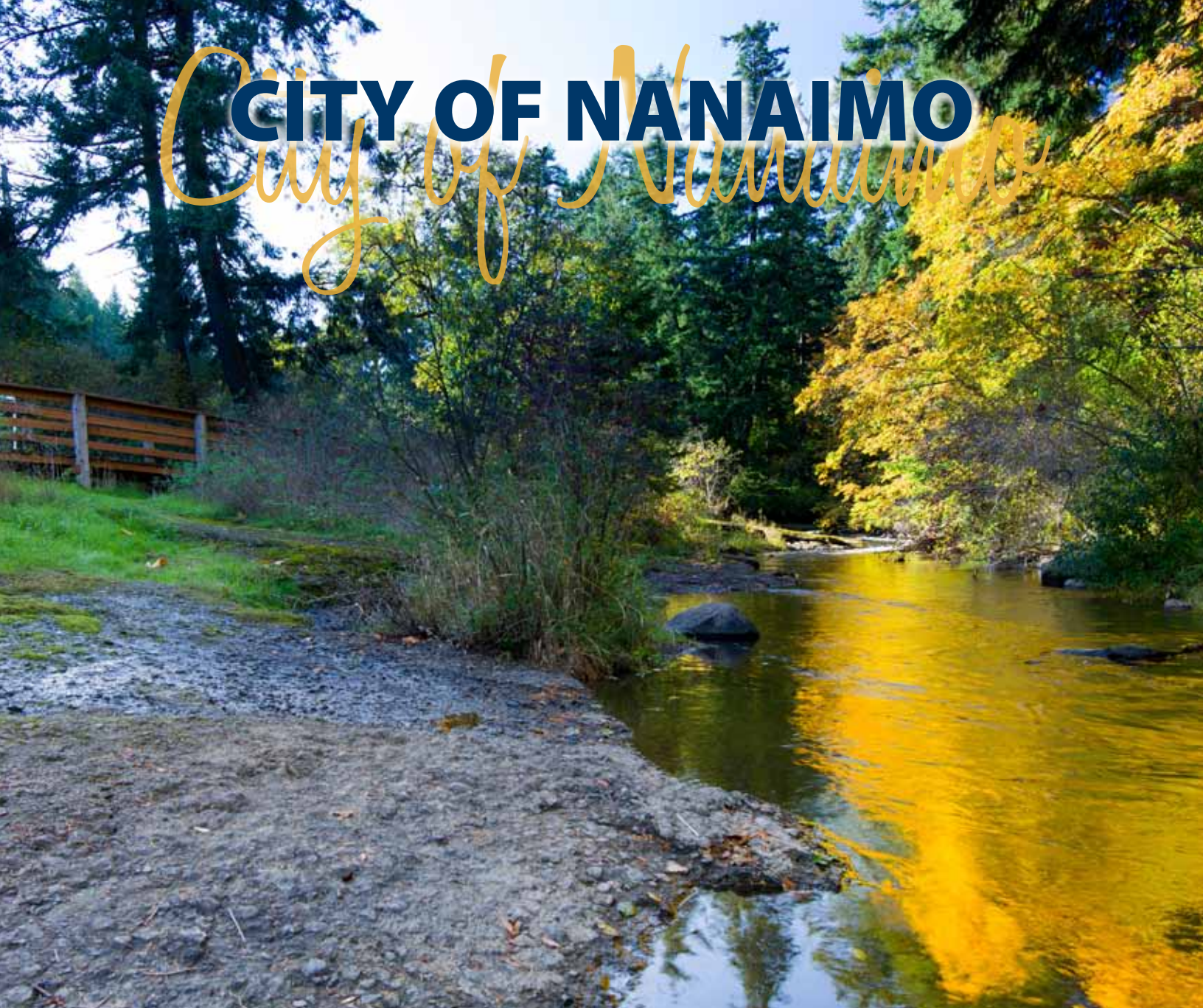


CITY OF NANAIMO

City of Nanaimo



2014

Annual Municipal Report

for the year ending December 31, 2014



Poem by Naomi Beth Wakan



Naomi Beth Wakan is Nanaimo's inaugural Poet Laureate. The role of the Poet Laureate is to serve as the "people's" poet and to raise awareness of poetry and the literary arts and the positive impact literature and poetry can have on community life. What is so wonderful about Ms. Wakan is her love to express herself through her poetry and essays and all the while passionate about inspiring others to discover their own creative talents.

The Uses of Poetry

**It's true –
one cannot eat poetry,
nor can it be used
as a roof over one's head,
or as clothing, or herbal cure.
And yet, without poetry,
perhaps we would not linger
quite so long
under spring blossoms;
nor give time to float
for a while in summer waters,
admiring the clouds
feathering the bluest sky;
nor crunch the autumn leaves
underfoot, with the glee
of a small child;**

**nor stand at the window
watching the first snowfall,
while asking ourselves
important questions that have
no answers.
Poetry intensifies how we see,
how we smell, how we hear,
how we touch, how we taste –
allowing us fresh ways
to view this troubled world.
Poetry allows us to get up
in the morning with a certain
courage
to meet the contingencies
of the every day.**

Sunset Beach at Neck Point Park

Table of Contents

Poem by Poet Laureate Naomi Beth Wakan	inside cover
Take a Moment & Discover Nanaimo.....	2
Mayor’s Message.....	3
Nanaimo City Council	4
City Profile	5
Nanaimo City Snapshot (stats Canada info)	6-9
Municipal Awards	10
City Department Descriptions.....	11-20
-City Manager’s Office	
-Community Development	
-Culture and Heritage	
-Engineering and Public Works	
-Finance	
-Human Resources and Organizational Planning	
-Information Technology and Legislative Services	
-Parks, Recreation and Environment	
-Social and Protective Services	
Corporate Strategic Plan Pillars Progress Report.....	21-24
Corporate Strategic Plan Priorities Progress Report	25-30
Financial Statistics.....	31-44
Annual Financial Statements.....	45-75

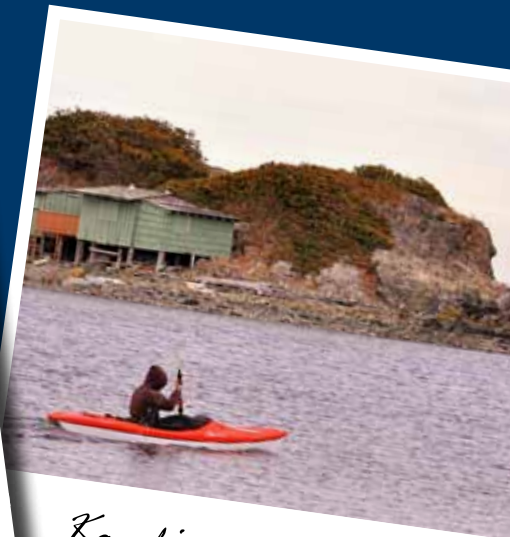
For financial measures that relate to the items outlined in the Corporate Strategic Plan, click here to view the “Balanced Scorecard Performance Measures” found on the City of Nanaimo’s website.



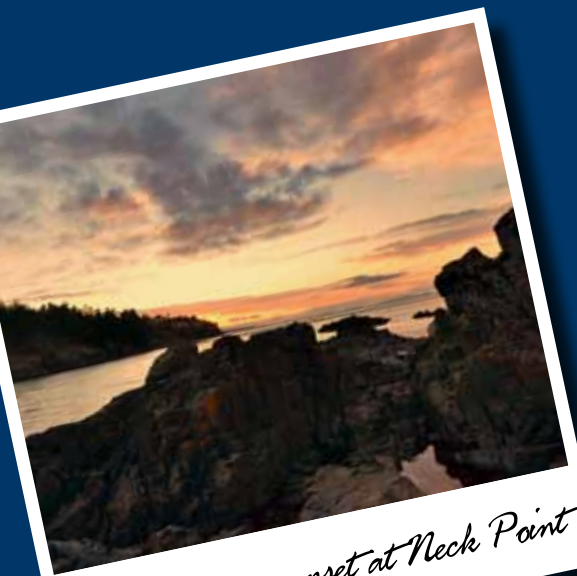
Beachcombing at Piper's Lagoon



Reflecting at Westwood Lake Park



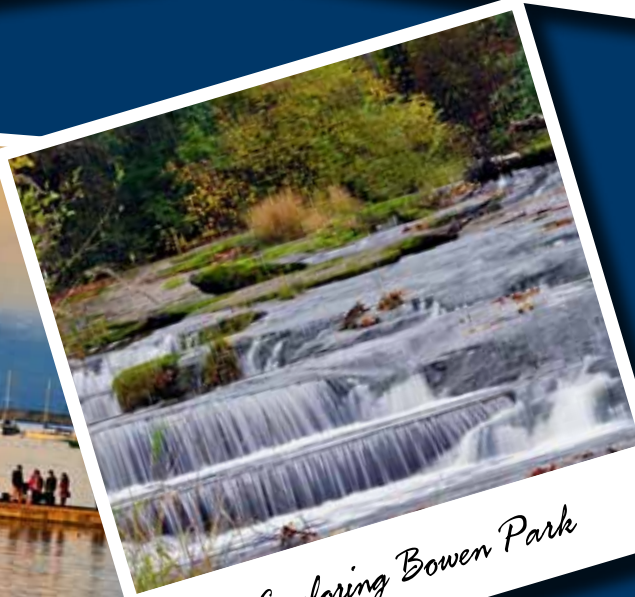
Kayaking at Shack Island



Taking in a sunset at Neck Point



Crabbing at the waterfront pier



Exploring Bowen Park

Take a **MOMENT** To Discover Nanaimo



Mayor's Message



Thank you for taking the time to read the City of Nanaimo's 2014 Annual Report. On behalf of Council and staff, I hope the information you find contained in these pages to be both informative and helpful. As with all annual reports, care

has been taken to include details on a variety of subjects, including descriptions of the City's departments, strategic progress and financial statistics.

Last year was a busy year for the City of Nanaimo. In addition to several important projects being either kicked off or completed, the residents of Nanaimo exercised their democratic rights and voted in several newly elected officials, including myself as Mayor. Together, Council is committed to working hard for the citizens of Nanaimo throughout our four-year term.

During the election we heard again and again a desire to see Nanaimo's local government run as efficiently and effectively as possible. To do this, Council has voted to undertake a core review during the course of 2015-2016. This detailed exercise will involve a close examination of the delivery of city services. Once the report is received, public input will be sought to determine the next steps. I look forward to hearing from residents as we move through the review.

Looking forward, Nanaimo is well positioned to benefit from the recent investments made to our community's infrastructure. Of particular note is the recently completed reservoir that, in addition to storing fresh water, also produces electricity for an estimated 60 houses while generating \$75,000 in revenue. Soon to be completed is the equally important water treatment plant which features a state-of-the-art membrane filter system to ensure Nanaimo's water is clean and safe to drink. Other investments around Nanaimo include the purchase of 196 acres of parkland in West Linley Valley and a go ahead endorsement to the Port Theatre Society to build expanded performing arts and rehearsal spaces.

While it goes without saying that all city expenditures carry with them a cost to residents, I am delighted that, for 2015, the cost of administering the City has amounted to a zero percent operational tax increase with a one percent increase specifically for asset management. Council's desire to monitor taxation and provide a similar level of affordable rates in the future will remain a priority for this Council throughout the remainder of our term.

Bill McKay

A handwritten signature in black ink, appearing to read "Bill McKay", written over a white rectangular background.

A photograph of a waterfall cascading over rocks in a lush, green forest. The water is white and frothy as it falls. The surrounding area is filled with ferns and other vegetation.

**Falls at
Beach Estates
Park**

Nanaimo City Council

Nanaimo's elected 26th Council is comprised of a Mayor and eight Councillors who govern the City of Nanaimo. They were elected on November 15, 2014 and will serve a four-year term as per provincial legislation. 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.



26th Council of the City of Nanaimo

(left to right)

*Councillor Jerry Hong, Councillor Bill Yoachim, Councillor Ian Thorpe,
Mayor Bill McKay, Councillor Jim Kipp, Councillor Gord Fuller, Councillor Bill Bestwick,
Councillor Wendy Pratt, Councillor Diane Brennan*

DECLARATIONS OF DISQUALIFIED COUNCIL MEMBERS:

No members of Council were disqualified in 2014.

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 1,400 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,

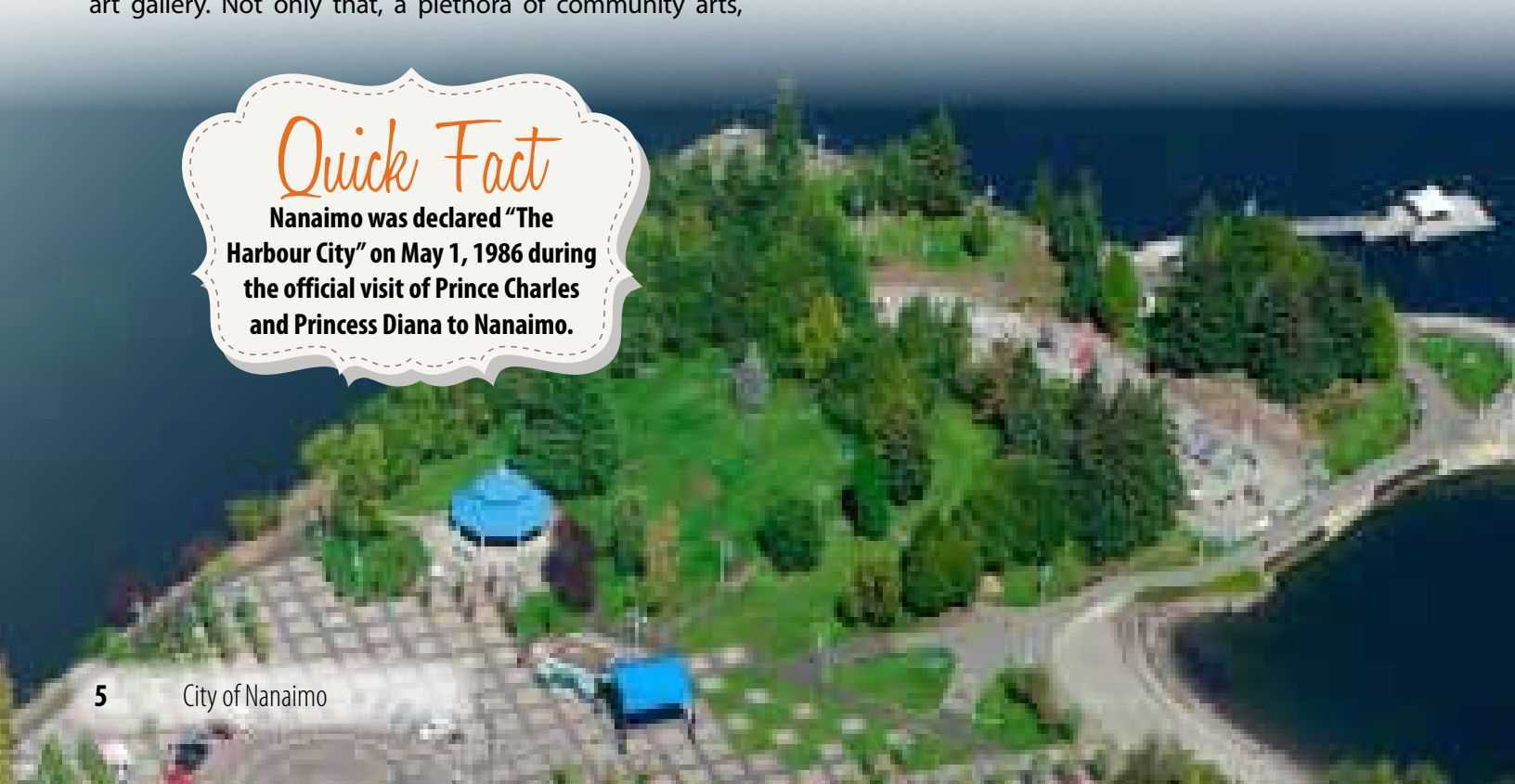
culture, sporting and special interest groups contribute to the diversity that is so prevalent here.

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!

