

# CITY OF NANAIMO

*City of Nanaimo*

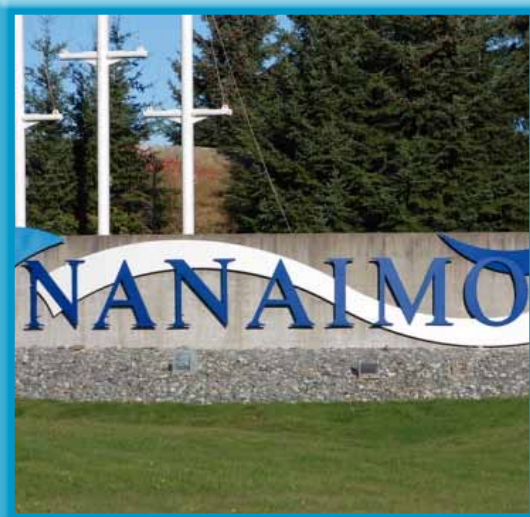


**2013**

**Annual Municipal Report**

*for the year ending December 31, 2013*





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**For financial measures that relate to the items outlined in the Corporate Strategic Plan, click here to view the “Balanced Scorecard Performance Measures” found on the City of Nanaimo’s website.**



## *Nanaimo...the beautiful Harbour City*

Nanaimo is truly the beautiful Harbour City. This community of 84,000 and growing lies along the east coast of one of the world's top Island destinations and is the second largest urban centre on Vancouver Island. Visitors and residents often comment about how amazed they are by the *natural beauty* of the area, *mild climate* and the *relaxed, yet energetic pace* of the city.

Residents are very fortunate to enjoy the lifestyle that comes with living in this community. For example, this city of greenspace has over 1,300 hectares of protected open space offering an abundance of parks and trails to explore. In addition, Nanaimo is home to many cultural and recreational opportunities with the popular Nanaimo Aquatic Centre, The Port Theatre, world-class museum and art gallery. Not only that, a plethora of community arts,

culture, sporting and special interest groups contribute to the diversity that is so prevalent here.

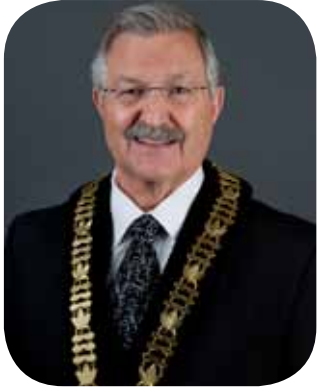
The City of Nanaimo has pledged its commitment to enhanced environmental stewardship with increased educational endeavors like the invasive plants removal program and improved recycling opportunities and is in the final process of a Transportation Master Plan that will integrate improved mobility strategies.

With every imaginable amenity within its border, stunning natural beauty and the home of many world class festivals and events like the Dragon Boat Festival and Bathtub Races, Nanaimo is truly a place that evokes pride of place and offers a lifestyle that is second to none!

### **Did You Know?**

**Nanaimo was declared "The Harbour City" on May 1, 1986 during the official visit of Prince Charles and Princess Diana to Nanaimo.**

# Mayor's Message



On behalf of Nanaimo City Council and staff, it is with great pleasure that we present the 2013 Annual Report.

There has been much to celebrate over the last year, including the first full year of implementing the Corporate Strategic Plan. This plan has been an integral part in the decisions and direction that have guided Council and staff. Below are some of the highlights.

- *Water Management:* the water treatment plant supply pipelines were completed, and the South Fork Water Treatment Plant and reservoir #1 and energy recovery facility saw construction start.
- *Asset Management:* Bowen West and Harewood School Fields were upgraded, and the jail cell renovations at Police Services were completed.
- *Transportation & Mobility:* a draft plan of the Transportation Master Plan was presented to Council after extensive public feedback, a fast ferry service to Vancouver's downtown was proposed and an agreement between the city and the Regional District of Nanaimo for a transit bus exchange on the Wellcox Land was negotiated.

- *Taking Responsibility:* the Corporate Communication Plan was completed, the award-winning e-Town Hall meetings took place for the budget and for the proposed fast ferry service, Nanaimo's first low-barrier housing project was completed and a new, more in-depth budget review process took place.
- *Community Building Partnerships:* the purchase of West Marsh in partnership with Ducks Unlimited Canada was finalized, a water agreement with Snunéymuxw First Nations was formalized, an Inter Community Business License Program was launched, Nanaimo's first Culture Plan was completed and a new conference centre hotel is expected to break ground early this summer. In addition, a partnership agreement between the City and School District 68 saw some properties exchange hands resulting in the city's parkland area being increased.

These are just a few of the many successes that have occurred over the last year as a result of dedication from Council, staff and through citizen engagement and participation. There is still much to accomplish as we move forward in improving city services, amenities and community relationships making Nanaimo's future even brighter.

**John Ruttan**



# City Manager's Message



The efforts of many partners and volunteers in our city including the Nanaimo Port Authority, Vancouver Island University, Nanaimo Economic Development Corporation, the Chamber of Commerce, Snuneymuxw First Nation, Downtown Nanaimo Business

Improvement Association, the Regional District of Nanaimo, the Nanaimo Airport Authority and many others make Nanaimo the vibrant place that it is and continues to change how residents and visitors view our community.

Our success is dependent in striving for alignment with and by strengthening these partnerships towards common goals. Council's leadership through the adoption of the Strategic Plan one year ago provided strategic direction to our organization and its partners in the community.

There is a growing sensitivity to tax increases at all levels of government and local governments in particular are challenged to continue to demonstrate value to the taxpayer for the myriad of services we deliver. An IPSOS Reid Survey identified that Nanaimo citizens are generally satisfied with the current level of services the City of Nanaimo provides, however, it identifies that residents do not want tax increases that would pay for any new services. This is a change from previous years where the public, as noted through similar surveys, indicated they were willing to pay higher taxes for new services.

We must adapt our thinking to manage our service delivery in a way that addresses the new realities of cost containment while maintaining excellence in public service. A key part of addressing this new reality involves changing our corporate culture with the goal to be a high performing customer focussed organization. A recent restructuring reduced management staffing levels by 10% and reduced overhead

by approximately \$1M per year. More importantly, the new structure better aligned departments to more efficiently and effectively address Council's strategic priorities and service deliveries it has adopted for our community.

Our business is service driven and staff employed at the City continue to make us the successful customer focussed organization we are; our strength is our people and our goal is excellence in public service.

While attention to the changing landscape is necessary, there remains an air of optimism as development activity increases and we move closer to seeing major initiatives such as the conference centre hotel and the passenger ferry come to fruition. We have also started two of our most significant infrastructure projects, that being the City's water filtration plant and new water reservoirs.

The city has an expansive trail and parks system and natural areas and continues to increase recreational opportunities. Our city's downtown features a world class waterfront and in 2013 we took further steps to provide future expansion of this amenity by purchasing a large portion of the remaining undeveloped lands adjacent to the downtown south end. Our historic downtown and old city districts are experiencing renewed interest for redevelopment and are one of Nanaimo's jewels of urban activity.

Like many communities in Canada, Council and staff are focussed on making improvements to our aging infrastructure. The costs associated with these improvements are large and will involve ongoing significant investment.

I am looking forward to the revised optimism that is evident through renewed investment in our community and to continue to strive to improve the value for services we provide to the community.

**Ted Swabey**

# Nanaimo City Council

Nanaimo's elected 25th Council is comprised of a Mayor and eight Councillors who govern the City of Nanaimo. Councillors are elected for a three-year term (four-year terms will commence at the 2014 election as per the new provincial legislation), and each member of Council represents the City at Large.

The Community Charter gives Council the authority to set budgets, levy taxes and establish policies to guide the

growth, development and operation of the municipality 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 regularly scheduled Council meetings.



**25th Council of the City of Nanaimo**

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*From left to right:  
Councillor Fred Pattje, Councillor Bill Bestwick, Councillor Diana Johnstone,  
Councillor Ted Greves, Mayor John Ruttan, Councillor Bill McKay,  
Councillor Diane Brennan, Councillor Jim Kipp and Councillor George Anderson*

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**DECLARATIONS OF DISQUALIFIED COUNCIL MEMBERS:  
No members of Council were disqualified in 2013.**

# Municipal Awards

Nanaimo has always been a pioneer in leadership and technology, and 2013 was no exception. The City of Nanaimo won two prestigious awards for its innovative “e-Town Hall” initiative. This tool, used to enhance public engagement and participation, uses an integrated approach for communication allowing residents to connect directly with Council and staff on a particular subject using the mediums Twitter, Facebook, web form, phone or through an in-person exchange during a regular

Council Meeting. The first “e-Town Hall” event was held in March when Council and staff hosted a meeting on the 2013 budget. The second was held in the fall of 2013 on a proposed passenger ferry service between downtown Nanaimo and downtown Vancouver.

The ability to gather valuable feedback from residents using this interactive tool is something that will continue well into the future.

## Awarded

### **BRONZE FOR INNOVATION MANAGEMENT by the Institute of Public Administration of Canada (IPAC)**

IPAC’s Innovation and Management award recognizes organizations who improve public service in Canada by distinguishing government agencies that have shown exceptional innovations that address the wide variety of issues facing society today. Past recipients are commonly drawn from federal and provincial level ministries and crown corporations. The award has only been presented to four municipalities in the last 23 years making Nanaimo’s recognition a unique event.

## Awarded

### **SPIRIT OF INNOVATION AWARD FOR BEST IT APPLICATION by the Municipal Information Systems Association of BC (MISA BC)**

This award is given to those who push the boundaries of innovation in a municipal context. Presentations are judged by the membership, and the municipality with the most votes wins the award.



### **Receiving the Bronze for Innovation Management Award**

*From left to right: Ralph Chapman, Vice President, Public Sector Industries, IBM Canada;  
Guillermo Ferrero, Director, Information Technology & Legislative Services; City of Nanaimo Mayor John Ruttan;  
Giles Cherson, Deputy Minister, Ontario Ministry of Consumer Services*



# City Department Descriptions



# City Manager's Office

The City Manager's Office is the primary liaison between Council and staff in the city's implementation of community priorities so that services and amenities are continuously being improved within the community.

Within its many roles, it provides direction for staff recommendations to Council that reflect relevant facts, options and professional opinion for issues that are being faced by them.

In addition, the City Manager's Office takes a lead role in managing the implementation of the policy direction which has been established by Council and as a result,

the City Manager is the senior staff leader that provides managerial leadership, direction and guidance to all city departments in their operations.

As always, the City of Nanaimo's values and missions are kept in the forefront in all decision-making, and in 2013, the City Manager's primary objective was in assisting Council and staff in implementing the Corporate Strategic Plan pillars and priorities which is a road map in making Nanaimo one of the most desirable places to live, work, play and invest.

## Did You Know?

The City of Nanaimo has its own official flower. *Lotus pinnatus* (or the Bog bird's-foot trefoil) was adopted by City Council as Nanaimo's floral emblem in 2010.



**Bowen Park Duck Pond**



# Community Development

The Community Development Department is responsible for the drafting and administration of procedures and bylaws that direct the form and character of development within the City of Nanaimo. Such bylaws include the City's Zoning Bylaw, Official Community Plan and Design Guidelines that play an integral role in shaping the city's current and future development.

The department is committed to providing excellent customer service and, as such, works closely with committees of Council, the development community, neighbourhood associations and members of the general public to ensure our shared vision of the city is realized. Public input, as it pertains to proposed development, neighbourhood plans

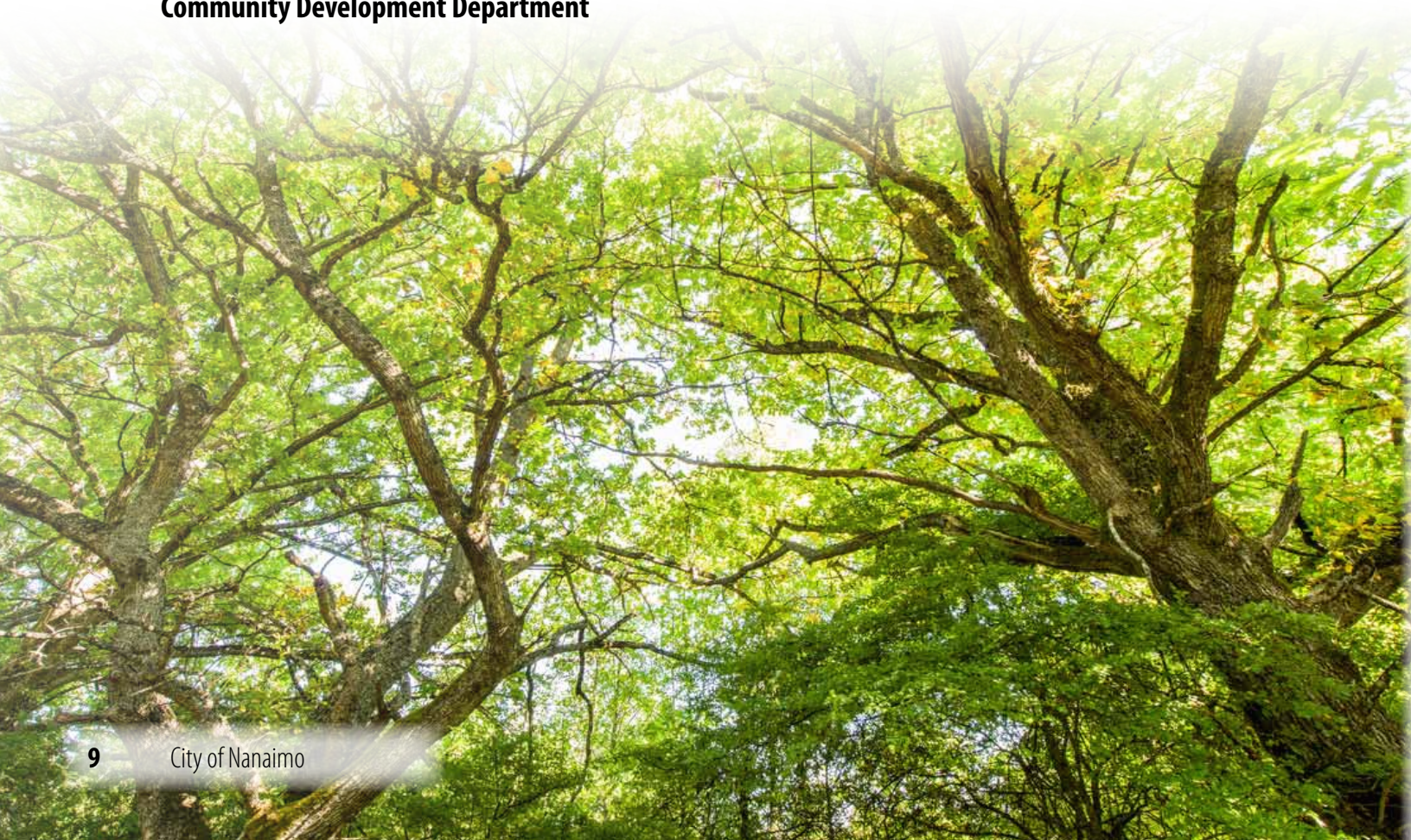
and/or changes to zoning is supported through various forums, such as open houses, public hearings, an extensive and user-friendly online database and through public notifications.

Community Development supports all functions of long-term and current planning, real estate, subdivision, building inspections, business licensing, development engineering and tree management. Together with the community, the department is working towards creating a vibrant community.

**Tree management is one of the many functions of the Community Development Department**

## Did You Know?

The City of Nanaimo has an online source for you to check out what is developing in your area. Check out "What's Building in My Neighbourhood" found on [www.nanaimo.ca](http://www.nanaimo.ca).



# Culture & Heritage

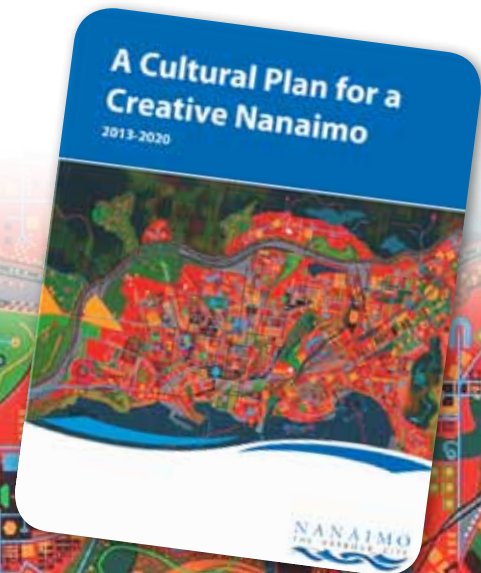
The Culture and Heritage Department was launched in December 2013 with a mandate to promote and celebrate Nanaimo's shared cultural experiences, sense of belonging and cultural vitality as outlined in the City of Nanaimo 2012 Corporate Strategic Plan.

An inaugural three-year roll out (2014-2016) is the foundation upon which future action will be built. The first year is focused on organizational start-up and relationship building. The second year will focus on establishing baseline performance and measures, and the third year will focus on implementing activities in collaboration with community-based and professional organizations providing the arts, culture, heritage and creative economy programs and services that contribute to Nanaimo's quality of life.

