales	1,366,091	1,319,471
Off street parking	10,881	10,712
Parks acquisition	49,702	48,929
Tax sale	<u>24,983</u>	<u>24,595</u>
	<u>1,451,657</u>	<u>1,403,707</u>
Total reserves	<u>38,592,400</u>	<u>34,064,642</u>
Surplus set aside by Council		
Airport	74,038	49,652
Art in public places	12,661	10,995
Bridge	479,789	439,789
Building reserve	952,358	968,739
Economic development	285,710	225,710
Downtown & waterfront	298,400	301,308
FortisBC	1,908,889	660,151
Insurance	402,329	396,075
Legal	20,000	20,000
Parking	7,578	7,578
Recycling reserve	171,339	103,340
911	91,589	84,089
10th street	<u>214,693</u>	<u>193,893</u>
	<u>4,919,373</u>	<u>3,461,319</u>
Unappropriated surplus	<u>5,353,794</u>	<u>5,096,742</u>
Total surplus	<u>10,273,167</u>	<u>8,558,061</u>
Invested in tangible capital assets	<u>164,601,635</u>	<u>161,633,917</u>
Total accumulated surplus	<u>\$213,467,202</u>	<u>\$204,256,620</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

14. 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:

	2021	2020
Balances, beginning of year	\$ 1,033,033	\$ 1,001,550
Contributions received	13,895	7,999
Interest earned	13,174	23,484
Balances, end of year	<u>\$ 1,060,102</u>	<u>\$ 1,033,033</u>

15. 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.

	2021	2020
Provincial Government - school taxes	\$ 9,269,533	\$ 8,376,527
Regional District of Central Kootenay	4,961,588	4,707,021
West Kootenay Boundary Hospital District	705,005	758,588
British Columbia Assessment Authority	174,499	170,916
Municipal Finance Authority	638	613
	<u>\$ 15,111,263</u>	<u>\$ 14,013,665</u>

16. 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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 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, 2021

16. Pension plan (continued)

The City of Nelson paid \$1,631,203 (2020 - \$1,622,183) for employer contributions to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021 with results available in 2022.

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.

17. 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.

18. Government transfers

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

	2021 Unconditional	2021 Conditional	2020 Unconditional	2020 Conditional
Federal government	\$ 179,992	\$ 140,789	\$ 183,338	\$ 1,370,445
Provincial government	427,845	5,147,030	435,833	6,967,787
Regional/other	<u>213,368</u>	<u>751,786</u>	<u>218,995</u>	<u>927,638</u>
	<u><u>\$ 821,205</u></u>	<u><u>\$ 6,039,605</u></u>	<u><u>\$ 838,166</u></u>	<u><u>\$ 9,265,870</u></u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

19. Segmented information

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

General government services

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

Protective services

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

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

Transportation services

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

Environmental health

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

19. Segmented information (continued)

Public health and welfare

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

Parks, culture and recreation services

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

Water and sewer utility operations

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

Transit

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

Nelson hydro

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

Library

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

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

19. Segmented information (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health
Revenues				
Taxes	\$10,954,915	\$ -	\$ 62,325	\$ -
Sales of service	301,713	1,845,553	521,773	602,868
Other revenue from own services	1,567,354	292,088	110,421	665
Investment income	371,214	-	-	-
Grants - unconditional	420,886	131,064	-	-
Grants - conditional	1,227,009	233,702	201,066	-
Water/sewer user fees	-	-	-	-
Transit user fees	-	-	-	-
Nelson hydro sales	-	-	-	-
Gain on disposal of assets	<u>354,679</u>	<u>-</u>	<u>(95,001)</u>	<u>-</u>
	<u>15,197,770</u>	<u>2,502,407</u>	<u>800,584</u>	<u>603,533</u>
Expenditures				
Wages and benefits	2,439,612	6,455,195	1,681,749	221,867
Supplies and services	1,569,973	1,080,629	1,798,679	139,833
Interest and other debt charges	153,081	-	50,570	-
Amortization of tangible capital assets	<u>1,174,432</u>	<u>118,559</u>	<u>1,885,203</u>	<u>-</u>
	<u>5,337,098</u>	<u>7,654,383</u>	<u>5,416,201</u>	<u>361,700</u>
Annual Surplus (Deficit)	<u>\$ 9,860,672</u>	<u>\$(5,151,976)</u>	<u>\$(4,615,617)</u>	<u>\$ 241,833</u>