Quick Fact

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



Nanaimo City Snapshot (Source: Stats Canada Census 2011)

POPULATION IN 2011								
	NANAIMO				BRITISH COLUMBIA			
	Male	Female	Total	Percentage	Male	Female	Total	Restated
	40,395	43,415	83,810	--	2,156,605	2,243,455	4,400,060	--
0-14 Years	6,150	5,855	12,005	14.3%	347,560	329,805	677,365	15.4%
15-64 Years	26,760	28,540	55,300	66.0%	1,492,285	1,541,695	3,033,980	69.0%
65 Years & Over	7,485	9,020	16,505	19.7%	316,760	371,955	688,715	15.7%
MEDIAN AGE IN 2011								
	43.5	46.1	44.8	--	41.1	42.7	41.9	--
POPULATION IN 2006								
	NANAIMO				BRITISH COLUMBIA			
	Male	Female	Total	Percentage	Male	Female	Total	Restated
	37,965	40,730	78,695	--	2,013,985	2,099,495	4,113,480	--
0-14 Years	6,195	5,810	12,005	15.3%	348,740	330,860	679,600	16.5%
15-64 Years	23,385	27,150	52,535	66.8%	1,393,770	1,440,300	2,834,070	68.9%
65 Years & Over	6,385	7,770	14,155	18.0%	271,475	328,335	599,810	14.6%
CHANGE								
	NANAIMO				BRITISH COLUMBIA			
	Male	Female	Total	Percentage	Male	Female	Total	Restated
	2,430	2,685	5,115	6.5%	142,620	143,960	286,580	7.0%
0-14 Years	(45)	45	--	--	(1,180)	(1,055)	(2,235)	--
15-64 Years	1,375	1,390	2,765	--	98,515	101,395	199,910	--
65 Years & Over	1,100	1,250	2,350	--	45,285	43,620	88,905	--



Nanaimo City Snapshot (Source: Stats Canada Census 2011)

LANGUAGE (Mother Tongue)				
	NANAIMO		BRITISH COLUMBIA	
TOTAL	82,705	--	4,356,205	--
English	72,615	87.8%	3,062,430	70.3%
French	1,170	1.4%	57,280	1.3%
Non Official Language	8,115	9.8%	1,154,220	26.5%
Multiple Responses	805	1.0%	82,275	1.9%
FAMILIES AND HOUSEHOLDS - 2011				
	NANAIMO		BRITISH COLUMBIA	
TOTAL FAMILIES	23,880	--	1,238,155	--
Married Couple	15,945	66.8%	887,990	71.7%
Common Law Couple	3,695	15.5%	160,360	13.0%
Lone Parent	4,240	17.8%	189,805	15.5%
MARITAL STATUS - 15 YEARS & OLDER				
	NANAIMO		BRITISH COLUMBIA	
TOTAL	71,790	--	3,722,690	--
Married	32,765	45.6%	1,832,605	49.2%
Common Law	7,435	10.4%	321,965	8.6%
Single	18,140	25.3%	1,014,270	27.2%
Separated	2,260	3.1%	102,035	2.7%
Divorced	6,115	8.5%	246,515	6.6%
Widowed	5,085	7.1%	205,300	5.5%
PRIVATE HOUSEHOLD TYPES				
	NANAIMO		BRITISH COLUMBIA	
TOTAL	36,200	--	1,764,635	--
Couple Family with Children	7,035	19.4%	431,135	24.4%
Couple Family without Children	11,795	32.6%	532,995	30.2%
Lone Parent Family	3,950	10.9%	168,530	9.6%
One Person	10,920	30.2%	498,925	28.3%
Multiple Family	545	1.5%	50,410	2.9%
Other	1,965	5.4%	82,640	4.7%
STRUCTURAL TYPE OF DWELLING				
	NANAIMO		BRITISH COLUMBIA	
TOTAL	36,200	--	1,764,635	--
Single Detached House	21,330	58.9%	842,120	47.7%
Semi-Detached House	1,725	4.8%	52,825	3.0%
Row House	1,605	4.4%	130,370	7.4%
Apartment (5 or more storeys)	1,110	3.1%	143,970	8.2%
Apartment (less than 5 storeys)	6,655	18.4%	361,150	20.4%
Apartment, Duplex	2,865	7.9%	184,355	10.4%
Other Single Attached House	80	0.2%	2,885	0.2%
Movable Dwelling	820	2.3%	46,960	2.7%



Nanaimo City Snapshot (Source: Stats Canada Census 2011)

EDUCATION - 2011								
	NANAIMO				BRITISH COLUMBIA			
	Male	Female	Total	Percentage	Male	Female	Total	Restated
	33,320	36,325	69,645	--	1,775,450	1,871,395	3,646,845	--
No certificate, diploma or degree	5,675	5,305	10,980	15.8%	305,040	302,620	607,660	16.7%
High School diploma or equivalent	9,280	10,715	19,995	28.7%	475,670	533,735	1,009,405	27.7%
Post Secondary certificate, diploma or degree								
Apprenticeship or trades certificate or diploma	5,720	3,050	8,770	12.6%	262,245	125,210	387,455	10.6%
College, CEGEP or other Non-university certificate or diploma	5,255	8,215	13,470	19.3%	260,580	367,535	628,115	17.2%
University certificate or diploma below bachelor level	1,795	2,650	4,445	6.4%	86,995	121,250	208,245	5.7%
University certificate, diploma or degree at bachelor level or above	5,595	6,390	11,985	17.2%	384,920	421,045	805,965	22.1%



Nanaimo City Snapshot (Source: Stats Canada Census 2011)

INCOME - 2011 (INCOME OF FAMILIES)		
Total Average Income of All Family Types		
	NANAIMO	BRITISH COLUMBIA
Average Family Income	\$76,783	\$91,967
Average After Tax Family Income	\$67,338	\$78,580
Average Family Size	2.8	3.0
Couples Only		
	NANAIMO	BRITISH COLUMBIA
Average Family Income	\$73,013	\$85,632
Average After Tax Family Income	\$63,995	\$72,795
Average Family Size	2.0	2.0
Couples with Children		
	NANAIMO	BRITISH COLUMBIA
Average Family Income	\$88,870	\$110,555
Average After Tax Family Income	\$84,248	\$93,921
Average Family Size	3.9	4.0
Lone Parent		
	NANAIMO	BRITISH COLUMBIA
Average Family Income	\$45,652	\$53,115
Average After Tax Family Income	\$41,911	\$47,588
Average Family Size	2.5	2.6
INCOME - 2011 (INCOME OF HOUSEHOLDS)		
Total Average Income of All Family Types		
	NANAIMO	BRITISH COLUMBIA
Average Household Total Income	\$64,189	\$77,378
Average After Tax Household Income	\$56,435	\$66,264
One-Person Private Household		
	NANAIMO	BRITISH COLUMBIA
Average Household Total Income	\$34,268	\$40,265
Average After Tax Household Income	\$30,261	\$34,612
Two or More Persons Household		
	NANAIMO	BRITISH COLUMBIA
Average Household Total Income	\$77,169	\$91,938
Average After Tax Household Income	\$67,789	\$78,681

INCOME - 2011 (INCOME OF INDIVIDUALS 15 YRS +)				
	NANAIMO			
	Male	Female	Total	Percentage
TOTAL POPULATION	33,310	36,320	69,630	--
Population Without Income	1,205	1,570	2,775	4.0%
Population With Income	32,105	34,750	66,855	96.0%
Average Income	\$41,166	\$28,842	\$34,760	--
Average After Tax Income	\$35,630	\$25,887	\$30,567	--

INCOME - 2011 (INCOME OF INDIVIDUALS 15 YRS +)				
	BRITISH COLUMBIA			
	Male	Female	Total	Percentage
TOTAL POPULATION	1,775,445	1,871,395	3,646,840	--
Population Without Income	79,765	102,810	182,575	5.0%
Population With Income	1,695,680	1,768,585	3,464,265	95.0%
Average Income	\$47,480	\$31,683	\$39,415	--
Average After Tax Income	\$39,804	\$27,958	\$33,758	--



Municipal Awards

Nanaimo has always been a pioneer in leadership and innovation in best practices, and 2014 was no exception.

Awarded

CITY OF EXCELLENCE IN INNOVATION IN UNDERGROUND SAFETY BEST PRACTICES by the BC Municipal Association and BC Common Ground Alliance

The City of Nanaimo received this award for its work on a collapsed coal mine, discovered during underground infrastructure upgrades in the fall of 2013. The award recognizes the steps taken by the City to protect workers, the public and infrastructure from harm during the difficult work associated with the collapsed mine shaft. Upgrades to the underground infrastructure were completed without incident, despite the unusual challenges.

This is not the first time the City has received this honour. The City received an Excellence Gold Award in 2011 and the Honourable Mention Award in 2012.

Awarded

GREEN COMMUNITIES DESIGNATION by the Joint Provincial Union of BC Municipalities Green Communities Committee

For the second year in a row, the City of Nanaimo has been recognized as a BC Climate Action Community. This recognition marks the City's achievement of Level Two in the Climate Action Recognition Program (the second of three levels).

The recognition follows the City's successful completion of a Corporate Greenhouse Gas Inventory and a report outlining current climate action revenue incentive programs through 2013. The City was also required to demonstrate familiarity with the Community Energy and Emissions Inventory which shows energy consumption and greenhouse gas emissions from community-wide activities in road transportation, buildings and solid waste.

Awarded

DISTINGUISHED BUDGET PRESENTATION AWARD by Government Finance Officers Association

The City of Nanaimo has received the Distinguished Budget Presentation Award for the 2014-2018 Financial Plan by the Canada/US Government Finance Officers Association. This is the highest form of recognition in governmental budgeting and represents "best practices" in the field.

To receive this award, applicants must be rated "proficient" in four categories which measure how well the budget serves as: a policy document; a financial plan; an operations guide; and a communications device. There are fourteen mandatory criteria within those categories.



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 2014, the City Manager's primary objective was in assisting Council and staff in implementing the Corporate Strategic Plan pillars and priorities and helping the newly elected Council gain an understanding of how the City of Nanaimo is organized and how it functions.

Quick Fact

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.



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, attractive and efficient city.

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

Quick Fact

The City acquired 10.8 hectares (26.7 acres) of waterfront land from CP Rail in 2013. The goal is to redevelop this land to improve the vitality of downtown and enhance the waterfront.

Culture & Heritage

The Culture and Heritage Department has a mandate to promote and celebrate Nanaimo's shared cultural experiences, sense of belonging and cultural vitality as outlined in the City of Nanaimo 2012-2015 Corporate Strategic Plan and Nanaimo's Official Community Plan.

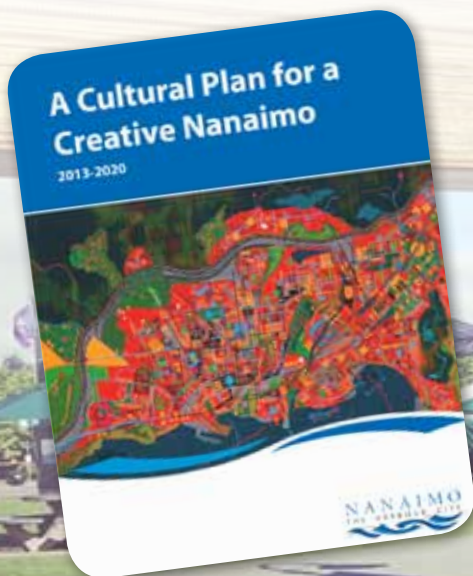
Moving into its second year, the department will focus on establishing baseline performance indicators with the culture and heritage sector and Nanaimo's neighbourhoods. Future years will see the department building on these relationships to create and celebrate Nanaimo's Culture and Heritage through 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 convener, 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; united by a desire to realize the sector's potential and value as both a social and economic engine.

Guided by the 2013-2020 Cultural Plan for a Creative Nanaimo 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.

Quick Fact

Since 2010, the City of Nanaimo has been involved in a dynamic and evolving temporary public art program that enhances and animates our parks. Each year, artwork is installed on a temporary basis. The parks essentially become outdoor art galleries showcasing artworks. In 2014, there were 2 new pieces added to the collection bringing the City's inventory of public art to 157 public pieces.



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.

Quick Fact
Starting in 2014, the City generates electricity for sale to BC Hydro. So far, the system at Reservoir No. 1 on Nanaimo Lakes Road has averaged \$6,500 per month in revenue.

The South Fork Water Treatment Plant construction is underway scheduled to be complete by end of 2015.



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.

With additional open space acquisition in 2014, Linley Valley now has over 340 acres (138 hectares) of protected parkland.

Quick Fact

The City acquires land for various projects. The City also sells surplus lands. In 2014, the City sold \$488,391 worth of land.

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 its 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.

Quick Fact

Nanaimo's former Councillor, Terry Beech, who served on Nanaimo City Council from 1999-2001, holds the record as the youngest British Columbian to win a city councillor position. He was fresh out of high school, and it was the same year he started classes at Malaspina University-College. At 18, he was less than half the age of every council member alongside him.

Parks, Recreation & Environment

The Parks, Recreation and Environment Department 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 administers the allocation of recreations facilities, parks and equipment.

Along with managing and maintaining 1,400 hectares (3,459 acres) of parks, trails and other protected open space (which makes up over 15 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".

Quick Fact

"I DO!" Nanaimo parks are popular wedding ceremony locations. In 2014, 28 weddings were held at Bowen Park while 20 were held at Neck Point Park.



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.

Quick Fact

Nanaimo Fire Rescue received and dispatched 7,067 calls to 15 different types of incidents. The top 3 types of incident calls were medical, motor vehicle and assistance calls.



Corporate Strategic Plan Pillars Progress Report

The 2012-2015 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.


Pillar 1

ECONOMIC HEALTH

Strategy/Initiative	Progress
1 a. Support Nanaimo Economic Development Corporation objectives	<ul style="list-style-type: none"> - NEDC Board appointments were completed - Island Ferries Services Ltd. ("IFSL") application for a Building Canada grant was prioritized by Council


Pillar 2

ENVIRONMENTAL RESPONSIBILITY

Strategy/Initiative	Progress
2 a. Update the corporate Climate Change Plan	<ul style="list-style-type: none"> - Initiate a plan for review and update of the Climate Change Plan
2 b. Continue to update and refine the Community Sustainability Action Plan 	<ul style="list-style-type: none"> - Funding from BC Hydro and Real Estate Foundation was received - Received endorsement and support from the Vancouver Island Real Estate Board (VIREB) and the RDN for the Realtor Energy Efficiency Program (REEP) - Six REEP training sessions held with 48 realtors on marketing and promoting home energy assessments as part of the buying/selling process - Incentive program was established to increase realtor sign-up for training sessions - Home energy assessments webpage created in partnership with the Vancouver Island Real Estate Board (VIREB) website (www.vireb.com/reep) - City worked with the Nanaimo Car Share Co-op to negotiate car share vehicles and memberships in lieu of parking during development application process - In partnership with the RDN, the City helped facilitate and organize a public Climate Science Symposium held on October 18, 2014 on the latest climate science as the closing event to the RDN Green Building Series - City worked with BC Hydro to coordinate the Home Energy Rebate Offer (HERO) in October

Pillar 2

ENVIRONMENTAL RESPONSIBILITY (continued)

Strategy/Initiative	Progress
<p>2 c. Execute the Urban Forest Management Strategy</p> 	<ul style="list-style-type: none"> - The newly adopted Tree Protection bylaw was put in to action using the fine schedule. Money received for illegal tree cutting put into a reserve fund for future greening projects, such as boulevard tree planting and other reforestation programs - As part of Module 3 of the Urban Forest Management Strategy, tree inventory work was updated - The Southend Community Association planted 40 street trees - Street trees were planted in several subdivisions adding another 60 trees to the City inventory - In conjunction with overall inventory work, the Tree Risk Management Program was created
<p>2 d. Review and update the Water Conservation Strategy</p>	<ul style="list-style-type: none"> - Commenced implementation of Water Conservation Strategy adopted by Council in June 2014

Pillar 3

SOCIAL EQUALITY

Strategy/Initiative	Progress
<p>3 a. Update of the Social Development Strategy contained in the Official Community Plan</p>	<ul style="list-style-type: none"> - Social Development Strategy was updated - A number of sub structures of the Health & Social Network were formed to address specific areas of the Social Development Strategy
<p>3 b. Implement initiatives and opportunities consistent with Nanaimo's Community Plan to Reduce Homelessness and the Housing First Action Plan</p>	<ul style="list-style-type: none"> - Construction of supported housing at Uplands Drive completed and an occupancy permit issued - Construction commenced on supported housing project on Boundary Crescent



Pillar 4

CULTURE VITALITY

Strategy/Initiative	Progress
4 a. Develop an updated Cultural Strategy	<ul style="list-style-type: none"> - "A Cultural Plan for a Creative Nanaimo, 2014-2020" was adopted by City Council on March 10, 2014 and implementation of the plan commenced
4 b. Update the Parks, Recreation and Culture Master Plan	<ul style="list-style-type: none"> - 2014-2018 Financial Plan included budget for updating Master Plan
4 c. Continue to implement the Heritage Action Plan	<ul style="list-style-type: none"> - Held the annual Heritage Summit on February 19, 2014 - Updated Heritage Registry and completed Heritage Facade Grant and Heritage Tax Exemption process for Free Press Building (223 Commercial Street) in October - Continued promotion and awareness of Nanaimo's heritage resources



Corporate Strategic Plan Priorities Progress Report

The 2012-2015 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.