The department's role is that of convenor, connector, facilitator, enabler and funder on behalf of the sector. It's a role that recognizes Nanaimo's cultural, heritage and creative organizations as being diverse and independent organizations and united by a desire to realize the sector's potential and value as both a social and economic engine.

Guided by the Cultural Plan for a Creative Nanaimo (2014) and by the Heritage Conservation Program (2002), the department's operating philosophy is grounded in the understanding that everything is based on mutually respectful and beneficial relationships and collaboration with aligned organizations.

**Robert Naish's  
"Satellite City" (2009) is the image for the  
cover of the Cultural Plan for a Creative City**



# Engineering & Public Works

The Engineering and Public Works Department is responsible for the planning, design, construction, operation and maintenance of the city's water, sanitary sewer, storm drainage and transportation infrastructure.

The department sustains, improves, constructs and maintains, in a cost-effective and efficient manner, all municipal infrastructures and improves the service life of utilities infrastructure to meet the current and future needs of the community. This includes providing and maintaining an effective sanitary sewer collection system and storm water collection system that provides for public health and safety with minimal service disruption and impact to the environment and property.

A waterworks system is also managed and maintained providing clean and safe potable water to satisfy all anticipated consumption and fire protection needs.

A transportation network is maintained and improved

to enhance the safety, livability and sustainability of the community and to effectively manage traffic to support road user safety.

The department also maintains a safe and cost-effective fleet of vehicles for City of Nanaimo staff and works to improve fleet fuel efficiency and reduced fleet GHG emissions. It also provides cemetery services and sanitation and solid waste services to maintain a healthy and clean city.

The department utilizes GIS and GIS-based technologies to improve information, analysis and subsequent decisions aimed at improving internal and public services and products.

**The South Fork Water Treatment Plant construction is underway scheduled to be complete in 2015**

## Did You Know?

Average daily individual water usage in a Nanaimo single-family home is 260 litres per person which is lower than the Canadian average of 327 litres and BC's average of 448.



The Finance Department provides financial stewardship of the city's financial assets. This includes the implementation of financial management policies that ensure the city is able to meet Council's future service expectations. Financial information is provided to the public, Council, media and other city departments.

There are five divisions within the Finance Department. Accounting Services is responsible for the expenditures of the city processing over 30,000 invoices annually. This area prepares monthly financial reports for internal review, along with an annual financial statement that is available on the municipal website. Payroll provides bi-weekly pay

cheques for approximately 850 employees, including full-time, part-time and casual employees. Financial Planning prepares the city's financial plan annually for review and adoption by Council. The budget is modified during a public input and discussion period and adopted by bylaw. Purchasing and Stores manages the purchasing function for the city in addition to fleet and stores inventory and property insurance. Revenue Services is responsible for billing, collecting money and maintaining records for properties, water, sewer and garbage user fees and dog licences. Bills and reminders are mailed annually to 35,000 properties, and an annual tax sale is held for properties where property taxes are unpaid for three years.

**West Marsh, 65 acres of land bordering Buttertubs Marsh, was purchased in 2013 in partnership with Ducks Unlimited Canada**

## Did You Know?

Nanaimo is famous for its moderate climate with over 1,800 hours of bright sunshine each year.



# *Human Resources & Organizational Planning*

The Human Resources and Organizational Planning Department's mission is to provide professional human resources services and guide organizational planning initiatives to fulfill the goals of the municipality. The department's vision is to partner with customers to achieve excellence for the community, and their values are integrity, support, excellence, teamwork, respect and responsiveness.

There are four primary goals of the Human Resources and Organizational Planning Department: to provide human resources services and programs that are responsive, effective and efficient, to attract and maintain talented people, to contribute to the success of the corporate strategic plan, and to promote and support a safe, healthy, harmonious and high performance workplace.

Each year the department develops strategies to advance these goals which are then implemented through the various functional areas of Human Resources and Organizational Planning including recruitment and selection; training and employee development; employee and labour relations; job classification, compensation and benefits; health, safety and disability management, and organizational development.

The department also maintains HR information management, employee wellness, social activities, service recognition, access and ID cards and the recruitment, assignment and evaluation of temporary employees.

**Employee training is one of the many functions of Human Resources & Organizational Planning**



# Information Technology & Legislative Services

The Information Technology and Legislative Services Department provides several important services to the public, Council and staff. The department provides support for Council through administrative and audio visual support for all scheduled Council and committee of the whole meetings and overseeing a combined Municipal and School District election every four years.

It is responsible for the management of the city's records policy, freedom of information requests and insurance

claims. The department manages, maintains and provides technical support and training for all computer hardware, software and the city's business information.

Information Technology and Legislative Services is also critical in improving business processes. Recent successes include enhanced transparency through release of in-camera information, streamlined freedom of information requests, improved agenda and minute distribution and the adoption of mobile technology for Council.

## Did You Know?

The IT Department has developed and maintains many online applications, including:

- NanaimoMap
- Public Art Inventory
- Crime Map
- Property Search
- Cultural Map
- Fire Rescue Incident Response Map



# Parks, Recreation & Environment

The Parks, Recreation and Environment has many areas of responsibility. It works alongside community organizations to assist them in providing specialized local services and amenities. In addition to coordinating and overseeing recreation programming for all ages and abilities in several interest areas, including fitness, wellness, arts, crafts, cooking, sports, music, dance and language, the department plans and implements several special events and celebrations, such as Canada Day, Concerts in the Park, New Year's Eve Finale, Rivers Day and Winter Wonderland.

This area of the organization also maintains city-owned properties, including arenas, pools, community centres, civic buildings, as well as the amenities found at these locations (tennis courts, lacrosse boxes, etc.) and

administer the allocation of recreations facilities, parks and equipment.

Along with managing and maintaining 1,200 hectares (2,965 acres) of parks, trails and other protected open space (which makes up over 14 percent of Nanaimo), the department protects, conserves and enhances Nanaimo's natural environment by providing input into the development process and guiding environmental policy to support stewardship and outreach program efforts.

Through these areas of responsibility, the department aims to live up to its mission statement "to enhance the quality of life and leisure in Nanaimo".

## Improvements to Departure Bay Centennial Water Park was one of many projects of Parks, Recreation and Environment in 2013



### Did You Know?

The City of Nanaimo has over 1,300 hectares of protected open space. Check out the "Parks Search" on our website for details on your local parks and trails and then go and explore!

# *Social & Protective Services*

The Social and Protective Services Department was established in December 2013 to bring together city services and staff who have a common goal of ensuring a safe and healthy community for all residents of Nanaimo.

The department consists of Fire, Police, Bylaw, Emergency Management and Social Planning. These sections work together on common initiatives, as well as providing specific services to ensure the community has excellent safety, emergency planning and protective services available at all times. The department's long-term planning and public engagement will be guided by the Social and Protective Services Committee, consisting of members of Council and citizens from the community.

During the past 10 years, staff from throughout the city have established many proactive initiatives to respond to community needs relating to safety, protective services, social issues and emergency planning. One of the primary goals in amalgamating these sections into one department is to build on previous successes and further develop a coordinated effort between the city and external agencies in proactively addressing safety issues in a supportive and cost-effective way. This includes educating citizens on matters relating to emergency and protective services to better enable a collaborative approach to issues, such as social equity, supportive housing, health, public safety and protective services.



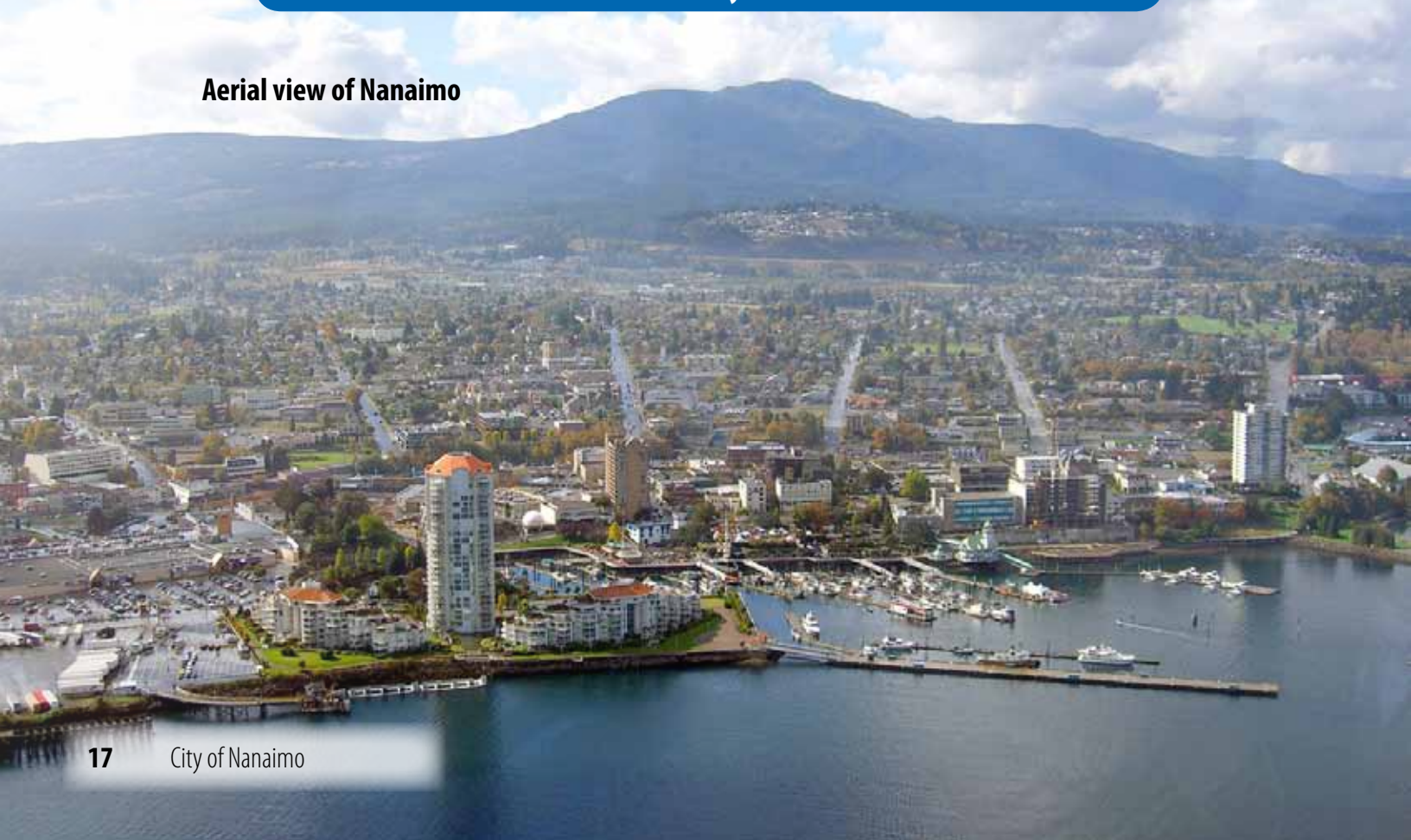
# Corporate Strategic Plan Pillars Progress Report

The 2013 Corporate Strategic Plan identified four pillars of sustainability and the goal of balancing social, environmental, economic and cultural perspectives as Nanaimo is improved for the generations to follow. These four pillars or focus areas have been and will continue to guide ongoing municipal commitment and decisions for years to come.

The following outlines the strategies that were set in accordance with the direction of the Corporate Strategic Plan and the progress that has been made in achieving these initiatives.

**For financial measures that relate to the items outlined in the Corporate Strategic Plan, click here to view the “Balanced Scorecard Performance Measures” found on the City of Nanaimo’s website.**

## **Aerial view of Nanaimo**



# Pillar 1

## ECONOMIC HEALTH

Strategy/Initiative	Progress
Support Nanaimo Economic Development Corporation objectives	<ul style="list-style-type: none"> <li>- Industrial tax shift was completed</li> <li>- Downtown Nanaimo Business Improvement Association Bylaw was renewed</li> <li>- Staff and Council started working with Nanaimo Economic Development Corporation on investment opportunities</li> <li>- Completed the sale of the Vancouver Island Convention Centre hotel site and issued the hotel development permit</li> <li>- An e-Town Hall meeting was held on passenger ferry service to Vancouver</li> </ul>

# Pillar 2

## ENVIRONMENTAL RESPONSIBILITY

Strategy/Initiative	Progress
Update the Corporate Climate Change Plan	<ul style="list-style-type: none"> <li>- All actions and recommendations for the city's 2007 Corporate Climate Change Plan were met</li> <li>- Quarterly reviews with BC Hydro for the Energy Management Plan were successful</li> </ul>
Continue to update and refine the Community Sustainability Action Plan	<ul style="list-style-type: none"> <li>- Began the implementation of the Community Sustainability Action Plan</li> <li>- An energy advisor was hired to incorporate energy considerations into the local area planning process for the Harewood/ Third Street Corridor and to engage the public</li> <li>- Two focus group meetings were held with local realtors to help identify barriers and opportunities to promote energy efficiency within the home buying and selling process in Nanaimo</li> <li>- The results were used to design a new project with BC Hydro to design an energy efficiency training program for realtors</li> </ul>
Execute the Urban Forest Management Strategy	<ul style="list-style-type: none"> <li>- Work started on implementing the Wildfire Interface, Planning &amp; Enforcement, Wildland Urban Interface, Forest Fire Interface and Bylaws, Fines and Enforcement modules</li> <li>- Began updating Tree Management and Protection Bylaw</li> <li>- Several new areas of green space, including the West Marsh were added to the city's natural areas inventory</li> <li>- Tree planting specifications were reviewed and updated as part of the review and update of the Manual of Engineering Standards and Specifications</li> <li>- Began an inventory of all boulevard trees</li> <li>- The new Tree Management and Protection Bylaw (7126) was adopted by council</li> </ul>
Review and update the Water Conservation Strategy	<ul style="list-style-type: none"> <li>- A Draft Water Conservation Strategy was completed</li> </ul>

## Pillar 3

### SOCIAL EQUITY

Strategy/Initiative	Progress
Update of the Social Development Strategy contained in the OCP	<ul style="list-style-type: none"> <li>- This strategy was integrated with the work being done through the Health and Social Network initiative</li> <li>- The city hosted three community workshops with over 60 representatives of the non-profit sector to identify social issues in Nanaimo</li> <li>- The Social Development Strategy was updated</li> <li>- The five-year review of the Official Community Plan began</li> </ul>
Implement initiatives and opportunities consistent with Nanaimo's Community Plan to reduce homelessness and the Housing First Action Plan	<ul style="list-style-type: none"> <li>- Development Permits for supportive housing were issued for the 6025 Upland Drive and Dufferin Crescent (1597 Boundary Crescent) properties</li> <li>- The Dufferin property was subdivided, and the unnecessary portion of it sold</li> <li>- Construction commenced on a 32-unit supported housing Memorandum of Understanding project at 6025 Uplands Drive (aka Uplands Walk)</li> </ul>

## Pillar 4

### CULTURAL VITALITY

Strategy/Initiative	Progress
Develop an updated Cultural Strategy	<ul style="list-style-type: none"> <li>- Staff worked on an extensive community engagement process and prepared a draft Culture Plan</li> <li>- Staff worked on a cultural assets and resources inventory and developed an online Cultural Map</li> </ul>
Update the Parks, Recreation and Culture Master Plan	<ul style="list-style-type: none"> <li>- The update was budgeted for in the 2014-2018 Financial Plan</li> </ul>
Continue to implement the Heritage Action Plan	<ul style="list-style-type: none"> <li>- Council approved a ten-year tax exemption and a Facade Grant for the Free Press building and a Facade Grant for St. Paul's Anglican Church</li> <li>- The Community Heritage Register was updated with 1 new site and 4 buildings added</li> <li>- Three heritage awards were presented</li> <li>- Heritage Commission Work Plan was approved</li> <li>- The 16th Annual Heritage Art Event was held in partnership with Nanaimo Arts Council</li> <li>- Staff completed a review of the Heritage Property Tax Exemption Program and a Heritage Home Grant project for the McCourt residence at 750 Franklyn Street</li> <li>- Work began on a Heritage Tax exemption project for the Free Press building at 223 Commercial Street</li> <li>- Work on a Heritage Facade Grant for St. Paul's Anglican Church at 100 Chapel Street began</li> </ul>



# Corporate Strategic Plan Priorities Progress Report

The 2013 Corporate Strategic Plan has set priorities for shaping the future of Nanaimo for many years to come. The six Strategic Priorities, however, are identified as shorter term initiatives that are needing special attention for the next three to five years. They were carefully chosen within the context of limited resources and ongoing economic challenges and recognize the high costs anticipated to address water supply, asset management and transportation/mobility requirements.

The following pages outline the specific strategic priority and the corresponding initiatives and progress made in that area over the last year.