Public health & welfare	Parks recreation & cultural	Water & sewer utilities	Transit	Nelson hydro	Library	2021 Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,017,240
67,232	676,788	-	-	-	16,500	4,032,426
-	191,612	358,651	4,402	1,179,161	30,027	3,734,381
-	-	264,497	-	241,468	2,111	879,290
-	-	-	-	-	269,255	821,205
2,400	861,107	2,057,681	1,337,924	83,000	35,716	6,039,605
-	-	7,099,709	-	-	-	7,099,709
-	-	-	228,333	-	-	228,333
-	-	-	-	19,389,692	-	19,389,692
-	-	(7,903)	-	(109,508)	-	142,267
<u>69,632</u>	<u>1,729,507</u>	<u>9,772,635</u>	<u>1,570,659</u>	<u>20,783,813</u>	<u>353,609</u>	<u>53,384,148</u>
189,886	959,638	2,025,728	950,229	3,111,444	725,842	18,761,190
32,311	1,292,654	1,355,799	785,269	10,497,578	186,620	18,739,345
-	-	46,849	-	207,750	-	458,250
-	330,427	1,337,992	-	1,368,168	-	6,214,781
<u>222,197</u>	<u>2,582,719</u>	<u>4,766,368</u>	<u>1,735,498</u>	<u>15,184,940</u>	<u>912,462</u>	<u>44,173,566</u>
\$ <u>(152,565)</u>	\$ <u>(853,212)</u>	\$ <u>5,006,267</u>	\$ <u>(164,839)</u>	\$ <u>5,598,873</u>	\$ <u>(558,853)</u>	\$ <u>9,210,582</u>

THE CORPORATION OF THE CITY OF NELSON

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

20. Budget data

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

	<u>2021</u>
Budget surplus per statement of operations	\$ 12,551,025
Less: Capital expenditures	22,010,711
Long-term debt principal repayments	545,205
Budgeted transfers to reserves	5,284,498
Add: Budgeted transfers from surplus and reserves	9,079,514
Amortization	6,209,875
Debt proceeds	-
Net annual budget	<u>\$ -</u>

21. Comparative Figures

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

THE CORPORATION OF THE CITY OF NELSON
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2021

Province of BC Restart Grant reconciliation

	<u>2021</u>
COVID-19 Restart Grant opening balance	\$ 1,213,000
Less grant recognition:	
Revenue shortfalls	180,000
Facility reopening & operating costs	87,692
Emergency planning and response	<u>95,667</u>
Remaining grant	<u>\$ 849,641</u>

2021 Property Assessments and Tax Rates

Assessments and property tax by Class	Residential	Utilities	Light Industry	Business Other	Recreational Non-Profit
Assessment for General Purposes	\$ 2,038,967,100	\$ 115,912,250	\$ 1,998,200	\$ 277,946,350	\$ 2,704,100
Percentage of Taxable Values	83.65%	4.76%	0.08%	11.40%	0.11%
General Tax Levy by Class	6,904,309	106,396	13,472	2,320,157	5,661
Percentage of General Taxation	73.84%	1.14%	0.14%	24.81%	0.06%
2021 Rates (per \$1,000)					
General	\$3.3893	\$31.3470	\$6.7423	\$8.3526	\$2.0936
Debt	0.0771	0.7130	0.1534	0.1900	0.0476
School	1.9761	12.8600	3.8600	3.8600	2.3300
Regional Hospital	0.2222	0.7778	0.7556	0.5446	0.2222
Regional District	1.4197	4.9689	4.8270	3.4782	1.4197
B.C. Assessment	0.0411	0.4731	0.1137	0.1137	0.0411
Municipal Finance Authority	0.0002	0.0007	0.0007	0.0005	0.0002
	\$7.1257	\$51.1405	\$16.4527	\$16.5396	\$6.1544