Nanaimo’s Commercial Street

Priority 1

ASSET MANAGEMENT

Strategy/Initiative	Progress
1 a. Develop a comprehensive Asset Management Plan	<ul style="list-style-type: none"> - Ongoing work continued on the infrastructure condition assessment - Asset Management policy was prepared for Council review
1 b. 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"> - Asset management projects were highlighted in the new budget process - Financial Plan for 2014-2018 was approved which provides for 1.0% of taxes to be set aside for asset management - Research conducted on policies related to long-term financial planning used by other municipalities

Priority 2

COMMUNITY BUILDING PARTNERSHIPS

Strategy/Initiative	Progress
2. a Support and facilitate the development of a Nanaimo Social and Health Network	<ul style="list-style-type: none"> - The Nanaimo Social and Health Network Steering Committee reviewed the revised Social Development Strategy and proposed changes were made - A variety of sub-structures were developed to further the work of the Nanaimo Social and Health Network. These groups are actively addressing specific elements within the framework of the Social Development Strategy - a Child Poverty working group, a sex trade task force, a "vital Signs" partnership, a Youth Advisory Council and an update to the Community Plan to end Homelessness - Social issues identified by the Nanaimo Social and Health network were addressed by the Social Planning Advisory Committee in its allocation of Social Development Grant funding - Other substructures of the network continued to work on specific social issues, including prostitution and disposal of used syringes
2. b 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"> - Inspire Nanaimo was nominated for a "Global Best Award: Innovative and Creative Partnerships" through the Conference Board of Canada - The founding partners of Inspire Nanaimo (City of Nanaimo, Greater Nanaimo Chamber of Commerce, Vancouver Island University) met with other organizations with similar goals to discuss collaborative opportunities
2. c Review and define municipal role in facilitation and maintenance of vibrant "community benefit sector" in Nanaimo	<ul style="list-style-type: none"> - Council approved this initiative as complete on October 27, 2014

Priority 3

TAKING RESPONSIBILITY

Strategy/Initiative	Progress
3 a. Commission an external Governance Policy, Structure and Processes Review and Audit	- complete
3 b. Established a coordinated and consistent Current Service Summary across all departments	- complete
3 c. Continue development of the Balanced Scorecard	- complete
3 d. Develop a comprehensive Communications Policy and Strategy	- complete
3 e. Explore options for "Town Hall Meetings"	- complete
3 f. Adopt a Public Service Excellence Program	<ul style="list-style-type: none"> - Researched program models and drafted a report for Council on options for a Public Service Excellence Program - City Manager put this initiative on hold pending Council's determination of priorities
3 g. Continue to facilitate change and overall development and take actions steps to be a catalyst for investment in the city's future	<ul style="list-style-type: none"> - A building permit application received for the Hotel at 100 Gordon Street - The Development Process Review Committee (DPRC) made recommendations to improve processing time relating to park dedication and endorsed changes proposed by staff to make the Development Variance Permit (DVP) review process more efficient. The proposed changes were approved by Council - Tender issued for environment and demolition work for 1 Port Drive - Public hearing for Hilton Hotel - Lease agreement signed with Island Ferry Services Ltd. - Rezoning completed for Island Ferry Services Ltd. - Site servicing in accordance with the Island Ferry Service Ltd. lease was completed - Rezoning for the proposed Hilton Hotel was adopted

Celebrating Canada Day



Priority 4

TRANSPORTATION AND MOBILITY

Strategy/Initiative	Progress
4 a. Complete comprehensive Sustainable Transportation Master Plan	- Transportation Master Plan adopted by Council on May 26, 2014
4 b. Continue efforts to integrate land use and mobility planning through the OCP process	- General amendments to Official Community Plan (OCP) proposed to recognize road classification changes
4 c. Review DCC rates to better consider cost to service different parts of city and encourage development within currently serviced areas to reduce infrastructure costs	- Development Cost Charge (“DCC”) Steering committee was established and held first meeting. New population planning horizon established as 2041
4 d. Work with other organizations (e.g. NEDC, BCFC, Airport Authority, NPA, RDN) to advocate for and support improvement of external connections	- Island Ferry Services Ltd lease area was rezoned to allow a passenger terminal and was serviced with water and sewer by City crews in December 2014 - Concept of a downtown transportation hub was incorporated into the Transportation Master Plan adopted by Council on May 26, 2014
4 e. Work with the Island Corridor Foundation (ICF) to increase the viability of the E&N Rail line	- Met with ICF and Southern Rail to discuss passenger terminal at 1 Port Drive

Nanaimo’s Annual “Bike to Work Week” Celebration Station



Priority 5

WATER

Strategy/Initiative	Progress
5 a. Confirm preferred water supply option with detailed plans, designs and agreements	- Several technical studies were completed
5 b. Update of Water Conservation Strategy	- Water Conservation Strategy (targeted to reduce per capita water consumption in Nanaimo by 10 percent each decade) adopted by Council on June 9, 2014
5 c. Implement initiatives and opportunities consistent with the Blue Community designation	- Complete
5 d. Continued commitment to full-cost water pricing	- On hold - The review of the rate structure is to be completed in Spring 2015
5 e. Enhance water billing information to encourage awareness and wise use of water	- On hold - The review of the water billing information is to be completed in Spring 2015

Quick Fact

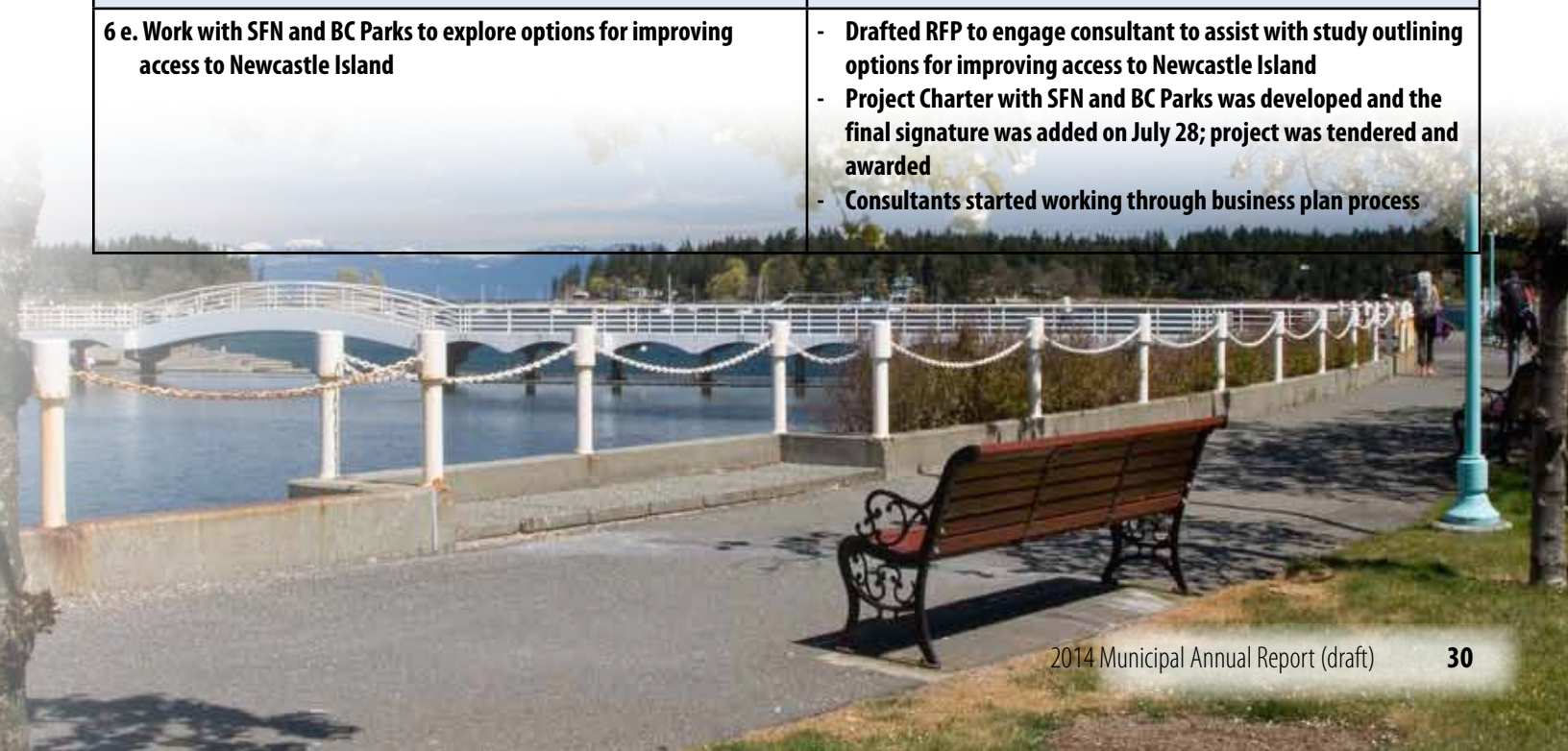
The City processed 650 toilet rebate applications. This represents an annual savings of 20 million litres of water.

South Forks Reservoir

Priority 6

WATERFRONT ENHANCEMENT

Strategy/Initiative	Progress
<p>6 a. 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"> - South Downtown Waterfront Committee continued with outreach to Nanaimo Port Authority, RDN and Snuneymuxw First Nations - Informal staff team, made up of representatives from Community Development and Parks, Recreation & Environment have met to identify and act on opportunities to create an uninterrupted trail and other priority outcomes - The Waterfront Hotel, 1000 Stewart Avenue, extended the waterfront walkway by 70 metres north of Cypress Street along the Newcastle Channel - In support of the development of the South Downtown Waterfront Lands the environmental site investigation/ screening level risk assessment was completed and the former pallet building was demolished. The Hilton Hotel rezoning and associated waterfront improvements were approved
<p>6 b. Update Maffeo Sutton Park Improvement Plan</p>	<ul style="list-style-type: none"> - Draft of Maffeo-Sutton Park Improvement Plan prepared and presented to the Parks Committee on September 11, 2014
<p>6 c. Assess and address concerns related to aging infrastructure at Georgia Park</p>	<ul style="list-style-type: none"> - Continued to work on design options with Hilton Hotel
<p>6 d. 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"> - Staff worked with the Departure Bay Neighbourhood Assoc. - Detailed design prepared - Archeology consultant engaged and premit applications were prepared
<p>6 e. Work with SFN and BC Parks to explore options for improving access to Newcastle Island</p>	<ul style="list-style-type: none"> - Drafted RFP to engage consultant to assist with study outlining options for improving access to Newcastle Island - Project Charter with SFN and BC Parks was developed and the final signature was added on July 28; project was tendered and awarded - Consultants started working through business plan process



Financial Statistics

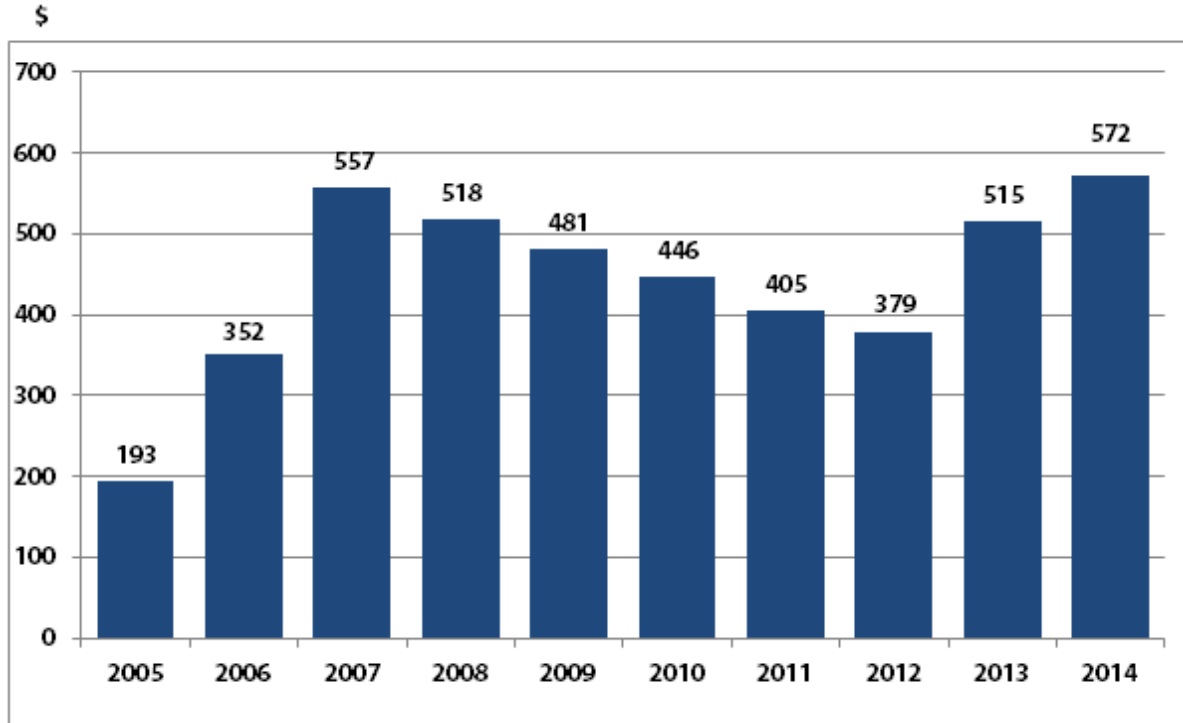


Nanaimo's Historic Shack Island

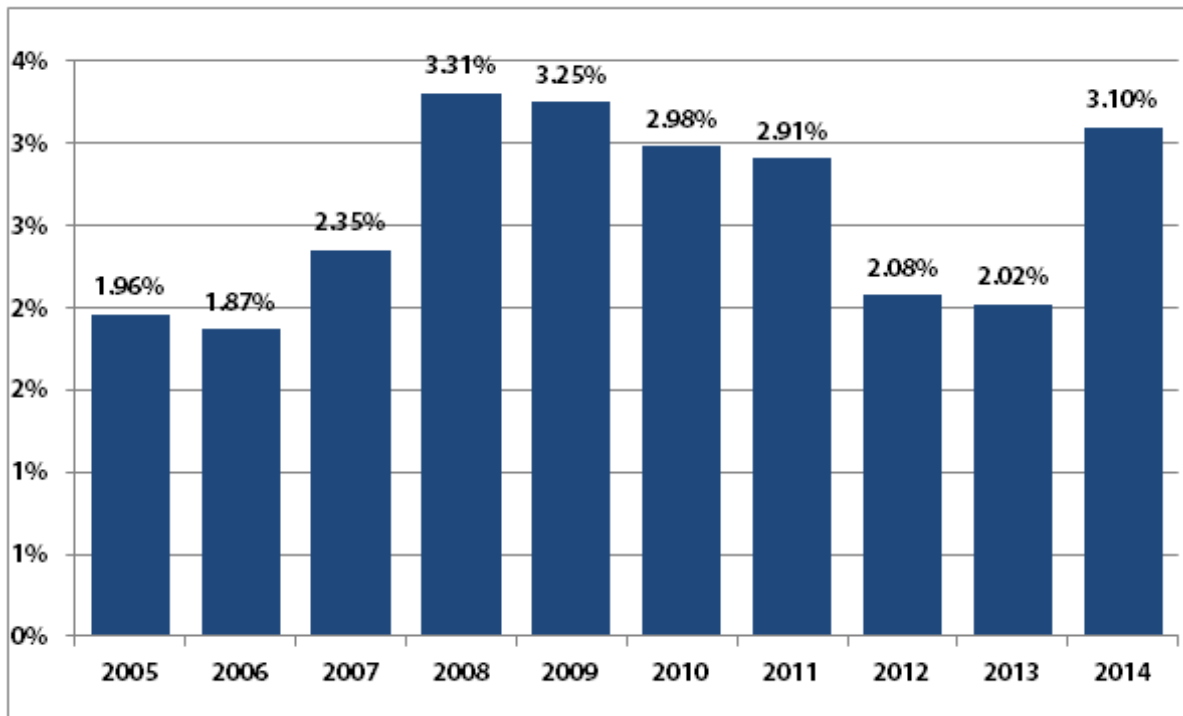
Debt Graphs

(unaudited)