**For financial measures that relate to the items outlined in the Corporate Strategic Plan, click here to view the “Balanced Scorecard Performance Measures” found on the City of Nanaimo’s website.**

## **Harewood Plains**

## Priority 1

### ASSET MANAGEMENT

Strategy/Initiative	Progress
Develop a comprehensive Asset Management Plan	<ul style="list-style-type: none"> <li>- An Asset Management Plan was approved by Council</li> <li>- An infrastructure condition assessment was conducted and replacement plans were updated</li> </ul>
Ensure the term of the financial plan is sufficient to encompass the major growth/expansion period in Nanaimo's history	<ul style="list-style-type: none"> <li>- The 2014-2018 Financial Plan was prepared incorporating Asset Management projects</li> <li>- A one percent tax increase per year for five years was approved</li> </ul>

## Priority 2

### COMMUNITY BUILDING PARTNERSHIPS

Strategy/Initiative	Progress
Support and facilitate the development of a Nanaimo Social and Health Network	<ul style="list-style-type: none"> <li>- Following three community workshops with local non-profit organizations, staff prepared and presented the report "Social and Health Forums: Finding and Recommendations" to Council</li> </ul>
Participate in the Successful Cities workshops and collaborate with the Chamber of Commerce to evaluate, and where appropriate, to monitor existing and future actions	<ul style="list-style-type: none"> <li>- A Steering Committee of "Inspire Nanaimo: A Successful Cities Partnership" was formed with representation from a cross-section of Nanaimo in partnership with Chamber of Commerce, the city and Vancouver Island University</li> <li>- Some of their accomplishments included a Committee Terms of Reference, work plan and identification of funding needs</li> </ul>
Review and define municipal role in facilitation and maintenance of vibrant "community benefit sector" in Nanaimo	<ul style="list-style-type: none"> <li>- Scheduled for implementation in 2014</li> </ul>

**"The Frame" - a public art piece at Maffeo Sutton Park**

## Priority 3

### TAKING RESPONSIBILITY

Strategy/Initiative	Progress
Commission an external Governance Policy, Structure and Processes Review and Audit	- A Governance Steering Committee was formed and a consultant from Watson Inc. was hired to lead the governance review
Established a coordinated and consistent Current Service Summary across all departments	- A new budget process was developed for 2014-2018 where Council is informed on current service levels
Continue development of the Balanced Scorecard	- The Balanced Scorecard was developed and published online with measurements being updated as needed
Develop a comprehensive Communications Policy and Strategy	- The Communication Plan was drafted, finalized and presented to Council - Staff began implementing strategies from this plan
Explore options for "Town Hall Meetings"	- The first e-Town Hall Meetings were held as a way to increase public feedback, participation and engagement in 2013 and, as such, the city was awarded a Bronze in Innovation Management by the Institute of Public Administration of Canada and received the Spirit of Innovation Award for Best IT Application Showcase by the Municipal Information Systems Association of BC
Adopt a Public Service Excellence Program	- Scheduled for implementation in 2014
Continue to facilitate change and overall development and take actions steps to be a catalyst for investment in the city's future	- The Development Process Review Committee met on a bi-monthly basis to review and make recommendations relating to development processing - The sale of 100 Gordon Street to SSS Manhao International was completed for a hotel next to the conference centre - Mayor Ruttan met with Mayor Nanshi of Calgary and others to expand business opportunities between Calgary and Nanaimo - Initial planning began for a new passenger ferry service to Vancouver

#### Celebrating Canada Day





# Priority 4

## TRANSPORTATION AND MOBILITY

Strategy/Initiative	Progress
Complete comprehensive Sustainable Transportation Master Plan	<ul style="list-style-type: none"> <li>- Staff conducted one stakeholder meeting, two public open houses and a survey to receive public input on the Transportation Master Plan</li> <li>- A site was selected for the Regional District of Nanaimo transit exchange</li> <li>- A draft Transportation Master Plan document was prepared as a working document in improving transportation in Nanaimo</li> </ul>
Continue efforts to integrate land use and mobility planning through the OCP process	<ul style="list-style-type: none"> <li>- A workshop of the technical committee was held on March 28 to look at alternative land use scenarios with the consultants for the Transportation Master Plan</li> <li>- The draft Transportation Master Plan uses the concept of mobility hubs which integrate higher density areas to improve transportation</li> <li>- Started work to incorporate elements of the Transportation Master Plan into the Official Community Plan</li> </ul>
Review DCC rates to better consider cost to service different parts of city and encourage development within currently serviced areas to reduce infrastructure costs	<ul style="list-style-type: none"> <li>- Scheduled for implementation for 2014</li> </ul>
Work with other organizations (e.g. NEDC, BCFC, Airport Authority, NPA, RDN) to advocate for and support improvement of external connections	<ul style="list-style-type: none"> <li>- Representatives of external organizations participated in Transportation Plan Stakeholder Workshops</li> <li>- Discussions and an e-Town Hall Meeting was held on the establishment of a passenger-only ferry service to downtown Vancouver</li> </ul>
Work with the Island Corridor Foundation (ICF) to increase the viability of the E&N Rail line	<ul style="list-style-type: none"> <li>- The Regional District of Nanaimo committed funding to Island Corridor Foundation</li> <li>- Protecting the railway corridor is mentioned as important in the Transportation Master Plan</li> </ul>

### E&N Trail



# Priority 5

## WATER

Strategy/Initiative	Progress
Confirm preferred water supply option with detailed plans, designs and agreements	<ul style="list-style-type: none"> <li>- The process of confirming water supply is continuing</li> <li>- Water sharing with Snunéymuxw First Nation and a future water sharing agreement with Lantzville began</li> <li>- City started working with Island Health to review water quality</li> </ul>
Update of Water Conservation Strategy	<ul style="list-style-type: none"> <li>- Worked with Community Advisory Groups on Water Conservation Strategy</li> <li>- Partnered with Team Water Smart on joint initiatives</li> <li>- Conducted a water audit showing Nanaimo water usage below provincial and national averages and recommendations were incorporated into the Financial Plan</li> <li>- A Draft Water Conservation Strategy was developed</li> </ul>
Implement initiatives and opportunities consistent with the Blue Community designation	<ul style="list-style-type: none"> <li>- Ceased the sale of bottled water in city facilities and began upgrading water fountains in city parks and facilities</li> </ul>
Continued commitment to full-cost water pricing	<ul style="list-style-type: none"> <li>- Scheduled for implementation in 2014</li> </ul>
Enhance water billing information to encourage awareness and wise use of water	<ul style="list-style-type: none"> <li>- Scheduled for implementation in 2014</li> </ul>



# Priority 6

## WATERFRONT ENHANCEMENT

Strategy/Initiative	Progress
<p>Create a Waterfront Interdepartmental Staff Team (WIST) mandated to build partnerships and to identify and act on opportunities to create an uninterrupted waterfront trail and other priority outcomes</p>	<ul style="list-style-type: none"> <li>- The acquisition of the CP Lands results in a Higher Service Level request being approved for a South Nanaimo Waterfront Master Plan</li> <li>- 0.3 acres of this land is asset to become the new transit exchange in partnership with the Regional District of Nanaimo</li> <li>- The South Downtown Waterfront Steering Committee (made up of community members) launched a campaign to engage the public in creating a vision for the south industrial waterfront</li> </ul>
<p>Update Maffeo Sutton Park Improvement Plan</p>	<ul style="list-style-type: none"> <li>- Completed the public input process and starting to prepare a draft plan for Council's review</li> </ul>
<p>Assess and address concerns related to aging infrastructure at Georgia Park</p>	<ul style="list-style-type: none"> <li>- Completed the public input process and starting to prepare a draft plan for Council's review</li> </ul>
<p>Work with other organizations (e.g. NEDC, BCFC, Airport Authority, NPA, RDN) to advocate for and support improvement of external connections</p>	<ul style="list-style-type: none"> <li>- Representatives of external organizations participated in Transportation Plan Stakeholder Workshops</li> <li>- Discussions and an e-Town Hall Meeting was held on the establishment of a passenger-only ferry service to downtown Vancouver</li> </ul>
<p>Upgrade and improve existing Departure Bay section of the Waterfront Trail from Kin Hut to Hammond Bay Road</p>	<ul style="list-style-type: none"> <li>- Planning began to upgrade and improve the waterfront trail from Kin Hut to Hammond Bay Road</li> </ul>
<p>Work with SFN and BC Parks to explore options for improving access to Newcastle Island</p>	<ul style="list-style-type: none"> <li>- Began making efforts to re-establish a Newcastle Island Collaborative Management Committee and working with the province and the Snunéymuxw First Nation to prepare terms of reference for a study outlining options for improving access to Newcastle Island</li> </ul>

Aerial view of Maffeo Sutton Park



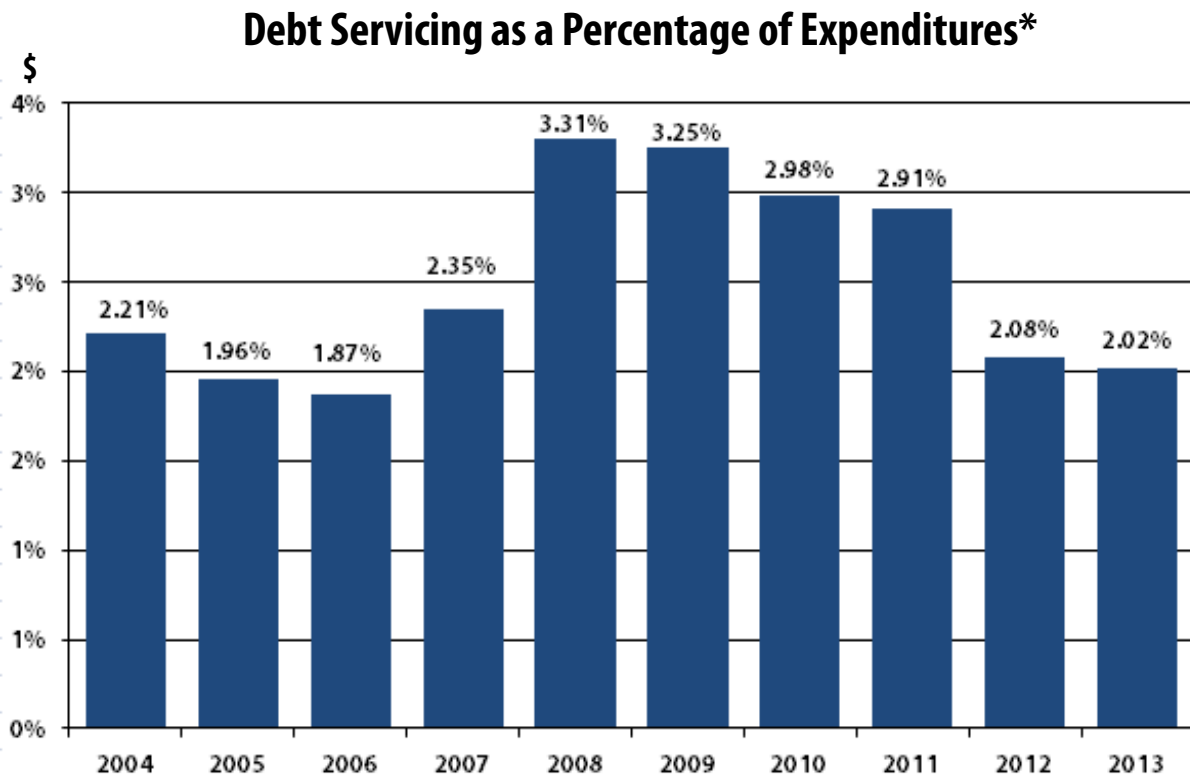
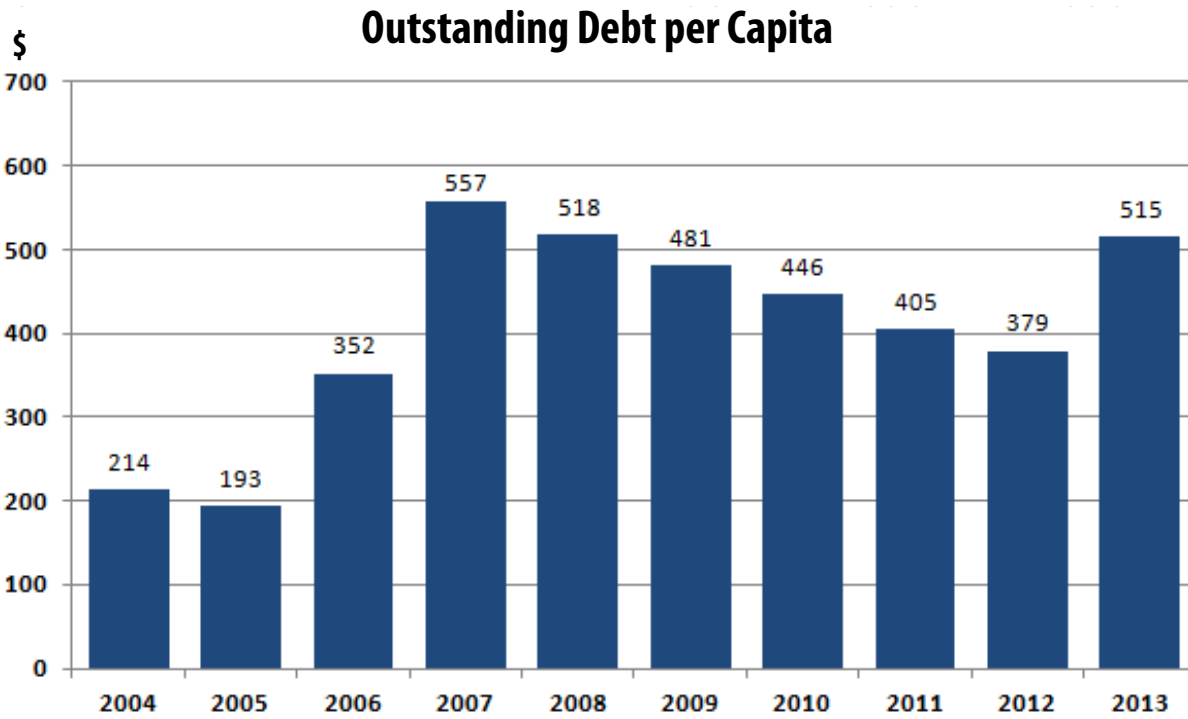
# Financial Statistics



**Nanaimo's historic landmark  
Bastion**

# Debt Graphs

(unaudited)



\*Includes operating and capital expenses but excludes amortization

# Where Your Tax Dollars Go...

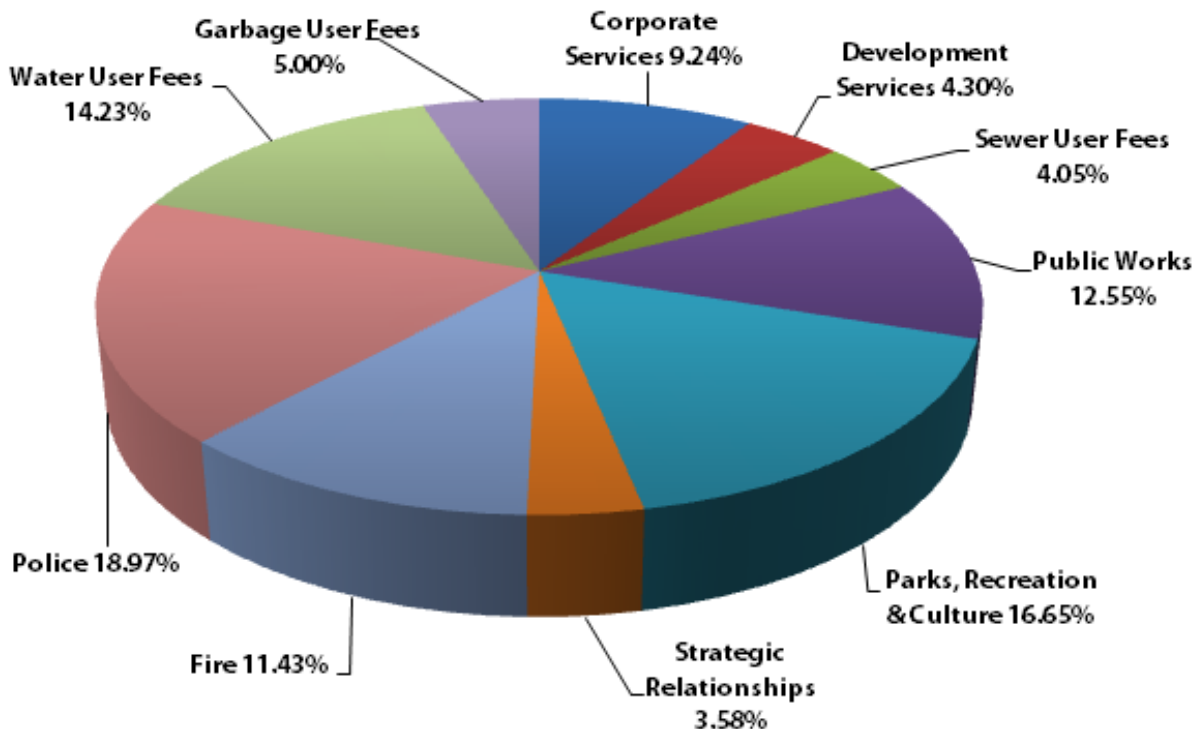
**For a residential property with an assessed value of \$340,000**