Historical property tax levies

	2021	2020	2019	2018	2017
Taxable Assessments (net of boundary expansion)	\$ 2,437,528,000	\$ 2,312,668,145	\$ 2,093,911,795	\$ 1,825,193,345	\$ 1,672,934,193
Tax Levies					
General	\$ 9,349,995	\$ 9,118,942	\$ 9,025,231	\$ 8,955,514	\$ 8,649,257
Debt	212,673	212,673	212,673	212,673	212,892
School	9,248,318	8,366,509	8,808,743	8,546,901	8,429,179
Regional Hospital	702,191	755,407	754,558	717,752	695,251
Regional District	4,486,039	4,219,351	3,940,771	3,578,744	3,675,123
B.C. Assessment	170,353	170,353	156,545	156,611	150,261
Municipal Finance Authority	636	611	582	522	483
	\$ 24,170,205	\$ 22,843,846	\$ 22,899,103	\$ 22,168,717	\$ 21,812,446

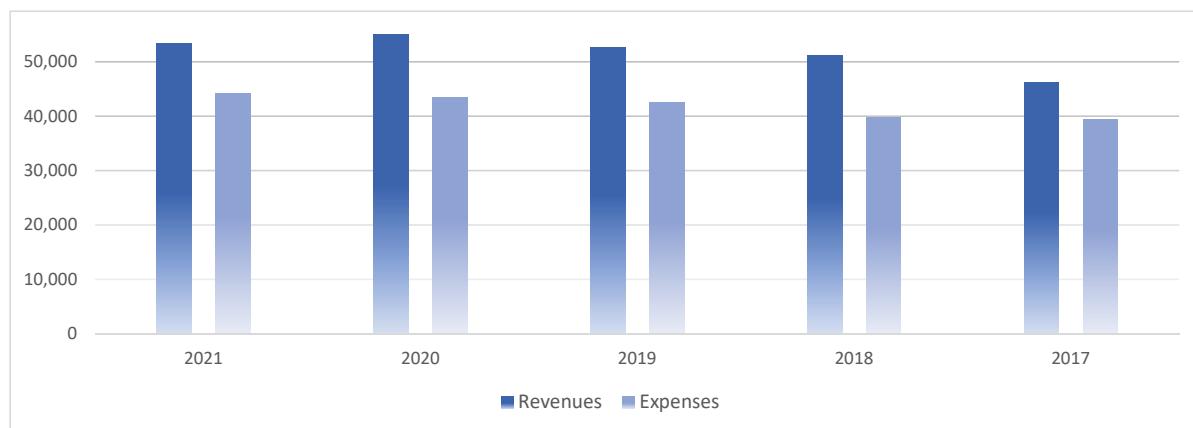
Historical Revenues and Expenses

Revenues (in thousands)

	2021	2020	2019	2018	2017
Taxes	11,017	10,733	10,614	10,521	10,189
Sale of services	4,032	4,095	4,082	3,687	3,393
Other income	3,734	4,054	6,040	3,609	3,298
Investment income	879	1,505	1,312	974	524
Grants - unconditional	821	838	799	798	785
Grants - conditional	6,040	9,266	3,489	6,261	2,830
Water user fees	2,470	2,325	2,339	3,544	3,490
Sewer user fees	4,630	4,476	4,436	3,037	3,001
Transit user fees	228	193	305	287	283
Nelson Hydro sales	19,390	18,622	18,681	18,509	18,354
Gain on disposal of assets	142		512		
	53,384	56,107	52,609	51,227	46,146

Expenses (in thousands)

	2021	2020	2019	2018	2017
General government	4,010	3,991	3,763	3,524	3,685
Protective services	7,536	7,426	7,254	6,620	6,426
Transportation	3,480	3,532	3,885	3,390	3,139
Environmental health services	362	460	240	217	258
Public health and welfare	222	187	207	171	186
Parks, recreation and cultural	2,252	1,841	2,366	2,009	2,171
Interest and debt charges	458	577	767	797	784
Water utility operations	1,400	1,919	1,501	1,354	1,381
Sewer utility operations	1,981	1,973	1,850	1,796	1,835
Nelson Hydro operations	1,735	1,694	1,766	11,428	11,328
Transit operations	13,609	12,454	11,910	1,678	1,568
Library	912	892	933	905	894
Amortization	6,215	6,157	6,081	5,786	5,343
Loss (gain) on disposal of assets		370		200	361
	44,174	43,472	42,522	39,875	39,359



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NELSON

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