Outstanding Debt Per Capita



Debt Servicing as a Percentage of Expenditures*



*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

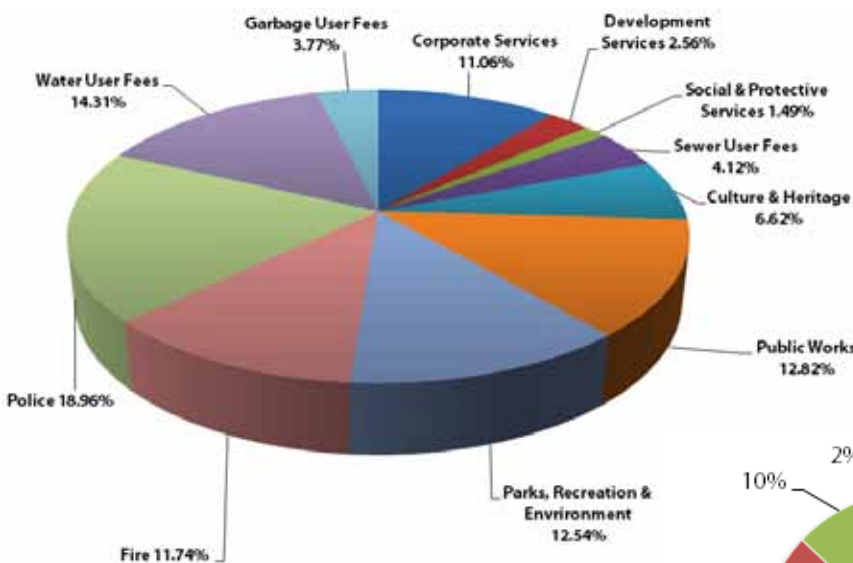
Corporate Services	\$ 287.02
Development Services	66.39
Fire	304.54
Police	491.93
Parks, Recreation & Environment	325.29
Culture & Heritage	171.73
Public Works	332.67
Strategic Relationships	38.78
Sewer User Fees	106.90
Water User Fees	371.30
Garbage User Fees	97.80

Total Municipal Taxes and User Fees

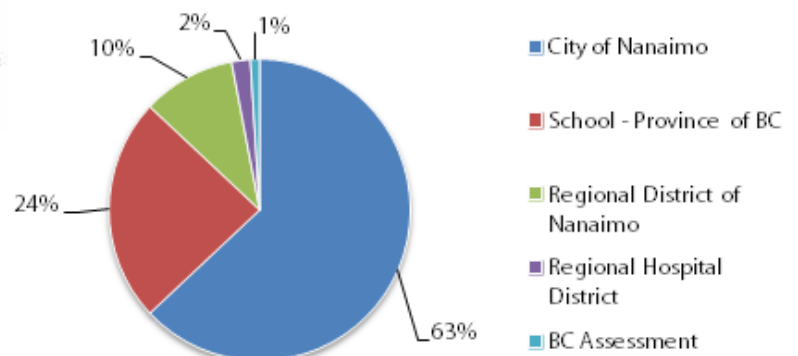
\$2,594.35

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

2014 Municipal Taxes and User Fees for a Residential Property with an Assessed Value of \$340,000



Breakdown of 2014 Residential Tax Bill

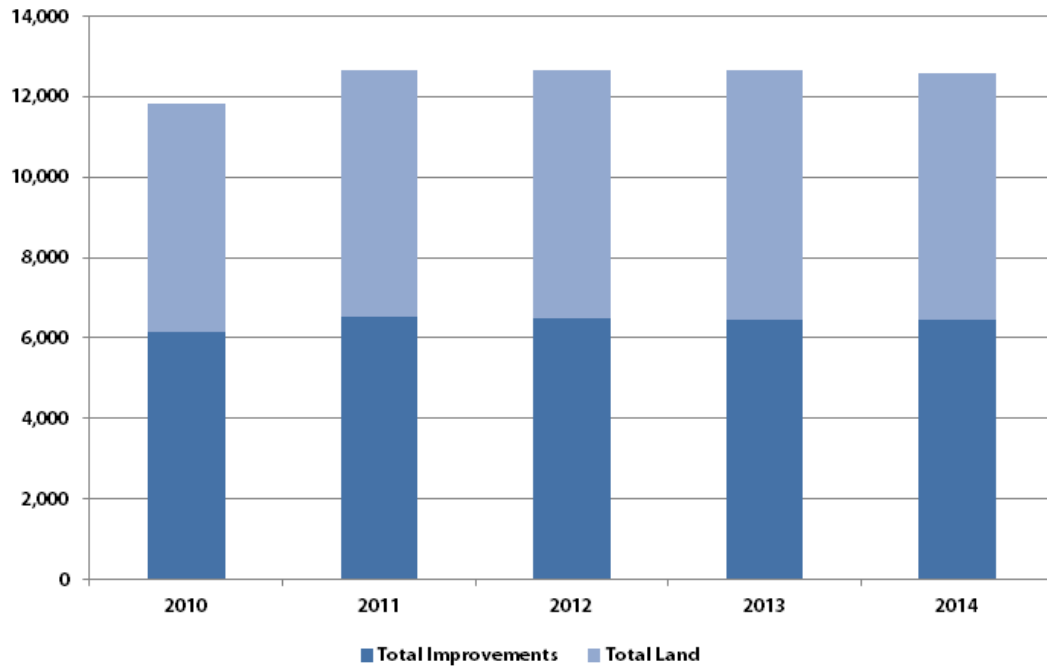


Assessed Values for General Municipal Purposes

Assessment Values

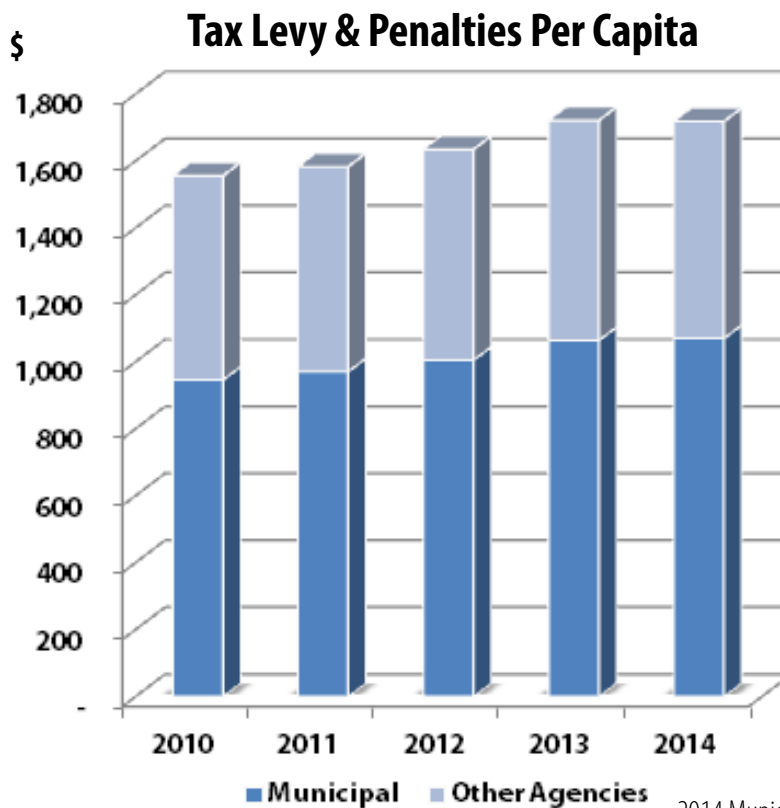
Dollars (000,000)

Source: BC Assessment Authority



Tax Levy & Penalties Per Capita

(unaudited)



Tax Levy Statistics

2014 Tax Rates

	City of Nanaimo	School - Province of BC	Regional District of Nanaimo	Regional District Hospital	BC Assessment	Municipal Finance Authority	Total Tax Levy
Residential*	5.9363	2.3349	0.9143	0.2256	0.0619	0.0002	9.4732
Utilities*	45.3589	13.6000	4.7428	0.7895	0.5115	0.0007	65.0034
Major Industry*	14.8975	2.4000	2.7771	0.7670	0.5115	0.0007	21.3538
Light Industry*	14.8975	6.0000	2.7771	0.7670	0.1755	0.0007	24.6178
Business/Other*	14.8975	6.0000	2.2623	0.5527	0.1755	0.0005	23.8885
Managed Forest Land*	25.5565	2.4000	3.2293	0.6767	0.3616	0.0006	32.2247
Recreational/Non-Profit*	9.8535	3.4000	1.1601	0.2256	0.0619	0.0002	14.7013
Farm Land*	0.5000	3.4500	0.5733	0.2256	0.0619	0.0002	4.8110
Parcel Tax**			\$13.00				

*Rate per 1.00 of Assessed Value

**Rate Per Property

2014 General Assessment & Taxation by Property Class (in \$000's)

	Assessment	% of Assessment by Class	Taxation	% of Taxation by Class
Residential	\$10,554,959,	83.86%	\$99,895	66.74%
Utilities	10,533	0.08%	2,007	1.34%
Major Industry	100,632	0.80%	2,110	1.41%
Light Industry	74,227	0.59%	1,910	1.28%
Business/Other	1,815,288	14.42%	43,301	28.93%
Managed Forest Land	140	0.00%	4	0.00%
Recreational/Non-Profit	30,005	0.24%	441	0.29%
Farm Land	420	0.00%	2	0.00%
TOTAL	\$12,586,204	100.00%	\$149,670	100.00%

Tax Levy Statistics

Taxes Collected on Behalf of all Taxing Authorities (in \$000's)***

	2014	2013	2012	2011	2010
City of Nanaimo	\$96,961	\$89,379	\$85,859	\$82,397	\$79,251
School Board	37,932	37,849	37,279	36,988	36,573
Regional District of Nanaimo	14,994	14,054	13,292,	12,267	7,063
Regional Hospital District	3,585	3,554	3,445	3,347	3,234
BC Assessment	1,074	1,074	1,060	1,081	1,088
Municipal Finance Authority	3	3	3	3	3
TOTAL	\$153,549	\$145,913	\$140,938	\$136,083	\$127,212

***Includes: 1% Taxes in Lieu, BIA Levy, Local Improvement Levies, Parcel Tax Levy
Amounts are less supplementary adjustments

2010-2013 General Assessment by Property Class (in \$000's)

	2014	2013	2012	2011	2010
Residential	\$10,554,959	\$10,664,056	\$10,753,913	\$10,791,094	\$10,002,946
Utilities	10,533	10,268	10,195	14,231	14,466
Major Industry	100,632	101,775	102,099	98,278	99,989
Light Industry	74,227	71,283	71,526	64,534	61,316
Business/Other	1,815,288	1,965,943	\$1,706,707	1,659,766	\$1,620,118
Managed Forest Land	140	149	129	139	682
Recreational/Non-Profit	30,005	31,017	20,303	16,457	16,410
Farm Land	420	429	429	468	478
TOTAL	\$12,586,204	\$12,644,920	\$12,665,301	\$12,644,967	\$11,816,405

Chase River Estuary Park



Property Owners with Gross Taxes Exceeding \$250,000 in 2014

Property Owners with Gross Taxes Exceeding \$250,000 in 2014

Rank	Property Owner	Primary Property	Total Taxes Levied (all agencies)	% of current tax levy
1	IVANHOE CAMBRIDGE I INC	Woodgrove Centre	\$ 4,620,874.13	3.05%
2	1854 HOLDINGS LTD	Nanaimo North Town Centre	\$ 2,341,492.10	1.54%
3	FIRST CAPITAL CORPORATION	Longwood Station / Port Place / VICC	\$ 1,573,599.37	1.04%
4	NANAIMO FOREST PRODUCTS LTD	Harmac Pulp Mill	\$ 1,465,953.02	0.97%
5	COUNTRY CLUB CENTRE LTD	Country Club Centre	\$ 1,457,571.92	0.96%
6	BC FERRY SERVICES INC	BC Ferries	\$ 923,612.08	0.61%
7	LOBLAW PROPERTIES WEST INC	Real Canadian Superstore	\$ 754,292.40	0.50%
8	NORED DEVELOPMENTS INC	Nored Plaza / Applecross Home Centre / Other Stri Malls / Various Residential	\$ 703,477.48	0.46%
9	TELUS COMMUNICATIONS & BC TELEPHONE CO	Excludes 1% Grant	\$ 690,085.13	0.45%
10	416382 BC LTD	Dickinson Crossing	\$ 671,494.83	0.44%
11	BROOKS LANDING CENTRE INC	Brooks Landing	\$ 660,699.40	0.44%
12	ARTIS AULDS CORNER NANAIMO LTD	Milano's / Valhalla / Island Natural / HSBC	\$ 641,259.21	0.42%
13	FORTIS ENERGY (VANCOUVER ISLAND) INC	Fortis (excludes 1% grant)	\$ 623,826.06	0.41%
14	COSTCO WHOLESALE CORP	Costco	\$ 584,660.15	0.39%
15	FERNCO DEV LTD / LENCO DEV LTD / NORCO DEV LTD	Terminal Park (part) / Mostar Strip Mall	\$ 576,558.49	0.38%
16	HOME DEPOT HOLDINGS INC	Home Depot	\$ 557,905.05	0.37%
17	NPR GP INC	Various Residential	\$ 514,093.73	0.34%
18	BRITISH COLUMBIA HYDRO & POWER AUTH	Excludes 1% Grant	\$ 509,374.32	0.34%
19	INSIGHT HOLDINGS LTD	Various Residential	\$ 484,114.29	0.32%
20	DUKE POINT PROPERTY COMPANY	Duke Point	\$ 464,369.12	0.31%
21	SOPHIE INVESTMENTS INC	Rock City Centre / Country Club Manor / Various Properties	\$ 449,010.46	0.30%
22	DOVER POINTE CENTRE LTD	Home Outfitters / Home Sense / PetSmart	\$ 418,850.07	0.28%
23	WESTERN FOREST PRODUCTS INC	Duke Point Mill / Mill @ NanWharf /arf	\$ 411,328.74	0.27%
24	HAREWOOD INVESTMENTS LTD	University Village	\$ 406,918.83	0.27%
25	WTF INVESTMENTS CO LTD	Metral Place Shopping Centre (Staples, etc)	\$ 404,638.54	0.27%
26	SPIRE LP (WOODGROVE CROSSING) LTD	Woodgrove Crossing	\$ 395,964.90	0.26%
27	MID ISLAND CONSUMER SERVICES CO OP	Co-op Centre and Various Properties	\$ 392,358.38	0.26%
28	NANAIMO SENIORS VILLAGE HOLDINGS LTD	Nanaimo Seniors Village	\$ 362,606.79	0.24%
29	SHAW CABLESYSTEMS LTD	Excludes 1% Grant	\$ 361,231.46	0.24%
30	MALAVIEW DEVELOPMENT LTD	Slegg Lumber	\$ 343,112.65	0.23%
31	HOPEPLACE HOLDINGS INC	Country Grocer and other (Bowen Road)	\$ 333,185.91	0.22%
32	B-250 HOLDINGS INC	Hammond Bay Plaza	\$ 324,394.95	0.21%
33	NANAIMO BASTION HOTEL CORP	Coast Bastion Hotel	\$ 315,116.20	0.21%
34	MAPLE GLEN HOLDINGS LTD	Southgate Mall	\$ 297,090.40	0.20%
35	2080 LABIEUX ROAD HOLDINGS LTD	Government Offices	\$ 283,354.49	0.19%
36	WELLINGTON COURT HOLDINGS CORP	Wholesale Sports	\$ 258,773.26	0.17%
37	ISLAND TIMBERLANDS GP LTD	Various Properties	\$ 252,033.82	0.17%
			\$ 26,829,282.13	
Total Tax Levy			\$ 151,749,955.98	