## Municipal Taxes & User Rates

Corporate Services	\$ 232.22
Development Services	108.01
Fire	287.07
Police	476.47
Parks, Recreation & Culture	418.29
Public Works	315.25
Strategic Relationships	89.98
Sewer User Fees	101.83
Water User Fees	357.49
Garbage User Fees	<u>125.74</u>
<b>Total Municipal Taxes and User Fees</b>	<b><u>\$2,512.35</u></b>

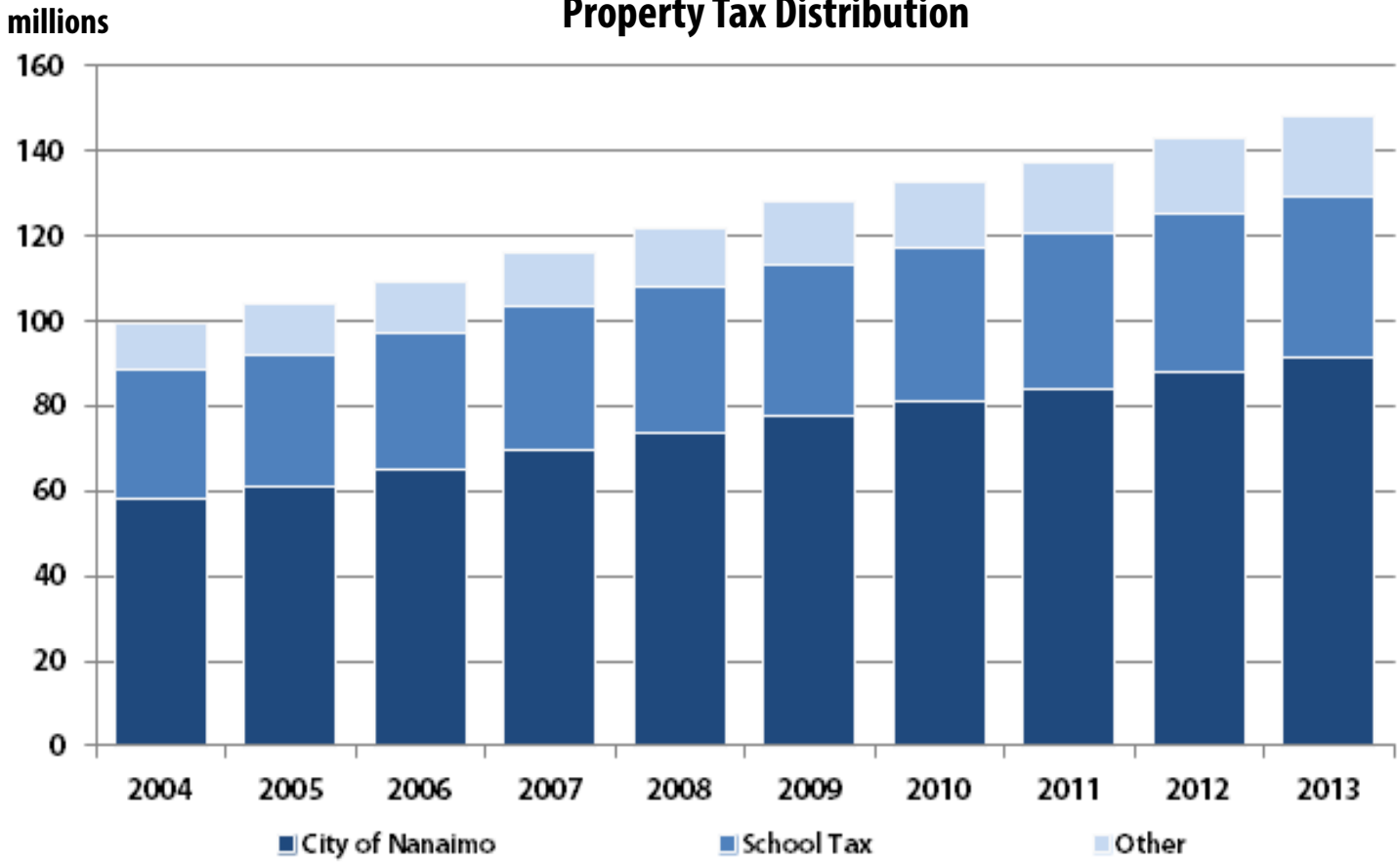
*\*NOTE: School taxes, regional levies and the Home Owner Grant are not included in the above*

## 2013 Municipal Taxes and User Fees for a Residential Property with an Assessed Value of \$340,000

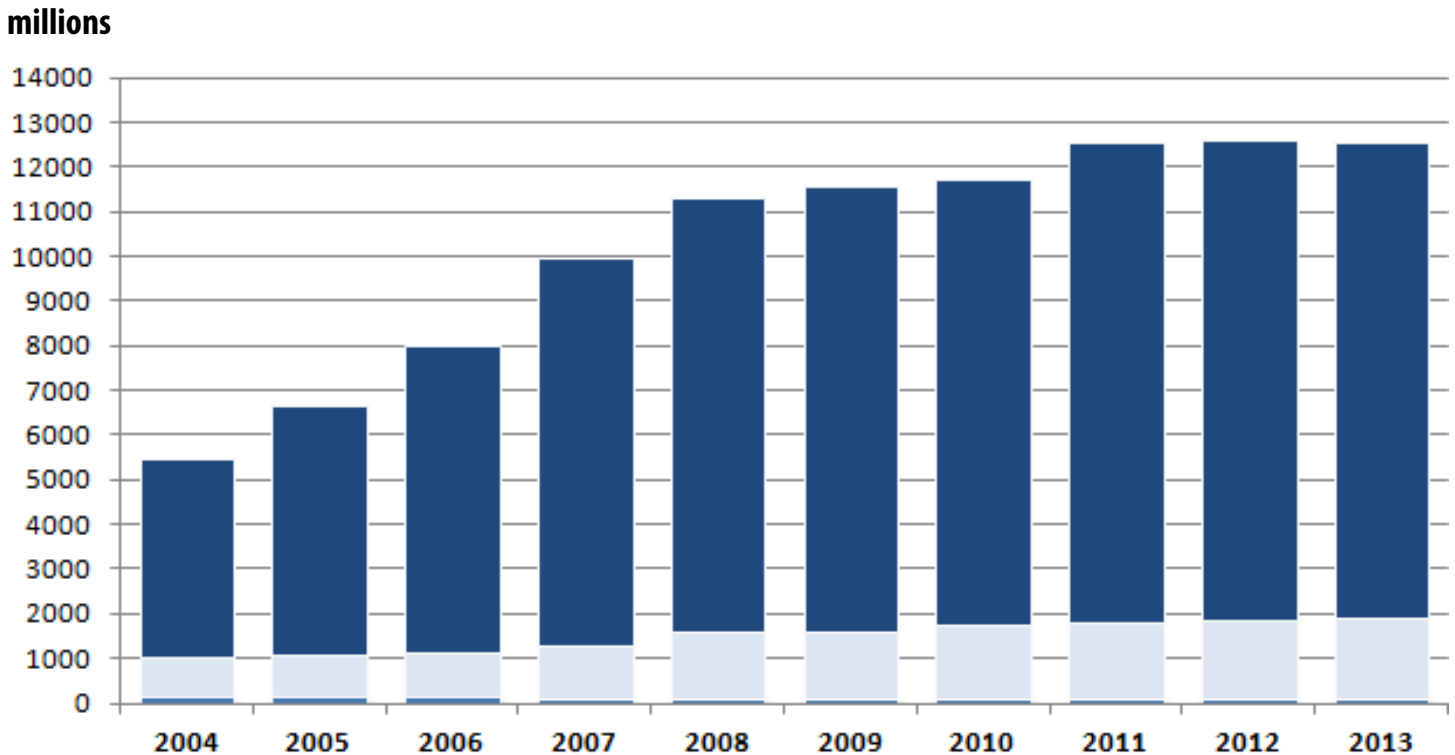


# Taxes and Levies / Assessed Values

## Property Tax Distribution

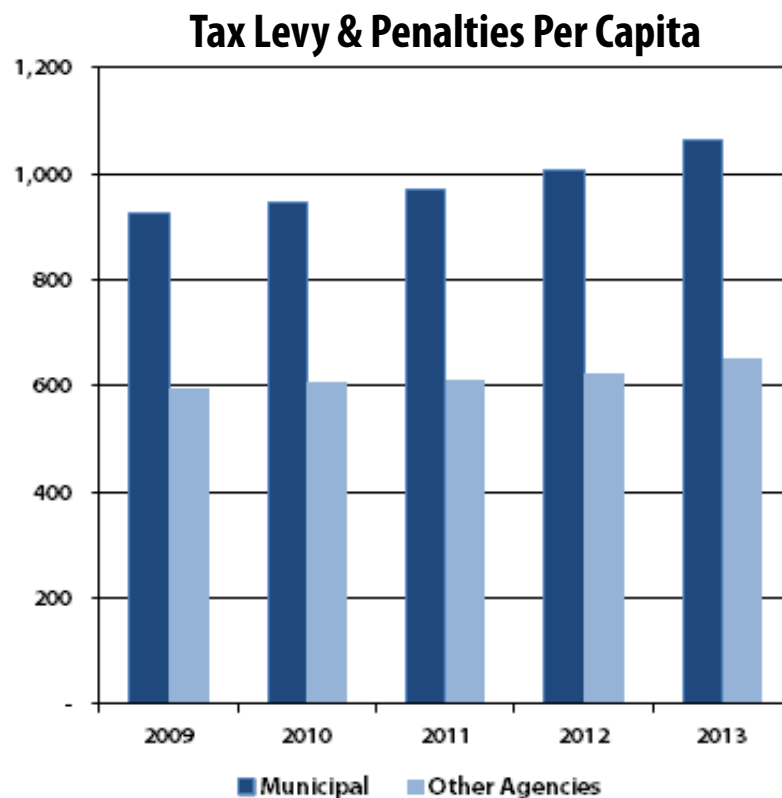
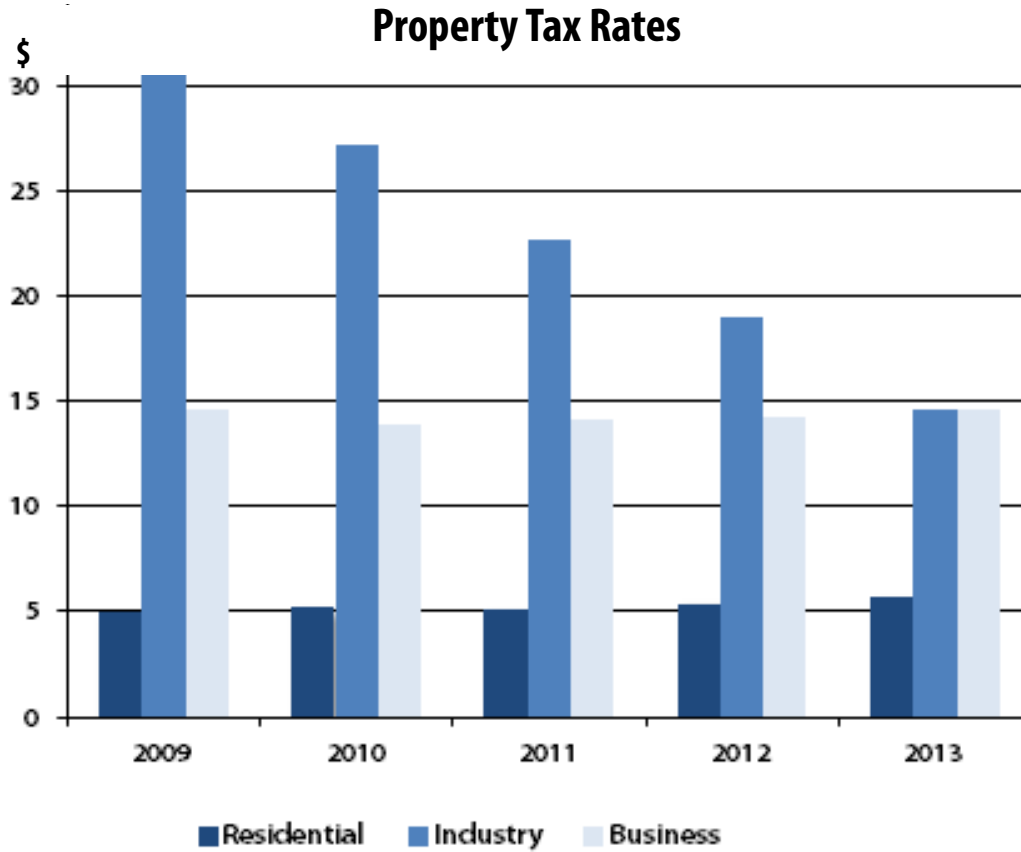


## Assessment Values



# Tax Rates / Tax Levy

(unaudited)





# Property Owners with Gross Taxes Exceeding \$250,000 in 2013

Rank	Property Owner	Primary Property	Total Taxes Levied (all agencies)	% of current tax levy
1	IVANHOE CAMBRIDGE I INC	Woodgrove Centre	\$ 4,409,108.57	3.00%
2	1854 HOLDINGS LTD	Nanaimo North Town Centre	\$ 1,837,448.25	1.25%
3	NANAIMO FOREST PRODUCTS LTD	Harmac Pulp Mill	\$ 1,438,775.60	0.98%
4	COUNTRY CLUB CENTRE LTD	Country Club Centre	\$ 1,403,427.00	0.95%
5	FIRST CAPITAL CORPORATION	Longwood Station / Port Place / VICC	\$ 1,344,707.01	0.91%
6	BRITISH COLUMBIA FERRY SERVICES INC	BC Ferries (become taxable in 2004)	\$ 920,788.51	0.63%
7	TELUS COMMUNICATIONS & BC TELEPHONE CO	Excludes 1% Grant	\$ 698,086.73	0.47%
8	LOBLAW PROPERTIES WEST INC	Real Canadian Superstore	\$ 695,103.98	0.47%
9	NORED DEVELOPMENTS INC	Nored Plaza / Applecross Home Centre / Other Strip Malls / Various Residential	\$ 680,147.88	0.46%
10	416382 BC LTD	Dickinson Crossing	\$ 665,260.28	0.45%
11	BROOKS LANDING CENTRE INC	Brooks Landing Shopping Centre	\$ 632,318.61	0.43%
12	FORTIS ENERGY	Excludes 1% Grant	\$ 629,521.03	0.43%
13	ARTIS AULDS CORNER NANAIMO LTD	Milano's / Valhalla / Island Natural / HSBC	\$ 622,241.49	0.42%
14	BRITISH COLUMBIA HYDRO & POWER AUTHORITY	Excludes 1% Grant	\$ 594,662.16	0.40%
15	FERNCO DEV LTD / LENCO DEV LTD / NORCO DEV LTD	Terminal Park (part) / Mostar Strip Mall	\$ 559,788.15	0.38%
16	COSTCO WHOLESALE CORP	Costco	\$ 536,324.07	0.36%
17	HOME DEPOT HOLDINGS INC	Home Depot	\$ 531,472.42	0.36%
18	NPR GP INC	Various Residential	\$ 493,518.26	0.34%
19	INSIGHT HOLDINGS LTD	Various Residential	\$ 486,439.03	0.33%
20	SOPHIE INVESTMENTS INC	Rock City Centre / 3 Apartment Buildings / Glen Eagle	\$ 437,096.20	0.30%
21	DUKE POINT PROPERTY COMPANY ULC	Duke Point	\$ 422,906.25	0.29%
22	HAREWOOD INVESTMENTS LTD	University Village	\$ 413,909.26	0.28%
23	WESTERN FOREST PRODUCTS INC	Duke Point Mill / Mill @ Nanaimo Wharf	\$ 402,820.50	0.27%
24	DOVER POINTE CENTRE LTD	Home Outfitters / Home Sense / PetSmart	\$ 399,577.89	0.27%
25	SPIRE LP (WOODGROVE CROSSING) LTD	Woodgrove Crossing	\$ 392,525.22	0.27%
26	WTF INVESTMENTS CO LTD	Metral Place Shopping Centre (Staples, etc)	\$ 391,557.24	0.27%
27	SHAW CABLESYSTEMS (BC) LTD	Excludes 1% Grant	\$ 373,993.95	0.25%
28	MID-ISLAND CONSUMER SERVICES CO-OP	Co-op Centre and Various Properties	\$ 372,317.20	0.25%
29	NANAIMO SENIORS VILLAGE HOLDINGS LTD	Nanaimo Seniors Village	\$ 369,363.59	0.25%
30	MALAVIEW DEVELOPMENT LTD	Slegg Lumber	\$ 351,619.21	0.24%
31	B-250 HOLDINGS INC	Hammond Bay Plaza	\$ 321,619.78	0.22%
32	HOPEPLACE HOLDINGS INC	Country Grocer and other on Bowen Road	\$ 318,282.78	0.22%
33	NANAIMO BASTION HOTEL CORP	Coast Bastion Hotel	\$ 305,288.54	0.21%
34	MAPLE GLEN HOLDINGS LTD	Southgate Mall	\$ 294,332.09	0.20%
35	WELLINGTON COURT HOLDINGS CORP	Wholesale Sports	\$ 256,370.71	0.17%
			<u>\$ 25,002,719.44</u>	
		<b>Total Tax Levy</b>	<u>\$ 147,194,292.44</u>	