Permissive Tax Exemptions

Property Tax Exemption Bylaw #7177

Organization	Municipal Taxes Exempt Portion
BC CONFERENCE OF THE MENNONITE BRETHREN	12,021
BC CORP SEVENTH DAY ADVENTIST	2,907
BC MUSLIM ASSOCIATION THE	1,468
BC S P C A	6,236
BENEDICTINES OF NANAIMO THE	3,597
BISHOP OF VICTORIA	22,988
BOYS AND GIRLS CLUBS OF CENTRAL VANCOUVER ISLAND	10,572
CANADIAN MENTAL HEALTH ASSOCIATION	4,991
CENTENNIAL MUSEUM	42,661
CENTRAL VANCOUVER ISLAND CENTRE FOR THE ARTS	3,396
CENTRAL VANCOUVER ISLAND MULTICULTURAL SOCIETY	14,346
CHRIST COMMUNITY CHURCH	8,848
CHRISTIAN AND MISSIONARY ALLIANCE-CANADIAN PACIFIC DISTRICT	3,321
CHRISTIAN SCIENCE SOC OF NANAIMO	495
CHURCH OF THE NAZARENE CANADA PACIFIC DISTRICT	3,352
COLUMBIAN CENTRE SOCIETY	7,391
CRIMSON COAST DANCE SOCIETY	450
CRISIS PREGNANCY CENTRE OF NANAIMO SOCIETY	3,879
DEPARTURE BAY CONGREGATION OF JEHOVAH'S WITNESSES TRUSTEES	4,552
DUCKS UNLIMITED CANADA	4,019
FIRST BAPTIST CHURCH NANAIMO BC	3,827
FOURSQUARE GOSPEL CHURCH OF CANADA	7,173
G S M P D SIKH TEMPLE INC	941
GEORGE R PEARKES SENIOR CITIZEN HSG	20,267
GOOD SAMARITAN CANADA (A LUTHERAN SOCIAL SERVICE ORGANIZATION)	97,539
GOVERNING COUNCIL OF THE SALVATION ARMY CANADA WEST	18,807
HABITAT FOR HUMANITY MID-VANCOUVER ISLAND	11,426
HAMMOND BAY BAPTIST CHURCH	1,596
HOPE LUTHERAN CHURCH	4,286
ISLAND CORRIDOR FOUNDATION	116,179
ISLAND CRISIS CARE SOCIETY	5,245
KINGS TEMPLE MISSIONARY SOCIETY	1,439
LIGHTHOUSE BIBLE BAPTIST CHURCH OF NANAIMO SOCIETY	574
LOAVES & FISHES FOOD BK FOUNDATION	3,096
MCGIRR SPORTS SOCIETY	40,794
MID-ISLAND INTERGROUP SOCIETY	390
MID-ISLAND METIS NATION ASSOCIATION	353
MT BENSON (PAC BR 256) ROYAL CAN LEGION	7,627
MT BENSON SENIOR CITIZENS HGS SOC	34,828
NANAIMO & DISTRICT EQUESTRIAN ASSOC / VANCOUVER ISLAND EXHIBITION ASSOC	9,815
NANAIMO & DISTRICT MUSEUM SOCIETY	5,829
NANAIMO 7-10 CLUB	3,285
NANAIMO ART GALLERY	12,356

Permissive Tax Exemptions

Property Tax Exemption Bylaw #7177

Organization	Municipal Taxes Exempt Portion
NANAIMO ASSOCIATION FOR COMMUNITY LIVING	21,348
NANAIMO BMX ASSOCIATION	2,572
NANAIMO BRAIN INJURY SOCIETY	3,651
NANAIMO BRANCH OF THE RED CROSS SOCIETY	5,065
NANAIMO BRANCH ROYAL CANADIAN LEGION (BRANCH 10)	2,582
NANAIMO CANOE & KAYAK CLUB/NANAIMO ROWING CLUB	566
NANAIMO CHILD DEVELOPMENT CENTRE SOCIETY	28,961
NANAIMO CHRISTIAN SCHL (1988) SOC	8,760
NANAIMO CHURCH OF CHRIST	1,803
NANAIMO CITIZEN ADVOCACY ASSOCIATION	1,969
NANAIMO COMMUNITY ARCHIVES/CITY OF NANAIMO	4,798
NANAIMO COMMUNITY HOSPICE SOCIETY	6,823
NANAIMO CONSERVATORY OF MUSIC	7,464
NANAIMO CURLING CLUB	11,963
NANAIMO DISTRICT SENIOR CITIZENS' HOUSING DEVELOPMENT SOCIETY	114,175
NANAIMO F O S NON-PROFIT HOUSING SOCIETY	13,630
NANAIMO FAMILY LIFE ASSOCIATION	3,212
NANAIMO FOODSHARE NETWORK SOCIETY	3,665
NANAIMO FULL GOSPEL ASSEMBLY	1,902
NANAIMO MARINE RESCUE SOCIETY	1,009
NANAIMO MINOR HOCKEY ASSOCIATION	3,766
NANAIMO RECYCLING EXCHANGE	12,499
NANAIMO REGIONAL JOHN HOWARD SOCIETY	8,456
NANAIMO SEARCH & RESCUE SOCIETY	3,233
NANAIMO SQUASH CLUB	3,709
NANAIMO THEATRE GROUP	3,288
NANAIMO TRAVELLERS LODGE SOCIETY	21,305
NANAIMO WOMEN'S RESOURCE SOCIETY	3,094
NANAIMO YOUTH SERVICES ASSOCIATION	9,743
NATURE TRUST OF BC	163,376
NAVY LEAGUE OF CANADA NAN BRANCH	4,827
OPTIONS FOR SEXUAL HEALTH	2,449
PACIFIC CHILD AND FAMILY ENRICHMENT SOCIETY	5,828
PENTECOSTAL ASSEMBLIES OF CANADA	14,948
PLEASENT VALLEY SOCIAL CENTRE	5,203
PORT THEATRE SOCIETY THE	283,441
PRESIDENT OF THE LETHBRIDGE STAKE	3,143
PRIESTLY SOCIETY OF ST PIUS	1,478
PROTECTION ISLAND LIONS CLUB	12,052
PROTECTION ISLAND NEIGHBOURHOOD ASSOC.	4,211
RADIO MALASPINA SOCIETY	1,355
REDEEMED CHRISTIAN CHURCH OF GOD	1,006
ROYAL CANADIAN AIRFORCE ASSOC 808 (THUNDERBIRD) WING	3,666
ST JOHN'S AMBULANCE	16,655
ST PAUL'S LUTHERAN CHURCH OF NANAIMO	2,936
THEATER ONE	1,222
TILlicum HAUS SOCIETY	11,620

Permissive Tax Exemptions

Property Tax Exemption Bylaw #7177

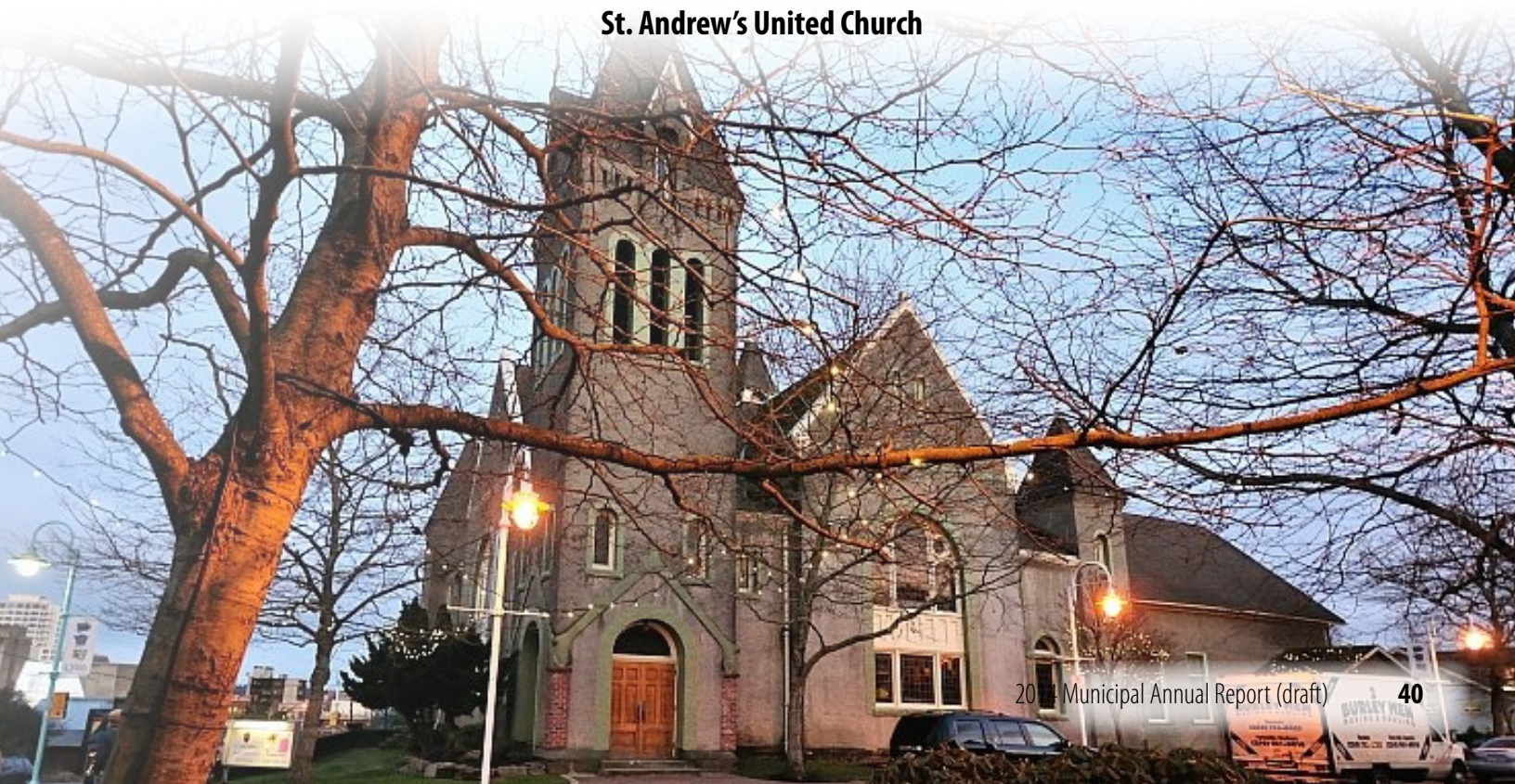
Organization

Municipal Taxes Exempt Portion

TILlicum LELUM ABORIGINAL SOCIETY	23,851
TRUSTEES OF ST ANDREWS PRESBYTERIAN CHURCH CANADA	4,138
TRUSTEES OF THE CHASE RIVER CONGREGATION OF JEHOVAH'S WITNESSES	3,024
TRUSTEES OF THE CONGREGATION OF BRECHIN UNITED CHURCH	2,710
TRUSTEES OF THE CONGREGATION OF DEPARTURE BAY BAPTIST CHURCH	2,532
TRUSTEES OF THE CONGREGATION OF ST ANDREWS UNITED CHURCH	6,838
TRUSTEES OF THE NANAIMO CHRISTADELPHIANS	1,340
TRUSTEES OF THE WOODGROVE CONGREGATION OF JEHOVAH'S WITNESSES	1,715
UKRAINIAN CATHOLIC EPARCHY OF NW	1,715
UNITARIAN FOUNDATION OF NANAIMO	1,903
UNITED WAY CENTRAL & NORTHERN VANCOUVER ISLAND	6,575
VANCOUVER ISLAND AIDS SOCIETY	928
VANCOUVER ISLAND HAVEN SOCIETY	20,670
VANCOUVER ISLAND KHALSA DIWAN SOCIETY	4,150
VANCOUVER ISLAND MILITARY MUSEUM	13,601
VANCOUVER ISLAND SYMPHONY	1,093
WAKESIAH GOSPEL CHAPEL	2,761
WELLINGTON COMMUNITY ASSOCIATION	6,825

1,540,994

St. Andrew's United Church

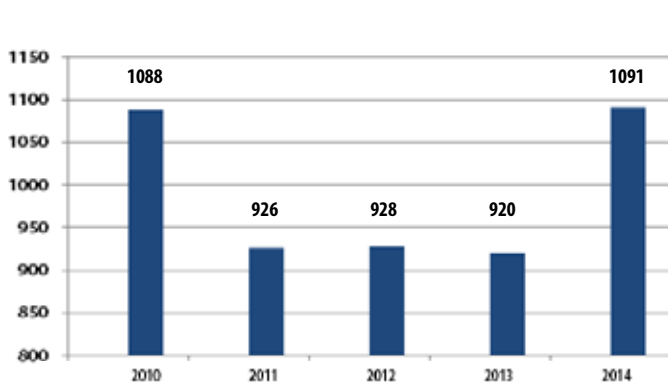


Operational Comparative Statistics

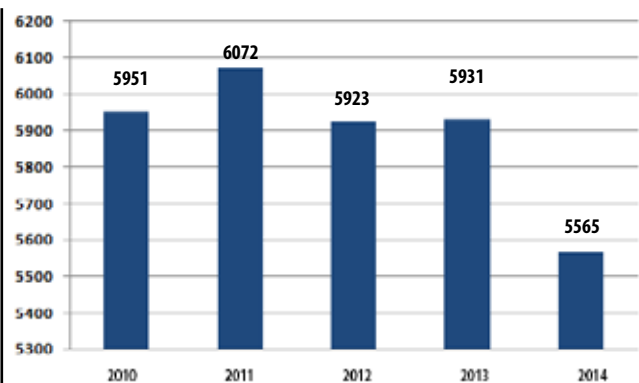
(unaudited)

Municipal Government Form: Mayor and 8 Council Members Incorporated December 24, 1874					
	2014	2013	2012	2011	2010
		Restated	Restated	Restated	Restated
Registered Voters	62,673	63,383	63,383	63,383	62,687
No. of Properties (Folios)	36,152	35,852	35,333	35,010	34,698
Paved Roads in KM**	612	610	608	605	603
Sanitary Sewer Lines in KM	666	662	659	656	652
Storm Sewer Lines in KM	543	539	533	532	528
Water Lines in KM	641	635	629	624	620
Municipal Full-Time Employees	605	608	604	603	590
Police Protection					
Number of Stations	1	1	1	1	1
Number of Police Officers	140	140	140	135	135
Number of Criminal Code Offences	10,453	9,882	12,784	13,124	14,299
Fire Protection					
Number of Stations	5	5	5	6	6
Number of Full-Time Personnel	103	103	105	105	105
Paid On Call Firefighters	55	60	58	53	60
Number of Call Received	7,067	6,915	6,628	6,494	6,297
Number of Fire Hydrants	3,049	3,015	2,952	2,933	2,881
Value of Building Permits Issued	\$230,428,039	\$119,988,214	\$162,417,519	\$188,222,526	\$175,406,152

Building Permits Issued



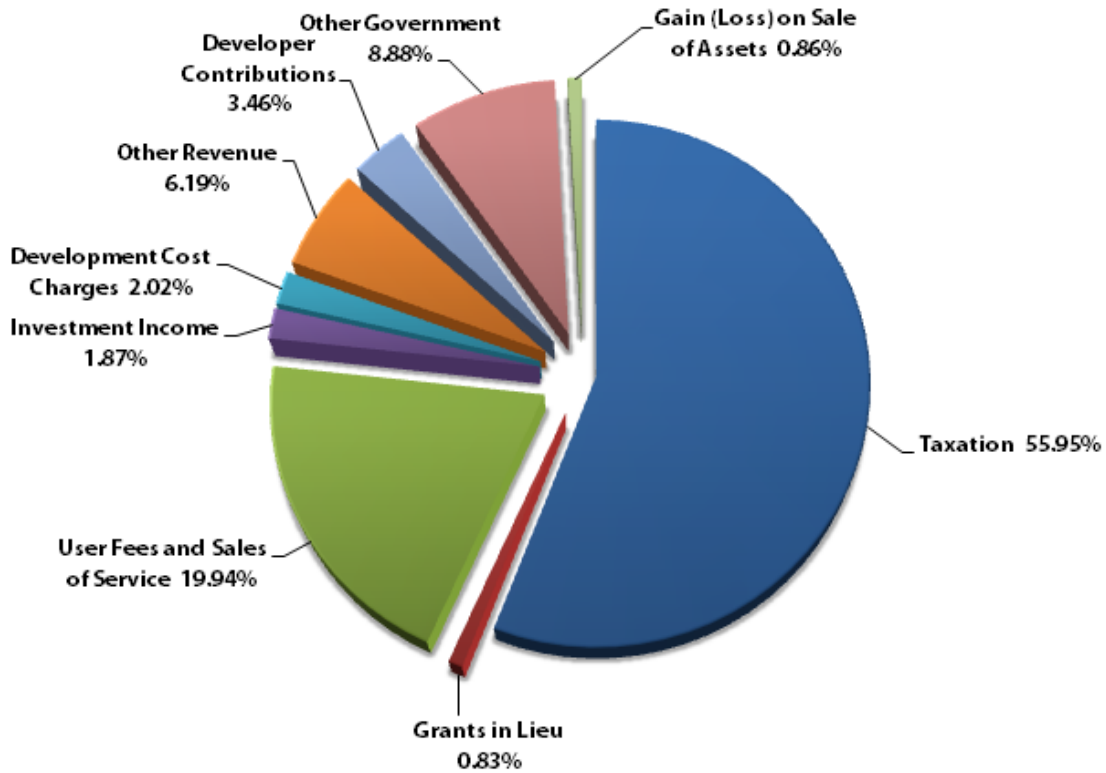
Business Licenses Issued



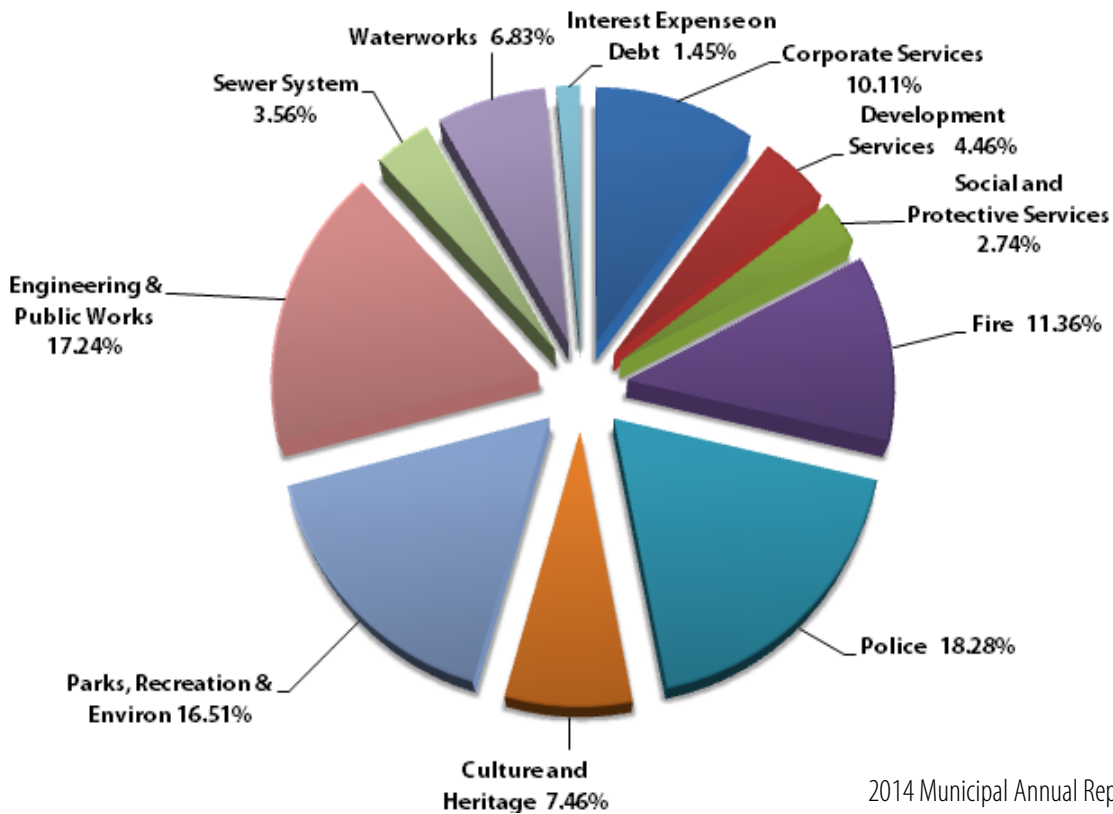
Operating Revenues and Expenses

(unaudited)

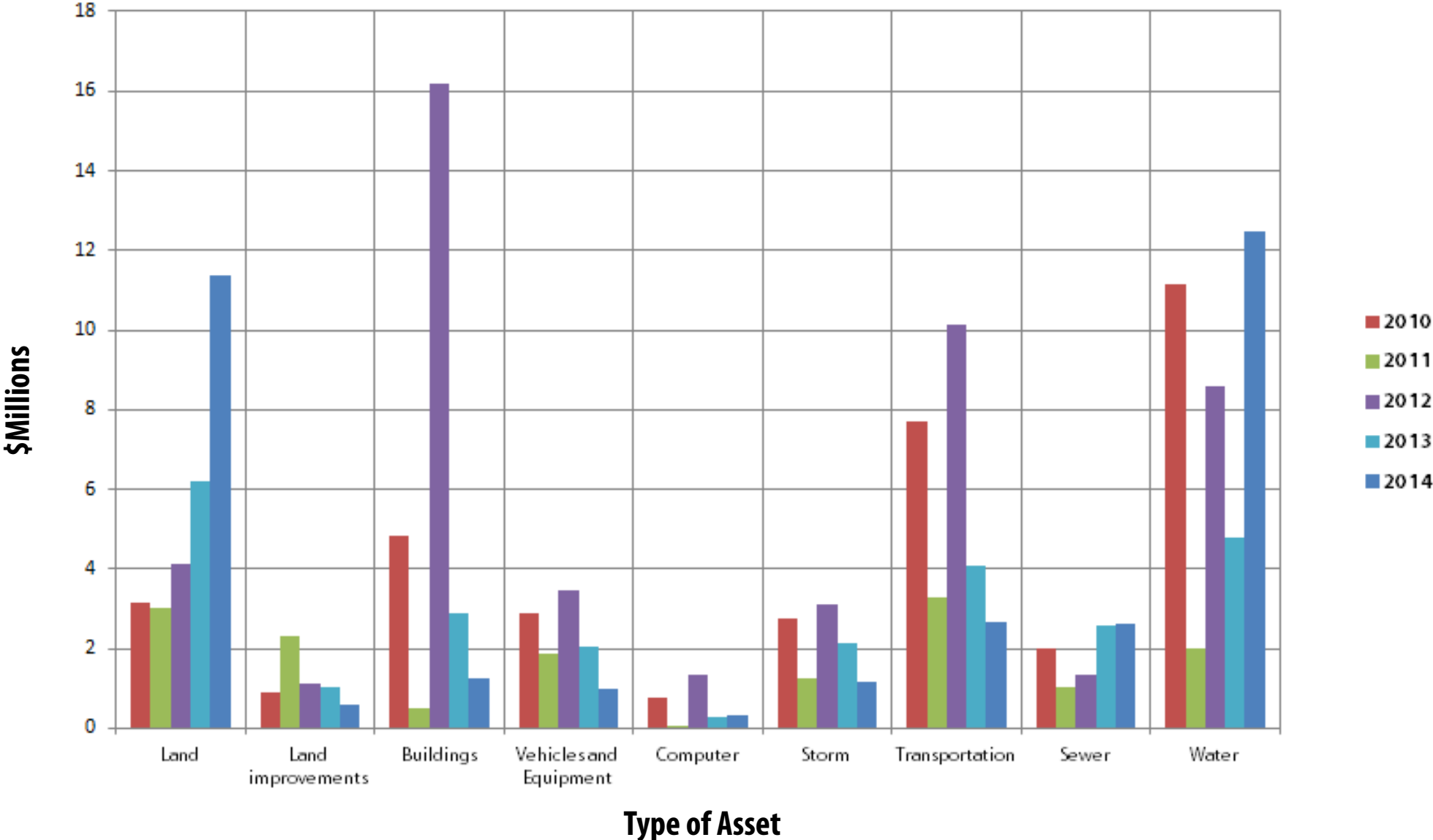
Revenue



Expenses



Acquisition of Tangible Capital Assets (TCA) by Asset Class



2015 - 2019 Capital Plan and Funding

	Expenditures						Funding Sources				
	2015	2016	2017	2018	2019	Total	General Revenue	Statutory Reserves	General Reserves	Other Sources*	Total
Corporate Services	1,582,132	1,059,000	781,000	920,500	1,013,000	5,355,632	3,000,000	-	2,354,009	1,623	5,355,632
Community Services											
Port of Nanaimo Centre	-	-	-	252,000	-	252,000	-	-	252,000	-	252,000
Culture and Heritage	650,000	5,100,000	6,993,000	260,000	-	13,003,000	403,000	-	-	12,600,000	13,003,000
Parks, Recreation and Environment	4,162,062	880,000	2,399,000	995,000	2,215,000	10,651,062	2,164,000	5,438,371	1,377,391	1,671,300	10,651,062
Engineering and Public Works	13,816,949	12,556,360	7,806,000	10,335,400	5,070,800	49,585,509	17,522,226	20,495,572	2,853,764	8,713,947	49,585,509
Social and Protective Services	1,996,539	3,030,000	1,678,167	7,120,000	1,790,000	15,614,706	848,517	4,922,840	708,703	9,134,646	15,614,706
General	22,207,682	22,625,360	19,657,167	19,882,900	10,088,800	94,461,909	23,937,743	30,856,783	7,545,867	32,121,516	94,461,909
Sanitary Sewer	8,650,370	4,277,100	6,857,500	2,824,000	3,508,313	26,117,283	-	12,508,750	13,608,533	-	26,117,283
Waterworks	23,561,548	9,739,900	11,767,550	6,708,250	8,515,906	60,293,154	-	21,599,197	38,693,957	-	60,293,154
	54,419,600	36,642,360	38,282,217	29,415,150	22,113,019	180,872,346	23,937,743	64,964,730	59,848,357	32,121,516	180,872,346

* Other Sources includes borrowing, private contributions and federal and provincial grants

Quick Fact

Over 50 percent of Home Owner Grants in Nanaimo were claimed electronically in 2014.

Harewood Plains



City of Nanaimo 2014 Annual Financial Statements

Annual Financial Statements

CITY OF NANAIMO 2014 FINANCIAL STATEMENTS MANAGEMENT REPORT

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, 2014.



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



W. B. McKay
Mayor

April 13, 2015

Annual Financial Statements



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca/enterprise

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, 2014 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, 2014, 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

Vancouver, Canada
April 13, 2015

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

Annual Financial Statements

CITY OF NANAIMO

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2014, with comparative figures for 2013

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 60,839,567	\$ 61,966,228
Accounts receivable and other assets (Note 2)	20,109,818	21,146,204
Development cost charges receivable (Note 3)	498,609	304,302
Portfolio investments (Note 4)	104,590,313	94,033,738
	<u>186,038,307</u>	<u>177,450,472</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	31,028,130	27,932,232
Compensated absences and termination benefits (Note 6)	6,637,594	6,503,277
Deferred revenue and other liabilities (Note 7)	15,125,738	21,610,633
Deferred development cost charges (Note 8)	41,398,345	38,281,961
Debt (Note 10)	50,860,003	44,325,082
	<u>145,049,810</u>	<u>138,653,185</u>
NET FINANCIAL ASSETS	<u>40,988,497</u>	<u>38,797,287</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	655,356,252	625,969,197
Prepaid expenses	1,726,148	1,198,766
Inventories of supplies	642,632	720,934
	<u>657,725,032</u>	<u>627,888,897</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 698,713,529</u>	<u>\$ 666,686,184</u>

Commitments and contingencies (Note 13)



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



W. B. McKay
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, 2014, with comparative figures for 2013

	2014 Budget (Note 14)	2014	2013
REVENUES			
Taxes	\$ 94,712,405	\$ 94,551,269	\$ 90,976,425
Payments in lieu of taxes	1,436,385	1,409,584	1,436,385
Taxation and payments in lieu (Note 15)	96,148,790	95,960,853	92,412,810
User fees and sales of services (Note 16)	32,722,405	33,699,231	32,139,631
Investment income	3,094,006	3,154,310	2,995,973
Other revenue	6,555,780	7,483,213	7,405,916
Development cost charges (Note 8)	10,205,994	3,421,649	1,440,955
Donations and contributions - capital	197,821	577,601	455,741
Transfers from other governments - capital (Note 17)	3,166,430	12,674,788	17,929,157
Transfers from other governments - operating (Note 17)	4,652,198	4,728,655	4,862,563
Municipal Finance Authority refunds and debt forgiven	-	-	74,734
Developer assets received (Note 11)	-	5,850,960	4,916,402
Gain on sale of assets	-	1,450,650	2,752,932
	156,743,424	169,001,910	167,386,814
EXPENSES			
Corporate services	16,585,665	14,888,151	15,492,359
Development services	6,250,399	6,104,472	7,129,585
Social and protective services	4,532,176	3,809,581	3,582,204
Fire	15,482,109	15,713,517	14,997,846
Police	27,410,520	25,032,728	25,085,643
Culture and heritage	10,545,110	10,224,787	9,556,477
Parks, recreation and environment	27,187,124	22,650,360	24,771,686
Engineering and public works	25,890,192	23,616,399	23,438,719
Sewer system	5,325,876	4,873,137	4,225,625
Waterworks	11,358,514	10,061,433	9,126,707
	150,567,685	136,974,565	137,406,851
ANNUAL SURPLUS	6,175,739	32,027,345	29,979,963
ACCUMULATED SURPLUS - BEGINNING OF YEAR	666,686,184	666,686,184	636,706,221
ACCUMULATED SURPLUS - END OF YEAR	\$ 672,861,923	\$ 698,713,529	\$ 666,686,184

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, 2014, with comparative figures for 2013

	2014 Budget (Note 14)	2014	2013
ANNUAL SURPLUS	\$ 6,175,739	\$ 32,027,345	\$ 29,979,963
Acquisition of tangible capital assets	(59,390,461)	(42,368,519)	(54,081,177)
Developer contributed capital assets	-	(5,851,614)	(4,916,402)
	(59,390,461)	(48,220,133)	(58,997,579)
Amortization of tangible capital assets	21,150,778	20,199,518	20,241,471
(Gain) on sale of tangible capital assets	-	(1,450,650)	(2,752,932)
Proceeds on sale of tangible capital assets	-	84,210	1,651,174
	(38,239,683)	(29,387,055)	(39,857,866)
Acquisition of inventories of supplies	-	(3,088,591)	(3,434,280)
Acquisition of prepaid expenses	-	(1,707,121)	(1,181,789)
Consumption of inventories of supplies	-	3,166,893	3,292,048
Use of prepaid expenses	-	1,179,739	1,233,197
	-	(449,080)	(90,824)
CHANGE IN NET FINANCIAL ASSETS	(32,063,944)	2,191,210	(9,968,727)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	38,797,287	38,797,287	48,766,014
NET FINANCIAL ASSETS - END OF YEAR	\$ 6,733,343	\$ 40,988,497	\$ 38,797,287

Annual Financial Statements

CITY OF NANAIMO

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2014, with comparative figures for 2013

	2014	2013
CASH PROVIDED BY (USED FOR)		
OPERATING TRANSACTIONS		
Annual surplus	\$ 32,027,345	\$ 29,979,963
Non-cash items		
Amortization	20,199,518	20,241,471
Developer assets received	(5,851,614)	(4,916,402)
Gain on sale of tangible capital assets	(1,450,650)	(2,752,932)
Development cost charges recognized as revenue	(3,421,649)	(1,440,955)
Actuarial adjustments	(613,910)	(529,896)
Change in non-cash operating assets and liabilities		
Accounts receivable	842,079	3,773,751
Accounts payable	3,230,215	(4,308,934)
Deferred revenue	(6,484,895)	416,158
Inventories of supplies	78,302	(142,232)
Prepaid expenses	(527,382)	51,408
Net change in cash from operating transactions	<u>38,027,359</u>	<u>40,371,400</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	(42,368,519)	(54,081,177)
Proceeds from the sale of tangible capital assets	84,210	1,651,174
Net change in cash from capital transactions	<u>(42,284,309)</u>	<u>(52,430,003)</u>
INVESTING TRANSACTIONS		
Change in investments	<u>(10,556,575)</u>	<u>(631,942)</u>
FINANCING TRANSACTIONS		
Debt repayment	(2,051,169)	(1,597,921)
Deferred development cost charges	6,538,033	5,254,512
Proceeds from long term borrowing	9,200,000	13,300,000
Net change in cash from financing transactions	<u>13,686,864</u>	<u>16,956,591</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,126,661)	4,266,046
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>61,966,228</u>	<u>57,700,182</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 60,839,567</u>	<u>\$ 61,966,228</u>

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, 2014

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 are 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, 2014

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 presented 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, 2014

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 12 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	3 – 30
Marine Structures	15 – 35
Buildings	10 – 40
Vehicles and Equipment	4 – 25
IT Infrastructure	4 – 10
Drainage	2 – 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, 2014

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, 2014

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 – ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Property Taxes	\$ 5,199,630	\$ 4,965,037
Other Governments	4,816,958	6,611,743
Trade and Other	<u>10,093,230</u>	<u>9,569,424</u>
	<u>\$ 20,109,818</u>	<u>\$ 21,146,204</u>

NOTE 3 – DEVELOPMENT COST CHARGES RECEIVABLE

	<u>2014</u>	<u>2013</u>
Installments Receivable:		
2014	\$ -	\$ 263,824
2015	258,496	40,478
2016	<u>240,113</u>	<u>-</u>
	<u>\$ 498,609</u>	<u>\$ 304,302</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.