# Permissive Tax Exemptions

## Property Tax Exemption Bylaw No. 7152

Organization	Municipal Taxes Exempt Portion
ANGLICAN SYNOD DIOCESE OF B C	10,737
ASSEMBLY OF BC ARTS COUNCILS	257
BC CONFERENCE OF THE MENNONITE BRETHREN THE	11,696
BC CORP SEVENTH DAY ADVENTIST	2,962
BC MUSLIM ASSOCIATION THE	1,505
BC SPCA	6,152
BENEDICTINES OF NANAIMO THE	3,435
BISHOP OF VICTORIA	22,500
BOYS AND GIRLS CLUBS OF CENTRAL VANCOUVER ISLAND	10,618
CANADIAN MENTAL HEALTH ASSOCIATION	4,891
CENTENNIAL MUSEUM	41,805
CVI CENTRE FOR THE ARTS	4,101
CENTRAL VANCOUVER ISLAND MULTICULTURAL SOCIETY	14,061
CHRIST COMMUNITY CHURCH	8,609
CHRISTIAN AND MISSIONARY ALLIANCE-CANADIAN PACIFIC DISTRICT	3,336
CHRISTIAN SCIENCE SOC OF NANAIMO	481
CHURCH OF THE NAZARENE CANADA PACIFIC DISTRICT	3,376
COLUMBIAN CENTRE SOCIETY	7,312
CRIMSON COAST DANCE SOCIETY	434
CRISIS PREGNANCY CENTRE OF NANAIMO SOCIETY	3,717
DEPARTURE BAY CONGREGATION OF JEHOVAH'S WITNESSES TRUSTE	4,429
DUCKS UNLIMITED CANADA	4,132
FIRST BAPTIST CHURCH NANAIMO BC	3,724
FOURSQUARE GOSPEL CHURCH OF CANADA	6,979
G S M P D SIKH TEMPLE INC	916
GEORGE R PEARKE SENIOR CITIZEN HSG	19,385
GOOD SAMARITAN CANADA (A LUTHERAN SOCIAL SERVICE ORGANIZATION)	98,617
GOVERNING COUNCIL OF THE SALVATION ARMY	18,035
HABITAT FOR HUMANITY MID-VANCOUVER ISLAND	11,199
HAMMOND BAY BAPTIST CHURCH	1,553
HOPE LUTHERAN CHURCH	4,170
ISLAND CORRIDOR FOUNDATION	105,210
ISLAND CRISIS CARE SOCIETY	5,224
KINGS TEMPLE MISSIONARY SOCIETY THE	1,400
LIGHTHOUSE BIBLE BAPTIST CHURCH OF NANAIMO SOCIETY	559
LOAVES & FISHES FOOD BK FOUNDATION	3,034
MCGIRR SPORTS SOCIETY THE	39,790
MID-ISLAND INTERGROUP SOCIETY	375
MID-ISLAND METIS NATION ASSOCIATION	339
MID-ISLAND SCIENCE TECHNOLOGY & INNOVATION COUNCIL	3,534
MT BENSON (PAC BR 256) ROYAL CAN LEGION	7,420

# Permissive Tax Exemptions

## Property Tax Exemption Bylaw No. 7152

Organization	Municipal Taxes Exempt Portion
NANAIMO ASSOCIATION FOR COMMUNITY LIVING	20,924
NANAIMO BMX ASSOCIATION	2,502
NANAIMO BRAIN INJURY SOCIETY	3,491
NANAIMO BRANCH OF THE RED CROSS SOCIETY	4,629
NANAIMO BRANCH ROYAL CANADIAN LEGION (BRANCH 10)	2,512
NANAIMO CANOE & KAYAK CLUB/NANAIMO ROWING CLUB	555
NANAIMO CHILD DEVELOPMENT CENTRE SOCIETY	29,027
NANAIMO CHRISTIAN SCHOOL (1988) SOCIETY	8,586
NANAIMO CHURCH OF CHRIST	1,102
NANAIMO CITIZEN ADVOCACY ASSOCIATION	1,886
NANAIMO COMMUNITY ARCHIVES	4,630
NANAIMO COMMUNITY HOSPICE SOCIETY	7,595
NANAIMO CONSERVATORY OF MUSIC	7,315
NANAIMO CURLING CLUB	11,725
NANAIMO DISTRICT SENIOR CITIZENS' HOUSING DEVELOPMENT SOCIETY	115,437
NANAIMO F O S NON-PROFIT HOUSING SOCIETY	12,970
NANAIMO FAMILY LIFE ASSOCIATION	3,240
NANAIMO FOODSHARE NETWORK SOCIETY	3,694
NANAIMO FULL GOSPEL ASSEMBLY	1,850
NANAIMO MARINE RESCUE SOCIETY	1,034
NANAIMO MINOR HOCKEY ASSOCIATION	3,720
NANAIMO RECYCLING EXCHANGE	12,252
NANAIMO REGIONAL JOHN HOWARD SOCIETY	6,221
NANAIMO SEARCH & RESCUE SOCIETY	3,198
NANAIMO SQUASH CLUB	3,636
NANAIMO THEATRE GROUP	3,199
NANAIMO TRAVELLERS LODGE SOCIETY	21,541
NANAIMO WOMEN'S RESOURCE SOCIETY	3,166
NANAIMO YOUTH SERVICES ASSOCIATION	9,783
NATURE TRUST OF BC	161,451
NAVY LEAGUE OF CANADA NAN BRANCH	4,804
OPTIONS FOR SEXUAL HEALTH	2,342
PACIFIC CHILD AND FAMILY ENRICHMENT SOCIETY	5,584
PENTECOSTAL ASSEMBLIES OF CANADA	14,466
PLEASANT VALLEY SOCIAL CENTRE	5,062
PORT THEATRE SOCIETY THE	284,054
PRESIDENT OF THE LETHBRIDGE STAKE	3,058
PRIESTLY SOCIETY OF ST PIUS	1,438
PROTECTION ISLAND LIONS CLUB	12,397
PROTECTION ISLAND RATEPAYERS ASSOC	4,106
RADIO MALASPINA SOCIETY	1,209

# Permissive Tax Exemptions

## Property Tax Exemption Bylaw No. 7152

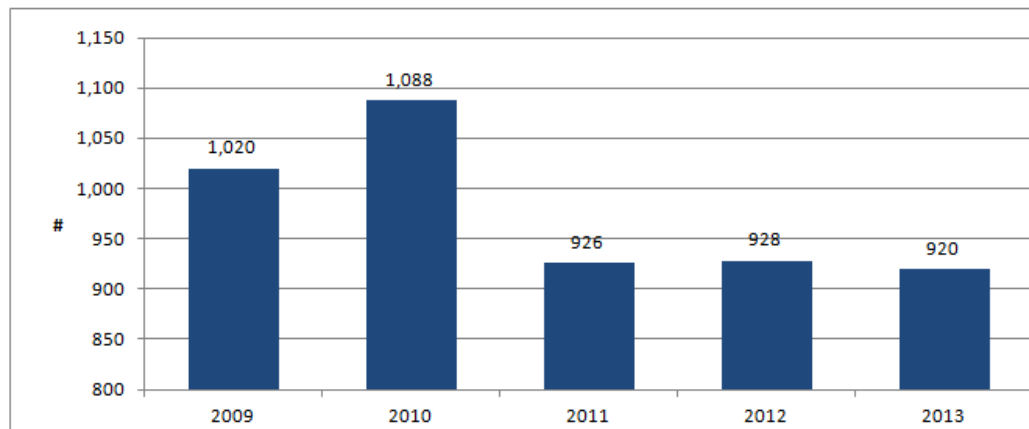
Organization	Municipal Taxes Exempt Portion
TILLICUM LELUM ABORIGINAL SOCIETY	23,259
TRUSTEES OF ST ANDREWS PRESBYTERIAN CHURCH CANADA	4,026
TRUSTEES OF THE CHASE RIVER CONGREGATION OF JEHOVAH'S W	2,964
TRUSTEES OF THE CONGREGATION OF BRECHIN UNITED CHURCH	2,636
TRUSTEES OF THE CONGREGATION OF DEPARTURE BAY BAPTIST CHURCH	2,464
TRUSTEES OF THE CONGREGATION OF ST ANDREWS UNITED CHURCH	6,665
TRUSTEES OF THE NANAIMO CHRISTADELPHIANS	1,486
TRUSTEES OF THE WOODGROVE CONGREGATION OF JEHOVAH'S WITNESS	1,706
UKRAINIAN CATHOLIC EPARCHY OF NEW WEST	1,745
UNITARIAN FOUNDATION OF NANAIMO	1,857
UNITED WAY CENTRAL & NORTHERN VANCOUVER ISLAND	3,766
VANCOUVER ISLAND AIDS SOCIETY	910
VANCOUVER ISLAND HAVEN SOCIETY	20,191
VANCOUVER ISLAND KHALSA DIWAN SOCIETY	4,038
VANCOUVER ISLAND MILITARY MUSEUM	13,535
VANCOUVER ISLAND SYMPHONY	1,053
WAKESIAH GOSPEL CHAPEL	2,715
WELLINGTON COMMUNITY ASSOCIATION	6,820
	<u>1,518,946</u>

# Operational Comparative Statistics

(unaudited)

<b>Municipal Government Form: Mayor and 8 Council Members</b>					
<b>Incorporated December 24, 1874</b>					
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
		Restated	Restated	Restated	Restated
<b>Population *</b>	86,057	87,515	86,961	85,487	84,331
<b>Registered Voters</b>	63,383	63,383	63,383	62,687	61,860
<b>No. of Properties (Folios)</b>	35,852	35,333	35,010	34,698	34,025
<b>Paved Roads in KM**</b>	610	608	605	603	598
<b>Sanitary Sewer Lines in KM</b>	662	659	656	652	646
<b>Storm Sewer Lines in KM</b>	539	536	532	528	521
<b>Water Lines in KM</b>	635	629	624	620	613
<b>Municipal Full-Time Employees</b>	608	604	603	590	583
<b>Police Protection</b>					
<b>Number of Stations</b>	1	1	1	1	2
<b>Number of Police Officers</b>	140	140	135	135	124
<b>Number of Criminal Code Offences</b>	9,882	12,784	13,124	14,299	15,837
<b>Fire Protection</b>					
<b>Number of Stations</b>	5	5	6	6	6
<b>Number of Full-Time Personnel</b>	103	105	105	105	95
<b>Paid On Call Firefighters</b>	60	58	53	60	69
<b>Number of Call Received</b>	6,915	6,628	6,494	6,297	6,095
<b>Number of Fire Hydrants</b>	3,015	2,952	2,933	2,881	2,837
<b>Value of Building Permits Issued</b>	\$119,988,214	\$162,417,519	\$188,222,526	\$175,406,152	\$157,999,398

## Building Permits Issued



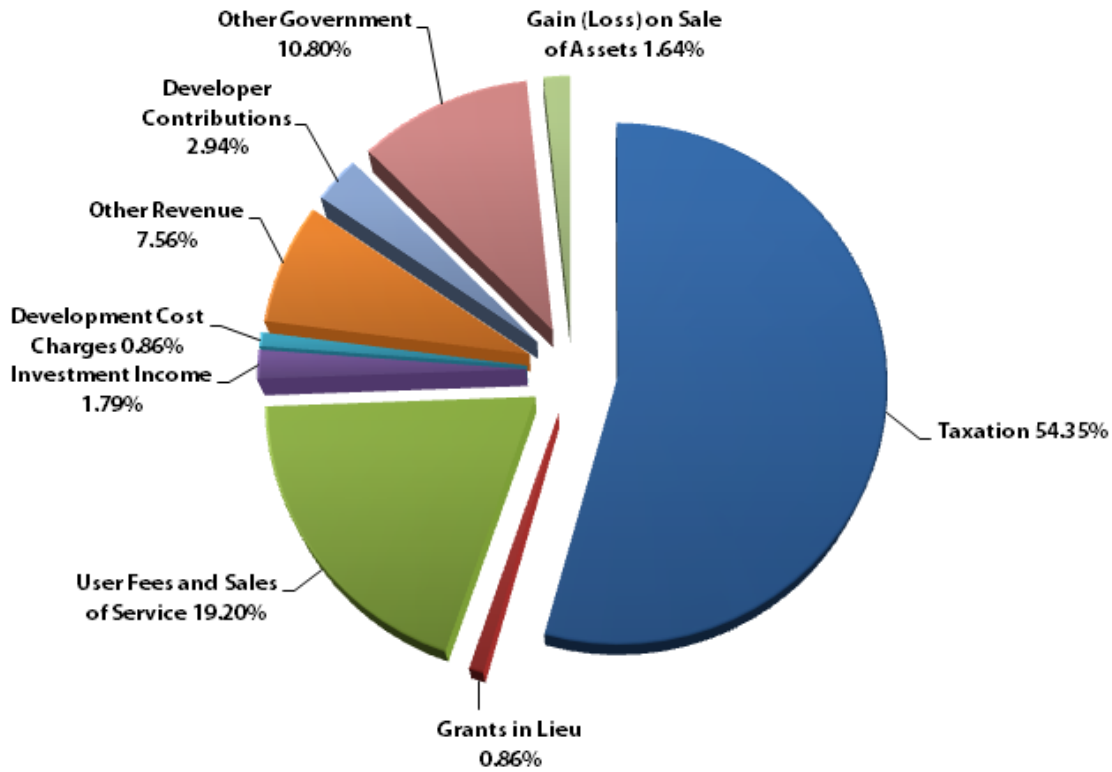
\*NOTE: all population data is estimated

\*\*Adjusted in 2008 to remove streets falling under Provincial jurisdiction

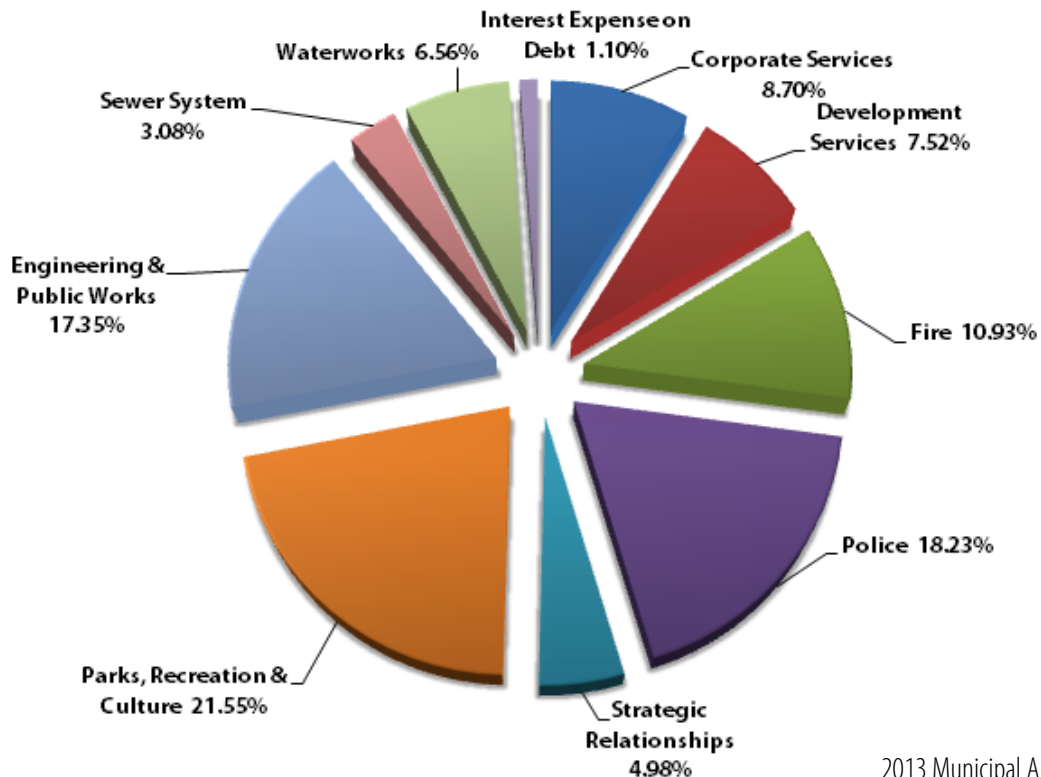
# Operating Revenues and Expenses

(unaudited)