Annual Financial Statements

CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

NOTE 4 – PORTFOLIO INVESTMENTS

	2014		2013	
	Cost	Market	Cost	Market
Term Deposits	\$ 99,590,313	\$ 100,124,761	\$ 85,033,738	\$ 85,625,596
Debentures	<u>5,000,000</u>	<u>5,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	<u>\$ 104,590,313</u>	<u>\$ 105,124,761</u>	<u>\$ 94,033,738</u>	<u>\$ 94,625,596</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade and Other	\$ 12,492,078	\$ 11,276,812
RCMP Contract	6,462,088	5,436,321
Deposits	3,370,058	3,070,770
Accrued Wages and Benefits	4,679,806	4,133,578
Colliery Dam Remediation	3,000,000	3,140,000
Other Governments	<u>1,024,100</u>	<u>874,751</u>
	<u>\$ 31,028,130</u>	<u>\$ 27,932,232</u>

NOTE 6 – 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, 2013 and the results are extrapolated to December 31, 2014. The current valuation was completed in 2014 and resulted in a \$473,675 decrease in the actuarial benefit obligation as at 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 gains of \$160,813 (2013–\$167,963).

Annual Financial Statements

CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

NOTE 6 – COMPENSATED ABSENCES AND TERMINATION BENEFITS (CONTINUED)

	<u>2014</u>	<u>2013</u>
Actuarial Benefit Obligation, beginning of year	\$ 6,335,314	\$ 6,578,504
Unamortized Actuarial Losses, beginning of year	<u>167,963</u>	<u>(336,529)</u>
	6,503,277	6,241,975
Current Service Cost	427,832	567,453
Interest Cost	297,228	310,577
Benefits Paid	(583,593)	(647,545)
Amortization of Actuarial Loss(Gain)	<u>(7,150)</u>	<u>30,817</u>
	<u>\$ 6,637,594</u>	<u>\$ 6,503,277</u>
Actuarial Benefit Obligation, end of year	\$ 6,476,781	\$ 6,335,314
Unamortized Actuarial Gains, end of year	<u>160,813</u>	<u>167,963</u>
Accrued Benefit Liability, end of year	<u>\$ 6,637,594</u>	<u>\$ 6,503,277</u>

Actuarial gains and losses are amortized over 12 – 14 years, being the expected average remaining service period of the related employee groups, commencing the year after the gain or loss arises. The total expense recorded in the financial statements in respect of obligations under this plan amounts to \$739,433 (2013 - \$606,652).

NOTE 7 – DEFERRED REVENUE AND OTHER LIABILITIES

	<u>2014</u>	<u>2013</u>
Tax Prepayments	\$ 10,769,629	\$ 9,793,364
Other Prepayments	4,356,109	3,613,581
Community Works (Gas Tax) and other liabilities	<u>-</u>	<u>8,203,688</u>
	<u>\$ 15,125,738</u>	<u>\$ 21,610,633</u>

During the year the City entered into a new Gas Tax Agreement effective April 1, 2014 which broadened the scope of eligible expenditures for these funds. As the City has incurred eligible expenditures under the agreement the amounts have been recognized into revenue in the current year.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 8 – DEFERRED DEVELOPMENT COST CHARGES

	<u>2014</u>	<u>2013</u>
Deferred Development Cost Charges – beginning of year	\$ 38,281,961	\$ 34,468,404
Additions	5,772,539	4,521,185
Interest Earned	765,494	733,327
Revenue Recognized	<u>(3,421,649)</u>	<u>(1,440,955)</u>
Deferred Development Cost Charges – end of year	<u>\$ 41,398,345</u>	<u>\$ 38,281,961</u>

NOTE 9 – 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 10 – 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.

\$49,803,006 (2013 – \$43,143,955) of debt is with the MFA. Payments of \$16,934,522 on the gross amount borrowed of \$66,737,528 are held in a sinking fund by the MFA. The remaining \$1,056,997 (2013 – \$1,181,127) is with the Royal Bank. The rates of interest on the principal amount of the MFA debentures vary between 1.6% and 4.82% per annum. The rate of interest on the Royal Bank debt is 5.48%.

	<u>2014</u>	<u>2013</u>
Total Outstanding Debt – beginning of the year	\$ 44,325,082	\$ 33,152,899
Reduction of Long-term Debt	(2,665,079)	(2,127,817)
Proceeds from long-term borrowing	<u>9,200,000</u>	<u>13,300,000</u>
Total Outstanding Debt – end of year	<u>\$ 50,860,003</u>	<u>\$ 44,325,082</u>

Annual Financial Statements

CITY OF NANAIMO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2014

NOTE 10 – 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>
2015	\$ 2,187,521	\$ 898,754	\$ 3,086,275
2016	2,256,325	804,393	3,060,718
2017	2,351,671	836,569	3,188,240
2018	2,450,924	870,032	3,320,956
2019	2,554,408	904,833	3,459,241
Thereafter	<u>16,880,492</u>	<u>17,864,081</u>	<u>34,744,573</u>
	<u>\$ 28,681,341</u>	<u>\$ 22,178,662</u>	<u>\$ 50,860,003</u>

The \$1,056,997 (2013 – \$1,181,127) 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.

<u>Bylaw #</u>	<u>MFA Issue #</u>		<u>Interest Rate %</u>	<u>Year Matures</u>	<u>Balance Outstanding</u>	
					<u>2014</u>	<u>2013</u>
<u>General Fund</u>						
5456	73	Local Improvement, 2000	1.60	2015	\$ 22,495	\$ 44,021
5425	72	Leisure and Aquatic Centre	2.10	2020	1,813,877	2,072,295
5457	73	Leisure and Aquatic Centre	1.60	2020	1,652,643	1,888,091
Royal Bank		Harbourfront Parkade	5.48	2021	1,056,997	1,181,127
5750	99	Port of Nanaimo Centre	4.43	2026	10,358,552	11,021,421
5750	101	Port of Nanaimo Centre	4.52	2027	11,021,422	11,658,796
7050	102	Fire Station #4	4.82	2027	<u>2,755,355</u>	<u>2,914,699</u>
					<u>28,681,341</u>	<u>30,780,450</u>
<u>Waterworks Fund</u>						
50	61	North Nanaimo Reservoir	3.00	2015	125,299	244,632
7127	126	Water Treatment Plant	3.85	2033	12,853,363	13,300,000
7127	127	Water Treatment Plant	3.30	2034	<u>9,200,000</u>	-
					<u>22,178,662</u>	<u>13,544,632</u>
Total Outstanding Debt					<u>\$ 50,860,003</u>	<u>\$ 44,325,082</u>

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 11 – TANGIBLE CAPITAL ASSETS

<u>Net Book Value</u>	<u>2014</u>	<u>2013</u>
Land	\$ 82,935,268	\$ 71,988,215
Land Improvements	13,977,208	14,451,404
Leasehold Improvements	387,287	459,852
Marine Structures	195,635	226,695
Buildings	127,337,633	131,312,555
Vehicles and Equipment	12,365,575	13,454,503
IT Infrastructure	1,463,228	1,698,641
Drainage	72,193,612	72,606,966
Transportation	139,797,013	143,602,616
Sewer	20,882,963	18,801,349
Water	<u>113,782,818</u>	<u>104,278,620</u>
	585,318,240	572,881,416
Work In Progress	<u>70,038,012</u>	<u>53,087,781</u>
	<u>\$ 655,356,252</u>	<u>\$ 625,969,197</u>

See schedule of tangible capital assets (page 30) for more information. There were no write downs of tangible capital assets for 2013 and 2014. Developer contributed assets recognized in 2014 were \$5,850,960 (2013 - \$4,916,402) 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, 2014

NOTE 12 – ACCUMULATED SURPLUS

	<u>2014</u>	<u>2013</u>
Reserve Accounts – Note 22	\$ 63,328,611	\$ 61,451,995
Surplus – General	2,343,849	670,959
Surplus – Sewer System	6,569,167	6,576,414
Surplus – Waterworks	5,167,765	4,912,792
Investment in Tangible Capital Assets – Note 18	604,496,249	581,644,115
Community Works Reserve Fund (Gas Tax Agreement)	3,609,979	-
Equipment Depreciation Reserve	4,172,501	3,179,005
Facility Development (Recreation) Reserve	1,359,985	782,694
Property Sales Reserve	1,074,208	3,735,466
Local Improvement Reserve	1,585,200	1,553,582
Knowles Estate Reserve	437,651	439,542
Parkland Dedication Reserve	50,215	128,762
Old City Neighborhood Parking Reserve	84,098	82,469
General Asset Management Reserve	2,524,998	837,682
Sewer Asset Management Reserve	746,650	238,155
Water Asset Management Reserve	943,649	308,840
Regional Emissions Reduction Reserve	218,754	143,712
	<u>\$ 698,713,529</u>	<u>\$ 666,686,184</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

(a) Liability Claims

In the ordinary course of business, various claims and lawsuits are brought against the City. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. 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, 2014

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) BC Assessment Authority Appeals

As at December 31, 2014, 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 \$1,956,891 (2013 – \$1,742,615) are contingent in nature and given the low likelihood of payment 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) Colliery Dams

A liability of \$3,000,000 has been recorded in the financial statements relating to the remediation of the Colliery Dams (Note 5) as directed by the provincial government of British Columbia. A Technical Committee has been established with a mandate to identify an environmentally minimally invasive, cost, and time effective remediation solution. Engineering studies have been completed and cost estimates to remediate the Colliery Dams range from \$3 million to \$8.1 million, dependent on which alternative is selected. The remediation options are presently being addressed by City Council, and the full costs to remediate the Colliery Dams are unknown at this time. Additional liabilities will be recorded if further remediation costs are determined to be likely and the amounts are reasonably determinable.

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2014

(e) Subsidence of Mines

Continued existence of abandoned underground mines has resulted in risk to private land and public roads due to potential collapse or instability. The full impact of the abandoned mines and any potential liabilities are unknown at this time and a partnership with the Province of BC to complete studies to address any potential risks has been requested. No determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. A liability will be recorded if remediation costs are determined to be likely and the amounts are reasonably determinable.

(f) 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, 2014, no amounts were drawn against this facility.

(g) Commitments

The City has \$16.5 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 August 2015 are \$29,817 (2013 – \$74,544).

(h) Guarantees

The City has guaranteed the amount of a \$2 million line of credit for the Port Theatre Society. Management considers the likelihood of payment on the guarantee to be low.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 14 – ANNUAL BUDGET

These financial statements include the Annual Budget as approved by Council on May 12, 2014. 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	\$ 6,175,739
Cemetery Care Fund – not in reporting entity	7,500
Development Cost Charges – change from restricted revenue presentation	<u>(5,574,949)</u>
Annual Surplus from the 2014 Financial Plan	608,290
Amortization, not funded	21,150,778
Capital Expenditures	(59,390,461)
Proceeds from Borrowing	9,339,567
Principal Repayment of Debt	(2,665,108)
Transfers from Accumulated Surplus	<u>30,956,934</u>
Net Annual Budget - as approved	<u>\$ -</u>

NOTE 15 – TAXATION AND PAYMENTS IN LIEU

	<u>Municipal</u>	<u>Other</u>	2014 <u>Total</u>	2013 <u>Total</u>
Property Taxes	\$ 92,921,467	\$ 57,104,792	\$ 150,026,259	\$ 145,421,557
Local Improvement Frontage Fees	20,627	-	20,627	20,627
Business Improvement Area Levies	226,941	-	226,941	224,539
Taxes in Lieu of Licences	1,382,234	-	1,382,234	1,351,831
Payments in Lieu of Taxes	<u>1,409,584</u>	<u>483,185</u>	<u>1,892,769</u>	<u>1,928,817</u>
	<u>\$ 95,960,853</u>	<u>\$ 57,587,977</u>	<u>153,548,830</u>	<u>148,947,371</u>

Less Collections for Other Governments:

Province of British Columbia (School Tax)	37,932,257	37,849,288
Regional District of Nanaimo	14,993,887	14,053,858
Nanaimo Regional Hospital District	3,584,991	3,554,127
Other Agencies	<u>1,076,842</u>	<u>1,077,288</u>
	<u>57,587,977</u>	<u>56,534,561</u>

Municipal Taxes \$ 95,960,853 \$ 92,412,810

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 16 – USER FEES AND SALES OF SERVICES

	<u>2014</u>	<u>2013</u>
Waterworks	\$ 14,575,628	\$ 13,230,471
Recreation Programs	6,091,796	5,974,885
Sewer System	5,539,616	5,307,087
Garbage Collection	3,409,237	3,450,414
Vancouver Island Conference Centre	1,562,048	1,802,381
Public Works	644,435	710,706
Parking	1,303,404	1,167,967
Other	370,480	338,980
Community Safety	<u>202,587</u>	<u>156,740</u>
	<u>\$ 33,699,231</u>	<u>\$ 32,139,631</u>

NOTE 17 – TRANSFERS FROM OTHER GOVERNMENTS

	<u>2014</u>	<u>2013</u>
<u>Federal</u>		
Capital	\$ 1,000,000	\$ 4,348,426
Gas Tax	11,674,788	2,163,821
Other	<u>46,350</u>	<u>62,118</u>
	<u>12,721,138</u>	<u>6,574,365</u>
<u>Provincial</u>		
Capital	-	11,416,910
Casino Gaming	2,392,585	2,547,598
Revenue Sharing	970,275	963,732
Other	<u>101,366</u>	<u>251,402</u>
	<u>3,464,226</u>	<u>15,179,642</u>
<u>Regional District of Nanaimo</u>		
Recreation Services, Sports Fields and Other	<u>1,218,079</u>	<u>1,037,713</u>
Total Transfers from Other Governments	<u>\$ 17,403,443</u>	<u>\$ 22,791,720</u>
Capital Transfers from Other Governments	\$ 12,674,778	\$ 17,929,157
Operating Transfers from Other Governments	<u>4,728,655</u>	<u>4,862,563</u>
Total Transfers from Other Governments	<u>\$ 17,403,443</u>	<u>\$ 22,791,720</u>

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 18 – INVESTMENT IN TANGIBLE CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
Investment in Tangible Capital Assets – beginning of year	\$ 581,644,115	\$ 552,958,432
Add: Capital Additions	50,427,870	60,842,579
Reduction in Long-term Debt	2,665,079	2,127,817
Less: Proceeds from long-term borrowings	(9,200,000)	(13,300,000)
Amortization	(20,199,518)	(20,241,471)
Net Book Value of Asset Disposals	<u>(841,297)</u>	<u>(743,242)</u>
Investment in Tangible Capital Assets – end of year	<u>\$ 604,496,249</u>	<u>\$ 581,644,115</u>

NOTE 19 – 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 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from Local Government.