## Revenue



## Expenses



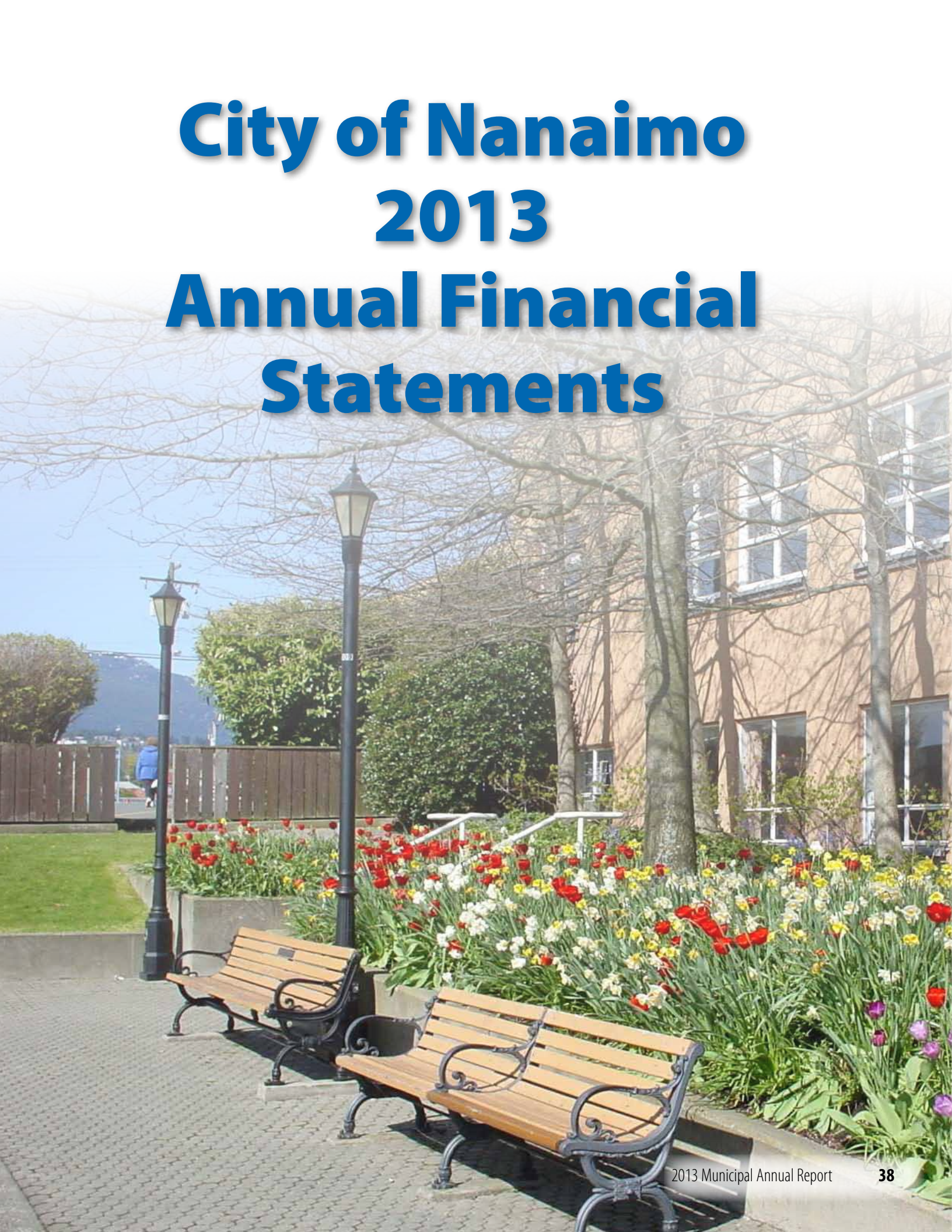
# 2014 - 2018 Capital Plan and Funding

	Expenditures						Funding Sources				
	2014	2015	2016	2017	2018	Total	General Revenue	Statutory Reserves	General Reserves	Other Sources *	Total
Corporate Services	2,259,995	961,000	780,000	1,037,000	686,000	5,723,995	3,100,000	800,000	1,822,372	1,623	5,723,995
Community Services											
Culture and Heritage	135,073	50,000	227,500	-	-	412,573	277,500	135,073	-	-	412,573
Parks, Recreation and Environment	3,009,763	2,765,000	2,392,176	2,660,000	1,450,000	12,276,939	5,894,500	4,456,514	1,128,104	797,821	12,276,939
Engineering and Public Works	8,532,638	4,998,000	9,579,000	12,962,000	4,810,000	40,881,638	19,270,150	13,726,546	1,884,942	6,000,000	40,881,638
Social and Protective Services	1,690,481	3,150,000	1,125,000	1,064,000	7,260,000	14,289,481	2,421,810	2,393,483	322,271	9,151,917	14,289,481
<b>General</b>	<b>15,627,950</b>	<b>11,924,000</b>	<b>14,103,676</b>	<b>17,723,000</b>	<b>14,206,000</b>	<b>73,584,626</b>	<b>30,963,960</b>	<b>21,511,616</b>	<b>5,157,689</b>	<b>15,951,361</b>	<b>73,584,626</b>
<b>Sanitary Sewer</b>	<b>7,203,434</b>	<b>6,258,924</b>	<b>2,548,600</b>	<b>3,532,950</b>	<b>718,000</b>	<b>20,261,908</b>	-	<b>7,155,805</b>	<b>13,106,103</b>	-	<b>20,261,908</b>
<b>Waterworks</b>	<b>36,559,077</b>	<b>7,998,559</b>	<b>9,593,200</b>	<b>12,720,318</b>	<b>7,710,050</b>	<b>74,581,204</b>		<b>22,033,201</b>	<b>37,509,343</b>	<b>15,038,660</b>	<b>74,581,204</b>
<b>Total</b>	<b>59,390,461</b>	<b>26,181,483</b>	<b>26,245,476</b>	<b>33,976,268</b>	<b>22,634,050</b>	<b>168,427,738</b>	<b>30,963,960</b>	<b>50,700,622</b>	<b>55,773,135</b>	<b>30,990,021</b>	<b>168,427,738</b>

\*Other sources include borrowing, private contributions and federal and provincial grants



# **City of Nanaimo 2013 Annual Financial Statements**





# Annual Financial Statements

## CITY OF NANAIMO 2013 FINANCIAL STATEMENTS MANAGEMENT REPORT

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

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

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

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects, the financial position of the City of Nanaimo as at December 31, 2013.



B. E. Clemens, CMA  
Director of Finance



J. R. Ruttan  
Mayor

April 28, 2014

# Annual Financial Statements



KPMG LLP  
Chartered Accountants  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2  
Canada

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council

We have audited the accompanying consolidated financial statements of the City of Nanaimo, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### *Opinion*

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

Chartered Accountants  
Burnaby, Canada  
April 28, 2014

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

# Annual Financial Statements

**CITY OF NANAIMO**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at December 31, 2013, with comparative figures for 2012

	2013	2012
		(Recast - Note 2)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 61,966,228	\$ 57,700,182
Accounts receivable and other assets (Note 3)	21,146,204	24,344,242
Development cost charges receivable (Note 4)	304,302	880,015
Portfolio investments (Note 5)	94,033,738	93,401,796
	<u>177,450,472</u>	<u>176,326,235</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	27,932,232	32,502,468
Compensated absences and termination benefits (Note 7)	6,503,277	6,241,975
Deferred revenue and other liabilities (Note 8)	21,610,633	21,194,475
Deferred development cost charges (Note 9)	38,281,961	34,468,404
Debt (Note 11)	44,325,082	33,152,899
	<u>138,653,185</u>	<u>127,560,221</u>
<b>NET FINANCIAL ASSETS</b>	<u>38,797,287</u>	<u>48,766,014</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	625,969,197	586,111,331
Prepaid expenses	1,198,766	1,250,174
Inventories of supplies	720,934	578,702
	<u>627,888,897</u>	<u>587,940,207</u>
<b>ACCUMULATED SURPLUS (Note 13)</b>	<u>\$ 666,686,184</u>	<u>\$ 636,706,221</u>

Commitments and contingencies (Note 14)



**B. E. Clemens, CMA**  
**Director of Finance**



**J. R. Ruttan**  
**Mayor**

The accompanying notes form an integral part of the financial statements

# Annual Financial Statements

## CITY OF NANAIMO

### CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended December 31, 2013, with comparative figures for 2012

	2013 Budget (Note 15)	2013	2012 (Recast - Note 2)
<b>REVENUES</b>			
Taxes	\$ 91,103,612	\$ 90,976,425	\$ 87,386,690
Payments in lieu of taxes	1,401,103	1,436,385	1,398,588
Taxation and payments in lieu (Note 16)	92,504,715	92,412,810	88,785,278
User fees and sales of services (Note 17)	31,844,175	32,139,631	30,871,190
Investment income	2,948,277	2,995,973	3,498,620
Other revenue	9,160,546	9,569,737	9,473,103
Development cost charges (Note 9)	5,697,435	1,440,955	4,810,065
Donations and contributions - capital	884,229	455,741	1,214,965
Transfers from other governments - capital (Note 18)	12,861,792	15,765,336	8,518,460
Transfers from other governments - operating (Note 18)	4,508,496	4,862,563	5,739,599
Municipal Finance Authority refunds and debt forgiven	-	74,734	119,159
Developer assets received (Note 12)	-	4,916,402	7,948,337
Gain (loss) on sale of assets	-	2,752,932	(705,491)
	<b>160,409,665</b>	<b>167,386,814</b>	<b>160,273,285</b>
<b>EXPENSES</b>			
Corporate services	12,527,012	11,953,331	9,371,524
Development services	10,467,408	10,407,901	9,625,776
Community safety	41,945,314	40,219,412	39,754,798
Strategic relationships	8,072,996	7,934,947	8,035,616
Parks, recreation and culture	30,158,657	29,694,708	31,653,640
Engineering and public works	25,669,953	23,844,219	24,371,693
Sewer system	5,161,416	4,225,625	4,251,970
Waterworks	9,616,885	9,126,708	8,855,130
	<b>143,619,641</b>	<b>137,406,851</b>	<b>135,920,147</b>
<b>ANNUAL SURPLUS</b>	<b>16,790,024</b>	<b>29,979,963</b>	<b>24,353,138</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>636,706,221</b>	<b>636,706,221</b>	<b>620,556,771</b>
Transfer to deferred revenue to apply Public Sector Accounting Standard 3410 (Note 2)	-	-	(8,203,688)
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 653,496,245</b>	<b>\$ 666,686,184</b>	<b>\$ 636,706,221</b>

The accompanying notes form an integral part of the financial statements

# Annual Financial Statements

## CITY OF NANAIMO

### CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

for the year ended December 31, 2013, with comparative figures for 2012

	2013 Budget (Note 15)	2013	2012 (Recast - Note 2)
<b>ANNUAL SURPLUS</b>	\$ 16,790,024	\$ 29,979,963	\$ 24,353,138
Acquisition of tangible capital assets	(72,217,517)	(55,926,177)	(42,050,726)
Developer contributed capital assets	-	(4,916,402)	(7,948,337)
	(72,217,517)	(60,842,579)	(49,999,063)
Amortization of tangible capital assets	19,539,475	20,241,471	19,424,028
(Gain) loss on sale of tangible capital assets	-	(2,752,932)	705,491
Proceeds on sale of tangible capital assets	-	3,496,174	235,324
	(52,678,042)	(39,857,866)	(29,634,220)
Acquisition of inventories of supplies	-	(3,434,280)	(3,633,420)
Acquisition of prepaid expenses	-	(1,181,789)	(1,227,710)
Consumption of inventories of supplies	-	3,292,048	3,776,508
Use of prepaid expenses	-	1,233,197	847,969
	-	(90,824)	(236,653)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(35,888,018)	(9,968,727)	(5,517,735)
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	56,969,702	48,766,014	62,487,437
Transfer to deferred revenue to apply Public Sector Accounting Standard 3410 (Note 2)	-	-	(8,203,688)
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 21,081,684	\$ 38,797,287	\$ 48,766,014

The accompanying notes form an integral part of the financial statements

# Annual Financial Statements

## CITY OF NANAIMO

### CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2013, with comparative figures for 2012

	2013	2012
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 29,979,963	\$ 24,353,138
Non-cash items		
Amortization	20,241,471	19,424,028
Developer assets received	(4,916,402)	(7,948,337)
(Gain) loss on sale of tangible capital assets	(2,752,932)	705,491
Development cost charges recognized as revenue	(1,440,955)	(4,810,065)
Actuarial adjustments	(529,896)	(449,267)
Change in non-cash operating assets and liabilities		
Accounts receivable	3,773,751	(4,767,923)
Accounts payable	(4,308,934)	10,091,693
Deferred revenue	416,158	(775,347)
Inventories of supplies	(142,232)	143,088
Prepaid expenses	51,408	(379,741)
<b>Net change in cash from operating transactions</b>	<b>40,371,400</b>	<b>35,586,758</b>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(55,926,177)	(42,050,726)
Proceeds from the sale of tangible capital assets	3,496,174	235,324
<b>Net change in cash from capital transactions</b>	<b>(52,430,003)</b>	<b>(41,815,402)</b>
<b>INVESTING TRANSACTIONS</b>		
Change in investments	(631,942)	20,526,483
<b>FINANCING TRANSACTIONS</b>		
Debt repayment	(1,597,921)	(1,591,253)
Deferred development cost charges	5,254,512	5,039,198
Proceeds from long term borrowing	13,300,000	-
<b>Net change in cash from financing transactions</b>	<b>16,956,591</b>	<b>3,447,945</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4,266,046</b>	<b>17,745,784</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>57,700,182</b>	<b>39,954,398</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 61,966,228</b>	<b>\$ 57,700,182</b>

The accompanying notes form an integral part of the financial statements

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of Consolidation

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

##### (i) Consolidated Entities

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

##### (b) Basis of Accounting

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

##### (c) Government Transfers

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

# Annual Financial Statements

## CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2013

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### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Cash and Cash Equivalents

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

#### (e) Portfolio Investments

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

#### (f) Accounts Receivable

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

#### (g) Development Cost Charges

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

#### (h) Deferred Revenue

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

#### (i) Compensated Absences and Termination Benefits

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



# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (j) Compensated Absences and Termination Benefits (CONTINUED)

The net accumulated actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the compensated absence and termination benefits plan is 13 years for sick leave benefits and 14 years for retirement allowance benefits.

##### (k) Debt

Debt is presented net of related sinking fund balances.

##### (l) Non-Financial Assets

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

###### (i) Tangible Capital Assets

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

Estimated useful lives are as follows:

Asset	Useful Life - Years
Land Improvements	10 – 60
Leasehold Improvements	15 – 30
Marine Structures	15 – 35
Buildings	10 – 40
Vehicles and Equipment	5 – 25
IT Infrastructure	4 – 10
Drainage	25 – 75
Transportation – Linear Infrastructure, Lighting and Signals	2 – 80
Sewer – Linear Infrastructure and Equipment	8 – 60
Water – Linear Infrastructure and Equipment	8 – 80

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Tangible Capital Assets (CONTINUED)**

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

(ii) **Contribution of Tangible Capital Assets**

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

(iii) **Natural Resources**

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

(iv) **Works of Art and Cultural and Historical Assets**

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

(v) **Interest Capitalization**

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

(vi) **Leased Tangible Capital Assets**

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

(vii) **Inventories of Supplies**

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

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Use of Estimates**

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

**NOTE 2 – CHANGE IN ACCOUNTING POLICY**

The City has elected to adopt the new Public Sector Accounting Standard 3410 *Government Transfers* on a retroactive basis effective January 1, 2012. The standard requires governments to recognize receipt of a government transfer with stipulations as revenue in the period the transfer is authorized and all eligibility criteria have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. In prior years, government transfers have been deferred according to judgement reflecting the substance of the underlying events without regard to whether the transfer met the criteria of a liability. This change has been applied retroactively and prior periods have been restated. The effect of the recast is to reduce accumulated surplus and increase deferred revenue as at January 1, 2012 by \$8,203,688.

**NOTE 3 – ACCOUNTS RECEIVABLE**

	<u>2013</u>	<u>2012</u>
Property Taxes	\$ 4,965,037	\$ 4,899,757
Other Governments	6,611,743	9,725,534
Trade and Other	<u>9,569,424</u>	<u>9,718,951</u>
	<u>\$ 21,146,204</u>	<u>\$ 24,344,242</u>

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 4 – DEVELOPMENT COST CHARGES RECEIVABLE**

	<u>2013</u>	<u>2012</u>
Installments Receivable:		
2013	\$ -	\$ 637,307
2014	263,824	242,708
2015	<u>40,478</u>	<u>-</u>
	<u>\$ 304,302</u>	<u>\$ 880,015</u>

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

**NOTE 5 – PORTFOLIO INVESTMENTS**

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Term Deposits	\$ 85,033,738	\$ 85,033,738	\$ 71,343,123	\$ 71,343,123
Debentures	<u>9,000,000</u>	<u>9,000,000</u>	<u>22,058,673</u>	<u>22,158,550</u>
	<u>\$ 94,033,738</u>	<u>\$ 94,033,738</u>	<u>\$ 93,401,796</u>	<u>\$ 93,501,673</u>

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2013</u>	<u>2012</u>
Trade and Other	\$ 11,276,812	\$ 14,100,425
RCMP Contract	5,436,321	5,441,182
Deposits	3,070,770	4,531,549
Accrued Wages and Benefits	4,133,578	4,121,843
Colliery Dam Remediation	3,140,000	3,140,000
Other Governments	<u>874,751</u>	<u>1,167,469</u>
	<u>\$ 27,932,232</u>	<u>\$ 32,502,468</u>

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 7 – COMPENSATED ABSENCES AND TERMINATION BENEFITS**

The City provides certain post-employment benefits, non-vested sick leave, compensated absences and termination benefits to its employees. An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2010 and the results are extrapolated to December 31, 2013. Significant assumptions used in the valuation include a discount rate of 4.75%, inflation of 2% and compensation increases, excluding merit and promotion, of 3%. There are unamortized actuarial losses of \$305,712 (2012 – \$336,529).

	<u>2013</u>	<u>2012</u>
Actuarial Benefit Obligation, beginning of year	\$ 6,578,504	\$ 6,321,910
Unamortized Actuarial Losses, beginning of year	<u>(336,529)</u>	<u>(367,346)</u>
	6,241,975	5,954,564
Current Service Cost	567,453	529,835
Interest Cost	310,577	299,277
Benefits Paid	(647,545)	(572,518)
Amortization of Actuarial Loss	<u>30,817</u>	<u>30,817</u>
	<u>\$ 6,503,277</u>	<u>\$ 6,241,975</u>
Actuarial Benefit Obligation, end of year	\$ 6,808,989	\$ 6,578,504
Unamortized Actuarial Losses, end of year	<u>(305,712)</u>	<u>(336,529)</u>
Accrued Benefit Liability, end of year	<u>\$ 6,503,277</u>	<u>\$ 6,241,975</u>

Actuarial gains and losses are amortized over 13 – 14 years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

**NOTE 8 – DEFERRED REVENUE AND OTHER LIABILITIES**

	<u>2013</u>	<u>2012</u>
Tax Prepayments	\$ 9,793,364	\$ 9,421,128
Other Prepayments	3,613,581	3,562,253
Community Works (Gas Tax) and other liabilities (Note 2)	<u>8,203,688</u>	<u>8,211,094</u>
	<u>\$ 21,610,633</u>	<u>\$ 21,194,475</u>

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 9 – DEFERRED DEVELOPMENT COST CHARGES**

	<u>2013</u>	<u>2012</u>
Deferred Development Cost Charges – beginning of year	\$ 34,468,404	\$ 34,239,271
Additions	4,521,185	4,280,067
Interest Earned	733,327	759,131
Revenue Recognized	<u>(1,440,955)</u>	<u>(4,810,065)</u>
Deferred Development Cost Charges – end of year	<u>\$ 38,281,961</u>	<u>\$ 34,468,404</u>

**NOTE 10 – CEMETERY CARE FUND**

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

**NOTE 11 – DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS**

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

\$43,143,955 (2012 – \$31,854,254) of debt is with the MFA. Payments of \$14,393,572 on the amount borrowed of \$57,537,527 are held in a sinking fund by the MFA. The remaining \$1,181,127 (2012 – \$1,298,645) is with the Royal Bank. The rates of interest on the principal amount of the MFA debentures vary between 3.00% and 4.82% per annum. The rate of interest on the Royal Bank debt is 5.48%.

	<u>2013</u>	<u>2012</u>
Total Outstanding Debt – beginning of the year	\$ 33,152,899	\$ 35,193,419
Reduction of Long-term Debt	(2,127,817)	(2,040,520)
Proceeds from long-term borrowing	<u>13,300,000</u>	<u>-</u>
Total Outstanding Debt – end of year	<u>\$ 44,325,082</u>	<u>\$ 33,152,899</u>

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

#### NOTE 11 – DEBT, NET OF MUNICIPAL FINANCE AUTHORITY (MFA) SINKING FUND DEPOSITS (CONTINUED)

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

<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Total</u>
2014	\$ 2,099,121	\$ 565,970	\$ 2,665,091
2015	2,187,691	589,802	2,777,493
2016	2,256,364	483,083	2,739,447
2017	2,351,683	502,406	2,854,089
2018	2,450,937	522,503	2,973,440
Thereafter	<u>19,434,654</u>	<u>10,880,868</u>	<u>30,315,522</u>
	<u>\$ 30,780,450</u>	<u>\$ 13,544,632</u>	<u>\$ 44,325,082</u>

The \$1,181,127 (2012 – \$1,298,645) loan from the Royal Bank has been secured by a collateral mortgage in the amount of \$4,000,000 covering the Harbourfront Parkade and lot located on the Gordon Street site.

Bylaw #	MFA Issue #		Interest Rate %	Year Matures	Balance Outstanding 2013	Balance Outstanding 2012
<u>General Fund</u>						
5456	73	Local Improvement, 2000	3.15	2015	\$ 44,021	\$ 64,621
5425	72	Leisure and Aquatic Centre	3.15	2020	2,072,295	2,319,585
5457	73	Leisure and Aquatic Centre	3.15	2020	1,888,091	2,113,400
Royal Bank		Harbourfront Parkade	5.48	2021	1,181,127	1,298,645
5750	99	Port of Nanaimo Centre	4.43	2026	11,021,421	11,658,796
5750	101	Port of Nanaimo Centre	4.52	2027	11,658,796	12,271,656
7050	102	Fire Station #4	4.82	2027	<u>2,914,699</u>	<u>3,067,914</u>
					30,780,450	32,794,617
<u>Waterworks Fund</u>						
50	61	North Nanaimo Reservoir	3.00	2015	244,632	358,282
7127	126	Water Treatment Plant	3.85	2033	<u>13,300,000</u>	-
					13,544,632	358,282
<b>Total Outstanding Debt</b>					<b><u>44,325,082</u></b>	<b><u>33,152,899</u></b>
<u>Authorized and Unissued Debt</u>						
7127		Water Treatment Plant			<u>9,200,000</u>	<u>22,500,000</u>
<b>Total</b>					<b><u>\$ 53,525,082</u></b>	<b><u>\$ 55,652,899</u></b>

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 12 – TANGIBLE CAPITAL ASSETS

<u>Net Book Value</u>	<u>2013</u>	<u>2012</u>
Land	\$ 71,988,215	\$ 65,986,378
Land Improvements	14,451,404	14,560,624
Leasehold Improvements	459,852	478,596
Marine Structures	226,695	257,755
Buildings	131,312,555	133,749,917
Vehicles and Equipment	13,454,503	13,602,322
IT Infrastructure	1,698,641	2,150,586
Drainage	72,606,966	71,999,328
Transportation	143,602,616	146,020,815
Sewer	18,801,349	16,751,735
Water	<u>104,278,620</u>	<u>102,231,369</u>
	572,881,416	567,789,425
Work In Progress	<u>53,087,781</u>	<u>18,321,906</u>
	<u>\$ 625,969,197</u>	<u>\$ 586,111,331</u>

See schedule of tangible capital assets (page 30) for more information. There were no write downs of tangible capital assets for 2012 and 2013. Developer contributed assets recognized in 2013 were \$4,916,402 (2012 - \$7,948,337) recorded at fair market value at the time of receipt. These include transportation, drainage, sewer and water infrastructure and the land under these assets.



# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 13 – ACCUMULATED SURPLUS**

	<u>2013</u>	<u>2012</u>
Reserve Accounts – Note 23	\$ 61,451,995	\$ 60,634,208
Surplus – General	670,959	580,208
Surplus – Sewer System	6,576,414	6,567,284
Surplus – Waterworks	4,912,792	4,852,145
Investment in Tangible Capital Assets – Note 19	581,644,115	552,958,432
Community Works Reserve Fund (Gas Tax Agreement)	-	3,284,679
Equipment Depreciation Reserve	3,179,005	2,363,153
Facility Development (Recreation) Reserve	782,694	280,557
Property Sales Reserve	3,735,466	2,791,286
Local Improvement Reserve	1,553,582	1,520,661
Knowles Estate Reserve	439,542	443,276
Parkland Dedication Reserve	128,762	349,549
Old City Neighborhood Parking Reserve	82,469	80,783
General Asset Management Reserve	837,682	-
Sewer Asset Management Reserve	238,155	-
Water Asset Management Reserve	308,840	-
Regional Emissions Reduction Reserve	<u>143,712</u>	<u>-</u>
	<u>\$ 666,686,184</u>	<u>\$ 636,706,221</u>

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**(a) Liability Claims**

In the ordinary course of business, various claims and lawsuits are brought against the City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. The City accrues the best estimate of costs to settle claims and any subsequent adjustments will be recorded in the period the claim is settled. Liability insurance is carried by the City, subject to a deductible of \$25,000 per claim. Effective January 1, 2002, the City no longer has insurance coverage for claims filed after that date resulting from construction deficiencies related to building envelope failure.

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

##### (b) BC Assessment Authority Appeals

As at December 31, 2013, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes a provision against property taxes receivable for the impact of appeals where the losses are likely and the amounts are reasonably determinable.

##### (c) Joint and Several Liabilities

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

The City issues its debt instruments primarily through the MFA. Demand notes are executed in connection with each debenture whereby the City may be required to pay certain amounts to the Regional District of Nanaimo. These demand notes of \$1,742,615 (2012 – \$1,396,271) are contingent in nature and are not reflected in the accounts.

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

##### (d) Royal Canadian Mounted Police (RCMP)

The City has a contract with the federal government whereby the federal government provides RCMP policing services. RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded any provision for this matter in the financial statements as at December 31, 2013. However, reserve funding is available in the event that there is a financial impact to the City.

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

##### (e) Credit Facilities

The City has adopted a revenue anticipation borrowing bylaw to support a credit facility in the amount of \$6,000,000 with an interest rate of Royal Bank Prime Rate less .5%. This facility creates a floating charge on certain assets and undertakings of the City. At December 31, 2013, no amounts were drawn against this facility.

##### (f) Commitments

The City has \$33.3 million in open purchase orders at year end which have not been recorded in the financial statements. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the period that the goods and services, to which they relate, are received.

The City has entered into an operating lease for the purposes of acquiring gym equipment for the Nanaimo Aquatic Centre. The minimum lease payments to the end of the lease term in September 2015 are \$74,544 (2012 – \$119,270).

#### NOTE 15 – ANNUAL BUDGET

These financial statements include the Annual Budget as approved by Council on May 13, 2013. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

Annual Budgeted Surplus - Statement of Operations	16,790,024
Cemetery Care Fund – not in reporting entity	7,500
Development Cost Charges – change from restricted revenue presentation	<u>(1,300,898)</u>
Annual Surplus from the 2013 Financial Plan	15,496,626
Amortization, not funded	19,539,475
Capital Expenditures	(72,217,517)
Proceeds from Borrowing	18,292,350
Principal Repayment of Debt	(2,127,851)
Transfers from Accumulated Surplus	<u>21,016,917</u>
Net Annual Budget - as approved	<u>\$ -</u>

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 16 – TAXATION AND PAYMENTS IN LIEU**

			<u>2013</u>	<u>2012</u>
	<u>Municipal</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
Property Taxes	\$ 89,379,429	\$ 56,042,128	\$ 145,421,557	\$ 140,453,535
Local Improvement Frontage Fees	20,627	-	20,627	20,627
Business Improvement Area Levies	224,539	-	224,539	218,545
Taxes in Lieu of Licences	1,351,831	-	1,351,831	1,288,315
Payments in Lieu of Taxes	<u>1,436,384</u>	<u>492,433</u>	<u>1,928,817</u>	<u>1,882,625</u>
	<u>\$ 92,412,810</u>	<u>\$ 56,534,561</u>	<u>148,947,371</u>	<u>143,863,647</u>
Less Collections for Other Governments:				
Province of British Columbia (School Tax)			37,849,288	37,278,598
Regional District of Nanaimo			14,053,858	13,291,992
Nanaimo Regional Hospital District			3,554,127	3,444,669
Other Agencies			<u>1,077,288</u>	<u>1,063,110</u>
			<u>56,534,561</u>	<u>55,078,369</u>
Municipal Taxes			<u>\$ 92,412,810</u>	<u>\$ 88,785,278</u>

**NOTE 17 – USER FEES AND SALES OF SERVICES**

	<u>2013</u>	<u>2012</u>
Waterworks	\$ 13,230,471	\$ 11,932,673
Recreation Programs	5,974,885	5,849,978
Sewer System	5,307,087	5,006,930
Garbage Collection	3,450,414	3,228,844
Vancouver Island Conference Centre	1,802,381	2,087,020
Public Works	710,706	1,104,650
Parking	1,167,967	1,057,688
Other	338,980	435,768
Community Safety	<u>156,740</u>	<u>167,639</u>
	<u>\$ 32,139,631</u>	<u>\$ 30,871,190</u>

# Annual Financial Statements

**CITY OF NANAIMO**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended December 31, 2013

**NOTE 18 – TRANSFERS FROM OTHER GOVERNMENTS**

	<u>2013</u>	<u>2012</u>
<u>Federal</u>		
Capital	\$ 4,348,426	\$ 3,389,574
Other	<u>62,118</u>	<u>10,301</u>
	<u>4,410,544</u>	<u>3,399,875</u>
<u>Provincial</u>		
Capital	11,416,910	5,128,886
Casino Gaming	2,547,598	2,301,777
Revenue Sharing	963,732	1,834,285
Other	<u>251,402</u>	<u>212,486</u>
	<u>15,179,642</u>	<u>9,477,434</u>
<u>Regional District of Nanaimo</u>		
Recreation Services, Sports Fields and Other	<u>1,037,713</u>	<u>1,380,750</u>
 Total Transfers from Other Governments	 <u>\$ 20,627,899</u>	 <u>\$ 14,258,059</u>
 Capital Transfers from Other Governments	 \$ 15,765,336	 \$ 8,518,460
Operating Transfers from Other Governments	<u>4,862,563</u>	<u>5,739,599</u>
Total Transfers from Other Governments	<u>\$ 20,627,899</u>	<u>\$ 14,258,059</u>

**NOTE 19 – INVESTMENT IN TANGIBLE CAPITAL ASSETS**

	<u>2013</u>	<u>2012</u>
Investment in Tangible Capital Assets – beginning of year	\$552,958,432	\$ 521,283,692
Add: Capital Additions	60,842,579	49,999,063
Reduction in Long-term Debt	2,127,817	2,040,520
Less: Proceeds from long-term borrowing	(13,300,000)	-
Amortization	(20,241,471)	(19,424,028)
Net Book Value of Asset Disposals	<u>(743,242)</u>	<u>(940,815)</u>
Investment in Tangible Capital Assets – end of year	<u>\$ 581,644,115</u>	<u>\$ 552,958,432</u>

# Annual Financial Statements

## CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2013

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### NOTE 20 – MUNICIPAL PENSION PLAN

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 628 contributors from City of Nanaimo.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan. Contributions to the plan were:

	<u>2013</u>	<u>2012</u>
Employer Portion	\$ 4,206,222	\$ 3,957,247
Employee Portion	<u>3,503,195</u>	<u>3,294,410</u>
	<u>\$ 7,709,417</u>	<u>\$ 7,251,657</u>

### NOTE 21 – FINANCIAL INSTRUMENTS

#### Financial risk and fair market values

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

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 21 – FINANCIAL INSTRUMENTS (CONTINUED)

##### Credit risk

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

#### NOTE 22 – COMPARATIVE FIGURES

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

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

#### NOTE 23 – RESERVES

	Work in progress	Available for future commitments	2013	2012
<b><u>General Revenue Fund Reserve Accounts</u></b>				
Corporate Services	156,022	\$ 277,628	\$ 433,650	\$ 624,328
Community Safety	618,186	324,262	942,448	1,348,779
Development Services	212,245	54,520	266,765	218,751
Parks, Recreation and Culture	715,502	632,895	1,348,397	1,101,453
Engineering and Public Works	2,537,191	488,256	3,025,447	3,454,364
Strategic Relationships	30,380	179,307	209,687	221,718
Housing Legacy	149,503	2,767,407	2,916,910	2,874,822
Uncollected Taxes	-	2,879,825	2,879,825	2,882,653
RCMP Contract	-	2,507,115	2,507,115	1,507,115
General Capital	-	2,486,454	2,486,454	3,559,413
Uninsured Claims	-	2,224,367	2,224,367	2,363,995
Computer Upgrade	801,832	961,042	1,762,874	1,662,468
Colliery Dam Reserve	29,387	1,519,261	1,548,648	-
Sustainability Initiatives	219,194	884,385	1,103,579	1,104,700
Parking – General	3,467	669,186	672,653	660,626
Emergency 911	68,750	494,474	563,224	488,224
Port of Nanaimo Centre Projects	-	553,682	553,682	453,682
Property Acquisition	115,000	422,246	537,246	2,693,298
Other	10,000	444,731	454,731	366,641
Snow Removal	-	400,000	400,000	400,000
Firehall Improvements	135,380	261,034	396,414	396,414
Photocopier Replacement	156,495	114,841	271,336	187,123
Casino Funds Reserve	-	247,598	247,598	25,458
Local Improvement Projects	-	181,260	181,260	181,260
Priority Capital	-	-	-	890,395
	<u>5,958,534</u>	<u>21,975,776</u>	<u>27,934,310</u>	<u>29,667,680</u>
<b><u>Sewer Revenue Reserve Accounts</u></b>				
General Capital	2,429,278	9,471,652	11,900,930	11,381,865
Growth Related Projects	-	850,000	850,000	850,000
	<u>2,429,278</u>	<u>10,321,652</u>	<u>12,750,930</u>	<u>12,231,865</u>
<b><u>Waterworks Revenue Fund Reserve Accounts</u></b>				
General Capital	5,402,713	13,364,381	18,767,094	17,985,002
Growth Related Projects	-	1,500,000	1,500,000	250,000
User Rate Leveling	-	400,000	400,000	400,000
Local Improvement Projects	-	99,661	99,661	99,661
	<u>5,402,713</u>	<u>15,364,042</u>	<u>20,766,755</u>	<u>18,734,663</u>
<b>Total Reserve Accounts</b>	<b><u>\$ 13,790,525</u></b>	<b><u>\$ 47,661,470</u></b>	<b><u>\$ 61,451,995</u></b>	<b><u>\$ 60,634,208</u></b>



# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 24 – SEGMENT REPORTING

The City's operations and activities are organized and reported by Fund. City services are provided by departments and their activities are reported in these funds.