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>2014</u>	<u>2013</u>
Employer Portion	\$ 4,441,111	\$ 4,206,222
Employee Portion	<u>3,718,409</u>	<u>3,503,195</u>
	<u>\$ 8,159,520</u>	<u>\$ 7,709,417</u>

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2014

NOTE 20 – 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 with the exception of Portfolio investments for which market values are disclosed in Note 4.

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 21 – 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, 2014

NOTE 22 – RESERVES

	Work in progress	Available for future commitments	2014	2013
<u>General Revenue Fund Reserve Accounts</u>				
Corporate Services	\$ 162,122	\$ 141,937	\$ 304,059	\$ 761,207
Social & Protective Services	429,594	1,142,869	1,572,463	1,902,086
Parks, Recreation & Environment	1,380,340	587,847	1,968,187	1,753,128
Engineering & Public Works	3,560,423	284,046	3,844,469	3,025,447
Culture & Heritage	11,072	-	11,072	-
General Capital	600,000	4,286,454	4,886,454	2,486,454
Housing Legacy Reserve	234,125	2,640,240	2,874,365	2,916,910
Uncollected Taxes	-	2,803,848	2,803,848	2,879,825
Uninsured Claims	-	2,568,624	2,568,624	2,224,367
RCMP Contract	-	2,507,115	2,507,115	2,507,115
Information Technology Infrastructure	1,680,105	297,026	1,977,131	2,143,029
Sustainability Initiatives	783,985	351,981	1,135,966	1,103,579
Parking Reserve	210,444	672,832	883,276	672,653
Conference Centre	-	600,682	600,682	553,682
Snow Removal	-	400,000	400,000	400,000
Property Acquisition	21,074	354,982	376,056	537,246
Colliery Dam Reserve	232,685	140,000	372,685	1,548,648
Photocopier Reserve	127,000	199,556	326,556	271,336
Casino Funds	30,545	140,183	170,728	247,598
	<u>9,463,514</u>	<u>20,120,222</u>	<u>29,583,736</u>	<u>27,934,310</u>
<u>Sewer Revenue Reserve Accounts</u>				
General Capital	3,800,655	6,727,877	10,528,532	11,900,930
Growth Related Projects	-	850,916	850,916	850,000
	<u>3,800,655</u>	<u>7,578,793</u>	<u>11,379,448</u>	<u>12,750,930</u>
<u>Waterworks Revenue Fund Reserve Accounts</u>				
General Capital	12,832,100	7,533,666	20,365,766	18,767,094
Growth Related Projects	-	1,500,000	1,500,000	1,500,000
User Rate Leveling	-	400,000	400,000	400,000
Local Improvement Projects	-	99,661	99,661	99,661
	<u>12,832,100</u>	<u>9,533,327</u>	<u>22,365,427</u>	<u>20,766,755</u>
Total Reserve Accounts	\$ 26,096,269	\$ 37,232,342	\$ 63,328,611	\$ 61,451,995

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2014

NOTE 23 – 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 five key areas – Legislative Services, Human Resources and Organizational Planning, Information Technology, Financial Services and Purchasing, and Community Development Administration. The Corporate Services Department is also the liaison to the Nanaimo Economic Development Corporation, the Vancouver Island Conference Centre, the Nanaimo Port Authority and Snuncymuxw First Nation.

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.

Social and Protective Services

The Social and Protective services department is responsible for the City's regulatory services, including the bylaw, animal control, and parking functions. Protective services include emergency management, planning and coordination functions.

Fire

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

Annual Financial Statements

CITY OF NANAIMO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2014

NOTE 23 – SEGMENT REPORTING (CONTINUED)

Police

The City contracts the Royal Canadian Mounted Police 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.

Culture & Heritage

The Culture & Heritage department fosters the importance and visibility of cultural vitality in Nanaimo. This department facilitates cultural planning and development and also focuses on heritage conservation.

Parks, Recreation and Environment

The Parks, Recreation and Environment 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.

Annual Financial Statements

CITY OF NANAIMO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2014

NOTE 23 – SEGMENT REPORTING (CONTINUED)

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, 2014

	Corporate Services	Development Services	Social and Protective Services	Fire	Police	Culture & Heritage
Revenues						
Taxes*	\$ 13,448,723	\$ 3,109,314	\$ 1,816,386	\$ 14,265,876	\$ 23,043,921	\$ 8,044,684
Payments in lieu of taxes*	197,631	46,483	27,150	213,236	344,443	120,246
User fees and sales of services	229,667	170,750	1,373,034	89,345	113,242	1,562,481
Investment income	274,840	64,643	37,757	296,544	479,012	167,441
Other - general revenue**	120,667	28,240	16,465	129,549	209,253	73,054
Other revenue	264,572	3,144,097	619,504	871,400	390,985	149,711
Development cost charges	-	-	-	-	-	-
Donations and contributions - capital	353	-	-	-	-	-
Transfers from other governments - capital	-	-	-	-	-	-
Transfers from other governments - operating	221,525	-	3,158	-	842,436	-
Casino revenue sharing**	123,223	28,983	103,877	132,934	738,476	978,014
Municipal Finance Authority refunds and debt forgiven	-	-	-	-	-	-
Developer assets provided	-	-	-	-	-	-
Gain (Loss) on disposal of assets	(327,999)	965,730	(346)	(9,851)	-	-
	14,352,602	7,538,740	3,947,915	15,989,143	26,161,838	11,093,631
Expenses						
Wages and salaries	9,623,057	4,497,352	1,420,180	13,303,153	5,083,483	429,729
Services and supply contracts	3,929,668	1,009,036	1,319,993	993,648	19,349,990	3,053,847
Amortization	983,655	289,263	401,295	570,374	327,924	1,649,205
Material and supplies	789,226	180,967	88,035	562,040	98,830	124,875
Other	770,264	127,854	577,571	632,595	172,531	4,957,131
Interest payments on debt	1,037,442	-	61,628	146,797	-	-
	17,132,712	6,104,472	3,868,702	16,208,517	25,632,738	10,234,787
Interprogram credits	(2,244,561)	-	(29,121)	(495,000)	-	-
	14,888,151	6,104,472	3,809,581	15,713,517	25,632,738	10,234,787
Excess (Deficiency) of revenues over expenses	\$ (335,549)	\$ 1,404,268	\$ 137,434	\$ 275,626	\$ 1,129,040	\$ 870,844
Expenditures on capital projects	\$ 2,802,833	\$ -	\$ 121,978	\$ 119,272	\$ -	\$ 140,654

for the year ended December 31, 2013

	Corporate Services	Development Services	Social and Protective Services	Fire	Police	Culture & Heritage
Revenues						
Taxes*	\$ 13,128,660	\$ 4,115,827	\$ 1,229,153	\$ 13,439,193	\$ 22,490,665	\$ 6,910,745
Payments in lieu of taxes*	204,280	65,158	19,499	212,759	356,013	109,405
User fees and sales of services	297,258	103,522	1,196,167	84,607	72,133	1,802,381
Investment income	254,255	80,879	24,154	264,092	441,941	135,802
Other - general revenue**	119,530	38,256	11,425	124,914	209,045	64,234
Other revenue	236,300	2,754,376	672,182	816,822	1,129,796	100,243
Development cost charges	-	-	-	-	-	-
Donations and contributions - capital	50,043	-	-	-	-	-
Transfers from other governments - capital	62,520	-	-	-	-	-
Transfers from other governments - operating	212,007	34,481	3,300	-	839,216	-
Casino revenue sharing**	144,605	46,218	114,465	150,913	635,173	1,123,668
Municipal Finance Authority refunds and debt forgiven	-	-	-	-	-	-
Developer assets provided	-	-	-	-	-	-
Gain (Loss) on disposal of assets	2,635,519	-	1,840	(1,726)	(2,272)	-
	17,275,705	7,238,717	3,271,345	15,061,580	26,364,790	10,245,878
Expenses						
Wages and salaries	10,021,588	5,552,829	1,173,014	12,599,600	4,969,129	14,118
Services and supply contracts***	4,277,173	794,472	1,272,688	915,926	19,614,292	2,941,818
Amortization	907,795	327,053	384,171	550,784	303,725	1,954,587
Material and supplies	842,270	292,196	104,386	627,510	83,745	51,373
Other	714,376	233,035	638,382	710,176	117,792	4,594,181
Interest payments on debt	1,087,074	-	68,730	157,850	-	-
	17,851,126	7,119,585	3,641,680	13,556,856	25,083,643	9,556,477
Interprogram credits	(2,358,767)	-	(58,876)	(59,016)	-	-
	15,492,359	7,119,585	3,582,804	13,497,840	25,083,643	9,556,477
Excess (Deficiency) of revenues over expenses	\$ 1,783,346	\$ 109,132	\$ (310,459)	\$ 93,734	\$ 1,279,147	\$ 689,401
Expenditures on capital projects	\$ 6,705,676	\$ -	\$ 6,350	\$ 189,597	\$ 923,812	\$ 56,627

*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, 2014

Parks, Recreation and Environment	Engineering and Public Works	Sewer System	Waterworks	Reserve Funds	Consolidated	
\$ 15,237,822	\$ 15,584,043	\$ -	\$ -	\$ -	\$ 94,551,269	Revenues
227,764	232,631	-	-	-	1,409,584	Taxes*
6,091,796	4,053,672	5,539,616	14,575,628	-	33,699,231	Grants in lieu of taxes*
316,748	333,862	-	7,224	1,176,239	3,154,310	User fees and sales of services
138,375	141,332	-	-	-	856,375	Investment income
721,088	357,065	6,170	75,616	26,540	6,626,838	Other - general revenue*
1,298,028	1,212,042	451,375	460,204	-	3,421,649	Other revenue
343,671	145,228	56,786	31,563	-	577,601	Development cost charges
-	-	-	12,674,788	-	12,674,788	Donations and contributions - capital
1,265,330	3,391	-	-	-	2,336,070	Transfers from other governments - capital
142,012	145,046	-	-	-	2,392,585	Transfers from other governments - operating
-	-	-	-	-	-	Casino revenue sharing*
2,718,061	2,348,979	384,554	399,366	-	5,850,960	Municipal Finance Authority refunds and debt forgiven
1,083,598	(31,272)	(16,460)	(212,750)	-	1,450,650	Developer contribution at subdivision
29,584,293	24,526,219	6,422,041	28,011,639	1,202,779	169,001,910	Gain (Loss) on disposal of assets
12,428,919	9,060,987	1,036,317	1,992,589	-	58,876,116	Expenses
3,969,376	5,905,801	1,092,185	837,797	-	41,470,741	Wages and salaries
3,706,810	8,753,321	592,708	2,924,563	-	20,199,518	Services and supply contracts***
1,531,830	2,702,673	312,397	571,377	-	6,962,270	Amortization
977,776	2,462,679	1,839,530	3,025,132	-	15,543,063	Material and supplies
35,649	(1,422)	-	709,175	-	1,989,179	Other
22,650,360	28,884,039	4,873,137	10,061,433	-	145,040,887	Interest payments on debt
-	(5,267,640)	-	-	-	(8,066,322)	Interprogram credits
22,650,360	23,616,399	4,873,137	10,061,433	-	136,974,565	
\$ 6,933,933	\$ 909,820	\$ 1,548,904	\$ 17,950,206	\$ 1,202,779	\$ 32,027,345	Excess (Deficiency) of revenues over expenses
\$ 13,204,665	\$ 6,813,511	\$ 3,440,038	\$ 23,785,099	\$ -	\$ 50,427,870	Expenditures on capital projects

for the year ended December 31, 2013

Parks, Recreation and Environment	Engineering and Public Works	Sewer Revenue Fund	Waterworks Revenue Fund	Reserve Funds	Consolidated	
\$ 15,178,427	\$ 14,483,755	\$ -	\$ -	\$ -	\$ 90,976,425	Revenues
240,293	228,969	-	-	-	1,436,385	Taxes*
5,974,885	4,161,120	5,307,087	13,230,471	-	32,139,631	Grants in lieu of taxes*
298,269	294,924	-	5,234	1,196,402	2,995,973	User fees and sales of services
141,080	134,431	-	-	-	843,324	Investment income
612,633	548,720	27	19,637	(548,104)	6,562,592	Other - general revenue*
512,415	316,230	221,491	390,829	-	1,440,955	Other revenue
302,107	97,501	1,527	4,563	-	455,741	Development cost charges
-	26,681	-	17,839,947	-	17,929,157	Donations and contributions - capital
1,225,268	633	-	-	-	2,314,965	Transfers from other governments - capital
170,444	162,412	-	-	-	2,547,598	Transfers from other governments - operating
-	61,645	-	13,089	-	74,734	Casino revenue sharing*
662,300	3,128,704	487,947	637,451	-	4,916,402	Municipal Finance Authority refunds and debt forgiven
259,098	(111,426)	(1,989)	(18,318)	-	2,752,932	Developer contribution at subdivision
25,577,219	23,534,289	6,016,090	32,122,903	648,398	167,386,814	Gain (Loss) on disposal of assets
12,391,529	8,502,246	1,002,473	1,996,224	-	58,222,750	Expenses
6,012,523	6,362,669	621,351	797,450	-	43,610,362	Wages and salaries
3,722,338	8,695,305	579,827	2,818,486	-	20,241,471	Services and supply contracts****
1,619,447	2,563,470	259,612	513,743	-	6,867,772	Amortization
943,690	1,876,739	1,762,362	2,881,286	-	14,492,159	Material and supplies
82,159	(492)	-	119,518	-	1,510,208	Other
24,771,686	27,999,937	4,225,625	9,126,707	-	144,944,722	Interest payments on debt
-	(4,561,218)	-	-	-	(7,537,871)	Interprogram credits
24,771,686	23,438,719	4,225,625	9,126,707	-	137,406,851	
\$ 805,533	\$ 95,570	\$ 1,790,465	\$ 22,996,196	\$ 648,298	\$ 29,979,963	Excess (Deficiency) of revenues over expenses
\$ 3,633,565	\$ 7,123,080	\$ 2,010,814	\$ 40,188,058	\$ -	\$ 60,842,579	Expenditures on capital projects

Annual Financial Statements

CITY OF NANAIMO
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2014

	ASSETS				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Balance December 31, 2013	Additions	Disposals	Transfers	Balance December 31, 2014	Balance December 31, 2013	Additions	Disposals		Balance December 31, 2014
Land	\$ 71,988,215	\$ 11,359,681	\$ 412,628	\$ -	\$ 82,935,268	\$ -	\$ -	\$ -	\$ -	\$ 82,935,268
Land improvements	26,123,592	308,801	43,300	292,649	26,681,742	11,672,188	1,075,206	42,860	12,704,534	13,977,208
Leasehold improvements	2,160,400	13,894	-	-	2,174,294	1,700,548	86,459	-	1,787,007	387,287
Marine	867,490	-	-	-	867,490	640,795	31,060	-	671,855	195,635
Buildings	188,967,895	1,145,550	1,754,425	98,573	188,457,593	57,655,340	5,139,896	1,675,276	61,119,960	127,337,633
Vehicles and equipment	30,891,692	745,506	1,818,917	247,924	30,066,205	17,437,189	1,962,241	1,698,800	17,700,630	12,365,575
Computer	8,570,982	306,880	33,800	-	8,844,062	6,872,341	542,293	-	7,380,834	1,463,228
Storm	97,425,140	1,104,580	91,605	63,585	98,501,700	24,818,174	1,543,795	53,881	26,308,088	72,193,612
Transportation	290,881,356	2,630,232	266,490	37,835	293,282,933	147,278,740	6,463,981	256,801	153,485,920	139,797,013
Sewer	29,620,617	1,851,475	81,176	779,358	32,170,274	10,819,268	532,749	64,706	11,287,311	20,882,963
Water	160,017,162	4,390,929	1,169,148	8,100,187	171,339,130	55,738,542	2,821,838	1,004,068	57,556,312	113,782,818
Work in progress	53,087,781	26,570,342	-	(9,620,111)	70,038,012	-	-	-	-	70,038,012
	\$ 960,602,322	\$ 50,427,870	\$ 5,671,489	\$ -	\$ 1,005,358,703	\$ 334,633,125	\$ 20,199,518	\$ 4,830,192	\$ 350,002,451	\$ 655,356,252

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

2014 City of Nanaimo Annual Report

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

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It can also be viewed and printed from

www.nanaimo.ca