#### GENERAL REVENUE FUND

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

##### Corporate Services

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

Providing service to both the internal organization and the community, the Corporate Services Department is responsible for four key areas – Legislative Services, Human Resources and Organizational Planning, Information Technology and Financial Services.

##### Community Safety and Development – three segments

##### Development Services

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

##### Fire

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

##### Police

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

# Annual Financial Statements

## CITY OF NANAIMO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

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#### NOTE 24 – SEGMENT REPORTING (CONTINUED)

##### Strategic Relationships

The Strategic Relationships Department acts as a facilitator between community stakeholders and the City to build stronger relationships. This includes being the liaison to the Nanaimo Economic Development Corporation, the Vancouver Island Conference Centre, the Nanaimo Port Authority and Snuneymuxw First Nation.

##### Parks, Recreation and Culture

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

##### Engineering and Public Works

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

##### SEWER SYSTEM

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

##### WATERWORKS

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

##### RESERVE FUNDS

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

# Annual Financial Statements

**CITY OF NANAIMO**  
**SCHEDULE OF OPERATIONS BY SEGMENT**  
for the year ended December 31, 2013

	Development			Police	Strategic Relationships	Parks, Recreation and Culture
	Corporate Services	Services	Fire			
<b>Revenues</b>						
Taxes*	\$ 10,965,040	\$ 5,098,410	\$ 13,550,526	\$ 22,490,665	\$ 4,247,087	\$ 19,744,033
Payments in lieu of taxes*	170,036	80,714	214,521	356,053	67,237	312,572
User fees and sales of services	130,496	1,299,689	84,607	72,133	1,879,143	5,974,885
Investment income	211,060	100,188	266,279	441,961	84,139	387,987
Other - general revenue*	99,830	47,388	125,949	209,045	39,476	183,516
Other revenue	255,557	3,422,182	816,822	1,329,756	58,038	659,957
Development cost charges	-	-	-	-	-	512,415
Donations and contributions - capital	50,043	-	-	-	-	302,107
Transfers from other governments - capital	50,000	-	-	-	12,529	-
Transfers from other governments - operating	24,245	37,781	-	839,276	187,762	1,225,268
Casino revenue sharing**	120,608	157,915	152,164	635,173	970,124	344,745
Municipal Finance Authority refunds and debt forgiven	-	-	-	-	-	-
Developer assets provided	-	-	-	-	-	662,300
Gain (Loss) on disposal of assets	(14,867)	2,662,946	(1,720)	(9,272)	(11,520)	259,098
	12,062,048	12,907,213	15,209,148	26,364,790	7,534,015	30,568,883
<b>Expenses</b>						
Wages and salaries	8,850,030	6,570,556	12,723,196	4,969,129	776,871	12,437,004
Services and supply contracts	3,418,895	1,902,251	983,132	19,582,871	3,637,983	6,301,515
Amortization	866,695	708,001	554,006	300,725	1,996,089	3,722,338
Material and supplies	598,771	278,911	647,159	83,765	279,381	1,639,309
Other	577,707	879,943	722,723	117,732	156,699	5,512,383
Interest payments on debt	-	68,239	152,860	-	1,087,924	82,159
	14,312,098	10,407,901	15,783,076	25,054,222	7,934,947	29,694,708
Interprogram credits	(2,358,767)	-	(617,886)	-	-	-
	11,953,331	10,407,901	15,165,190	25,054,222	7,934,947	29,694,708
<b>Excess (Deficiency) of revenues over expenses</b>	\$ 108,717	\$ 2,499,312	\$ 43,958	\$ 1,310,568	\$ (400,932)	\$ 874,175
<b>Expenditures on capital projects</b>	\$ 1,279,391	\$ 5,330,992	\$ 189,597	\$ 925,812	\$ 101,644	\$ 3,693,192

for the year ended December 31, 2012

	Development			Police	Strategic Relationships	Parks, Recreation and Culture
	Corporate Services	Services	Fire			
<b>Revenues</b>						
Taxes*	\$ 10,865,120	\$ 5,461,016	\$ 13,268,621	\$ 20,713,646	\$ 3,668,606	\$ 18,930,289
Payments in lieu of taxes*	170,862	87,641	212,942	332,422	58,876	303,803
User fees and sales of services	135,779	1,256,390	84,173	83,466	2,188,309	5,849,977
Investment income	279,926	143,584	348,865	544,614	96,457	497,725
Other - general revenue*	100,500	51,550	125,251	195,529	34,630	178,695
Other revenue	212,398	3,330,446	654,687	1,393,958	164,375	675,316
Development cost charges	-	-	-	-	-	241,012
Donations and contributions - capital	121,078	-	-	-	-	327,524
Transfers from other governments - capital	-	-	-	-	102,310	-
Transfers from other governments - operating	27,691	199,645	15,000	1,718,360	179,871	1,270,425
Casino revenue sharing**	103,194	136,629	128,609	518,902	988,516	140,145
Municipal Finance Authority refunds and debt forgiven	-	-	-	-	-	-
Developer assets provided	-	-	-	-	-	3,084,100
Gain (Loss) on disposal of assets	103	1,680	(12,616)	-	-	(159,715)
	12,016,651	10,668,581	14,825,532	25,500,897	7,481,950	31,339,296
<b>Expenses</b>						
Wages and salaries	7,737,732	5,832,321	12,248,896	4,856,377	771,356	12,314,005
Services and supply contracts***	2,429,653	1,853,788	856,712	19,855,290	3,586,421	8,672,194
Amortization	389,356	402,631	553,502	334,336	2,262,801	3,796,190
Material and supplies	602,370	251,942	571,620	87,277	246,126	1,485,328
Other	538,192	881,642	719,202	121,890	360,993	5,238,154
Interest payments on debt	-	74,907	158,775	-	1,136,464	102,565
	11,697,303	9,297,231	15,108,707	25,255,170	8,364,161	31,608,436
Interprogram credits	(2,325,779)	-	(609,079)	-	-	-
	9,371,524	9,297,231	14,499,628	25,255,170	8,364,161	31,608,436
<b>Excess (Deficiency) of revenues over expenses</b>	\$ 2,645,127	\$ 1,371,350	\$ 325,904	\$ 245,727	\$ (882,211)	\$ (269,140)
<b>Expenditures on capital projects</b>	\$ 12,695,418	\$ 103,049	\$ 773,498	\$ 278,072	\$ 447,197	\$ 7,269,844

\*Prorated based on net annual budget

\*\*Prorated based on casino revenue allocation

\*\*\*Parks, Recreation and Culture includes an accrual for Colliery Dam remediation

# Annual Financial Statements

**CITY OF NANAIMO**  
**SCHEDULE OF OPERATIONS BY SEGMENT**  
for the year ended December 31, 2013

Engineering and Public Works	Sewer System	Waterworks	Reserve Funds	Consolidated	
\$ 14,880,664	\$ -	\$ -	\$ -	\$ 90,976,425	Revenues:
235,252	-	-	-	1,436,385	Taxes*
4,161,120	5,307,087	13,230,471	-	32,139,631	Grants in lieu of taxes*
302,723	-	5,234	1,196,402	2,993,973	User fees and sales of services
138,120	-	-	-	843,324	Investment income
548,720	27	19,637	1,615,717	8,726,413	Other - general revenue*
316,220	221,491	390,829	-	1,440,955	Other revenue
97,501	1,527	4,563	-	455,741	Development cost charges
26,681	-	15,676,126	-	15,765,336	Donations and contributions - capital
633	-	-	-	2,314,965	Transfers from other governments - capital
166,869	-	-	-	2,547,598	Transfers from other governments - operating
61,645	-	13,089	-	74,734	Casino revenue sharing*
3,128,704	487,947	637,451	-	4,916,402	Municipal Finance Authority refunds and debt forgiven
(111,426)	(1,989)	(18,318)	-	2,732,932	Developer contribution at subdivision
23,953,426	6,016,090	29,959,082	2,812,119	167,386,814	Gain (Loss) on disposal of assets
8,897,266	1,002,473	1,996,225	-	58,222,750	Expenses:
6,364,913	621,351	797,451	-	43,610,362	Wages and salaries
8,693,304	579,827	2,818,486	-	20,241,471	Services and supply contracts***
2,567,122	239,612	513,742	-	6,867,772	Amortization
1,881,324	1,762,362	2,881,286	-	14,492,159	Material and supplies
(492)	-	119,518	-	1,510,208	Other
28,405,437	4,225,625	9,126,708	-	144,944,722	Interest payments on debt
(4,561,218)	-	-	-	(7,537,871)	Interprogram credits
23,844,219	4,225,625	9,126,708	-	137,406,851	
\$ 109,207	\$ 1,790,465	\$ 20,832,374	\$ 2,812,119	\$ 29,979,963	Excess (Deficiency) of revenues over expenses:
\$ 7,123,080	\$ 2,010,814	\$ 40,188,058	\$ -	\$ 60,842,579	Expenditures on capital projects:

for the year ended December 31, 2012

Engineering and Public Works	Sewer Revenue Fund	Waterworks Revenue Fund	Reserve Funds	Consolidated	
\$ 14,479,392	\$ -	\$ -	\$ -	\$ 87,386,690	Revenues:
232,042	-	-	-	1,398,588	Taxes*
4,333,493	5,006,930	11,932,673	-	30,871,190	Grants in lieu of taxes*
391,917	-	1,214	1,194,318	3,498,620	User fees and sales of services
136,485	-	-	-	822,640	Investment income
536,871	-	28,937	1,653,475	8,650,463	Other - general revenue*
1,787,953	376,566	2,404,534	-	4,810,065	Other revenue
103,622	-	662,741	-	1,214,965	Development cost charges
37,011	-	8,379,139	-	8,518,460	Donations and contributions - capital
26,830	-	-	-	3,437,822	Transfers from other governments - capital
265,782	-	-	-	2,301,777	Transfers from other governments - operating
98,289	-	20,870	-	119,159	Casino revenue sharing*
3,687,929	511,324	664,964	-	7,948,337	Municipal Finance Authority refunds and debt forgiven
(474,006)	(31,350)	(29,385)	-	(705,491)	Developer contribution at subdivision
25,663,608	5,863,470	24,065,307	2,847,793	160,273,285	Gain (Loss) on disposal of assets
8,915,247	1,017,632	1,877,097	-	55,570,663	Expenses:
6,826,003	721,636	1,079,337	-	45,881,034	Wages and salaries
8,436,674	544,164	2,704,374	-	19,424,028	Services and supply contracts***
2,799,324	270,811	456,866	-	6,771,664	Amortization
1,808,093	1,697,727	2,747,189	-	14,113,082	Material and supplies
397	-	(9,733)	-	1,463,375	Other
28,785,738	4,251,970	8,855,130	-	143,223,846	Interest payments on debt
(4,368,841)	-	-	-	(7,303,699)	Interprogram credits
24,416,897	4,251,970	8,855,130	-	135,920,147	
\$ 1,246,711	\$ 1,611,500	\$ 15,210,377	\$ 2,847,793	\$ 24,353,138	Excess (Deficiency) of revenues over expenses:
\$ 8,599,792	\$ 2,288,440	\$ 17,543,753	\$ -	\$ 49,999,063	Expenditures on capital projects:

# Annual Financial Statements

CITY OF NANAIMO  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
for the year ended December 31, 2013

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2012	Additions	Disposals	Transfers	Balance December 31, 2013	Balance December 31, 2012	Additions	Disposals		Balance December 31, 2013
Land	\$ 65,986,378	\$ 6,211,536	\$ 201,882	\$ (7,817)	\$ 71,988,215	\$ -	\$ -	\$ -	\$ -	\$ 71,988,215
Land improvements	25,325,701	657,603	218,800	359,088	26,123,592	10,765,077	1,057,030	149,919	11,672,188	14,451,404
Leasehold improvements	2,106,458	75,260	21,318	-	2,160,400	1,627,862	94,004	21,318	1,700,548	459,852
Marine	867,490	-	-	-	867,490	609,735	31,060	-	640,795	226,695
Buildings	186,939,290	2,429,771	860,496	459,330	188,967,895	53,189,373	5,078,846	612,879	57,655,340	131,312,555
Vehicles and equipment	29,935,501	1,217,017	1,099,739	838,913	30,891,692	16,333,179	2,103,011	999,001	17,437,189	13,454,503
Computer	8,323,368	269,295	21,681	-	8,570,982	6,172,782	710,244	10,685	6,872,341	1,698,641
Storm	95,350,219	2,079,466	75,891	71,346	97,425,140	23,350,891	1,499,670	32,387	24,818,174	72,606,966
Transportation	287,378,454	3,973,074	562,904	92,732	290,881,356	141,357,639	6,434,619	513,518	147,278,740	143,602,616
Sewer	27,059,172	1,199,410	10,000	1,372,035	29,620,617	10,307,437	519,842	8,011	10,819,268	18,801,349
Water	155,407,021	4,433,736	168,504	344,909	160,017,162	53,175,652	2,713,145	150,255	55,738,542	104,278,620
Work in progress	18,321,906	38,296,411	-	(3,530,536)	53,087,781	-	-	-	-	53,087,781
	\$ 903,000,958	\$ 60,842,579	\$ 3,241,215	\$ -	\$ 960,602,322	\$ 316,889,627	\$ 20,241,471	\$ 2,497,973	\$ 334,633,125	\$ 625,969,197

for the year ended December 31, 2012

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2011	Additions	Disposals	Transfers	Balance December 31, 2012	Balance December 31, 2011	Additions	Disposals		Balance December 31, 2012
Land	\$ 61,860,187	\$ 4,107,536	\$ 145	\$ 18,800	\$ 65,986,378	\$ -	\$ -	\$ -	\$ -	\$ 65,986,378
Land improvements	24,404,154	1,135,788	193,500	(20,741)	25,325,701	9,914,499	1,017,361	166,783	10,765,077	14,560,624
Leasehold improvements	2,106,458	-	-	-	2,106,458	1,527,589	100,273	-	1,627,862	478,596
Marine	867,490	-	-	-	867,490	569,375	40,360	-	609,735	257,755
Buildings	171,298,504	14,231,287	551,362	1,960,861	186,939,290	48,984,838	4,582,834	378,299	53,189,373	133,749,917
Vehicles and equipment	29,110,946	2,399,941	2,633,723	1,058,337	29,935,501	16,737,710	2,080,311	2,484,842	16,333,179	13,602,322
Computer	7,082,299	843,623	80,000	477,446	8,323,368	5,544,853	707,929	80,000	6,172,782	2,150,586
Storm	92,598,749	1,968,779	348,425	1,131,116	95,350,219	22,006,175	1,458,015	113,299	23,350,891	71,999,328
Transportation	278,601,146	4,936,636	1,344,503	5,185,175	287,378,454	136,050,965	6,360,497	1,053,823	141,357,639	146,020,815
Sewer	25,869,110	860,290	168,200.00	497,972	27,059,172	9,959,946	484,180	136,689.00	10,307,437	16,751,735
Water	147,163,715	5,401,698	363,561	3,205,169	155,407,021	50,912,253	2,592,268	328,869	53,175,652	102,231,369
Work in progress	17,722,556	14,113,485	-	(13,514,135)	18,321,906	-	-	-	-	18,321,906
	\$ 858,685,314	\$ 49,999,063	\$ 5,683,419	\$ -	\$ 903,000,958	\$ 302,208,203	\$ 19,424,028	\$ 4,742,604	\$ 316,889,627	\$ 586,111,331

# 2013 City of Nanaimo Annual Report

**For more information on this report, please contact the Finance Department:**

**411 Dunsmuir Street**

**Nanaimo BC V9R 0E4**

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**It can also be viewed and printed from**

**[www.nanaimo.ca](http://www.nanaimo.ca)**

