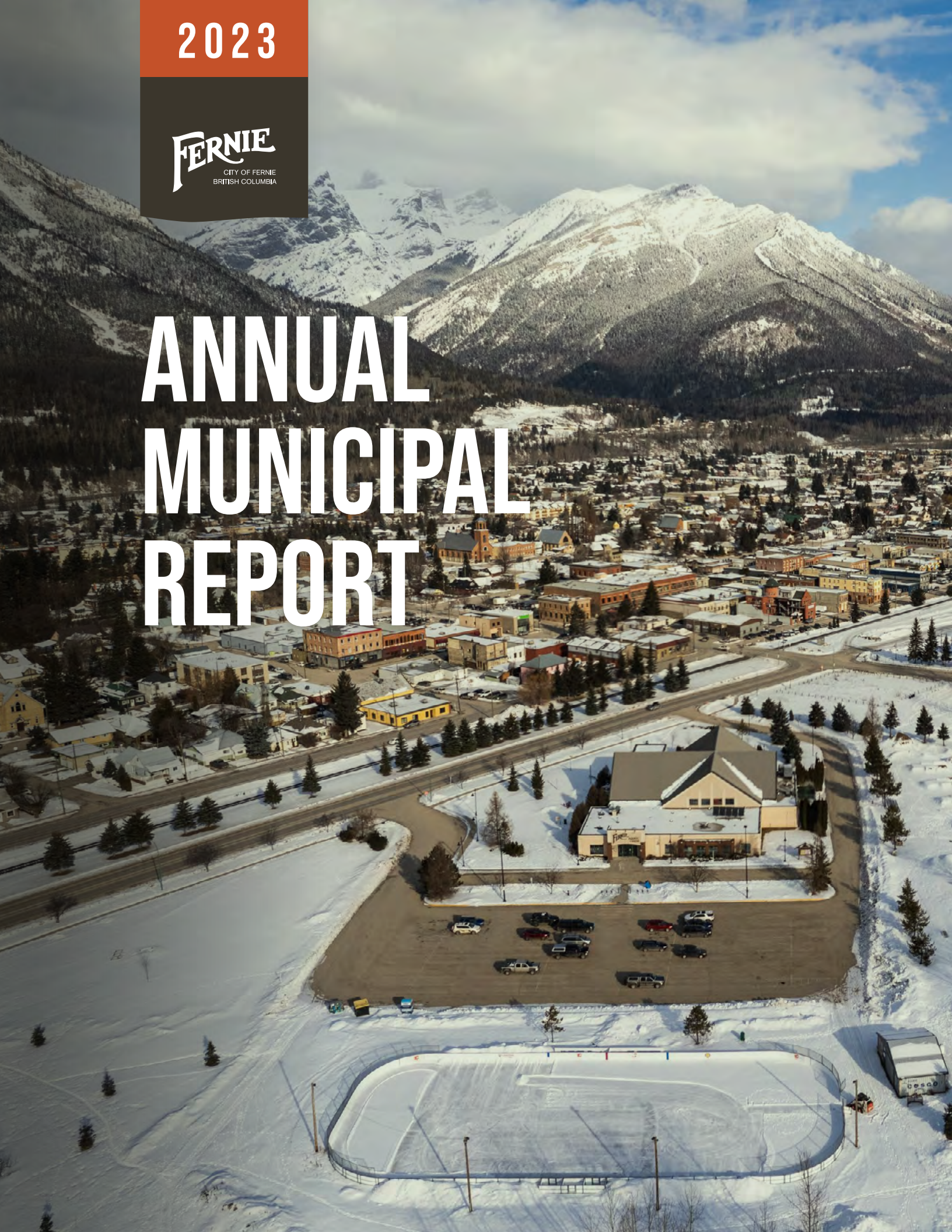


2023

**FERNIE**  
CITY OF FERNIE  
BRITISH COLUMBIA

# ANNUAL MUNICIPAL REPORT





# ACKNOWLEDGEMENT

We acknowledge that the City of Fernie is located within Qukinʔamakʔis, the unceded traditional territory of Yaqit ʔa·knuqʔi'it. We recognize that we live and work within their vast lands.

ʔakanuxunik are from Yaqit ʔa·knuqʔi'it and are members of the Ktunaxa speaking peoples of British Columbia, Idaho and Montana.

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An annual report is a municipality's opportunity to report on its goals and objectives for the coming year and demonstrate progress toward the preceding year's goals and objectives.

Goals and objectives are developed based on various factors, including citizen input, Council's vision, and the administration's service area imperatives.

This annual report details the City of Fernie's services and operations, outlines objectives and measures, and presents progress on performance. It also presents the audited financial statements for the 2023 fiscal year.





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# MESSAGE FROM OUR MAYOR



On behalf of the City of Fernie Council and staff, I am pleased to present the 2023 Annual Municipal Report. This report highlights some key initiatives and accomplishments of the past year and establishes our priorities looking forward.

2023 was the first full year in office for our current Council. I remain honoured to be at the helm as we undertook significant work as a Council on budget and on the development and adoption of our Council Strategic Plan. This Plan will guide our work as a City in continuing to deliver quality services to our community.

First among our accomplishments is the \$19 Million we received from the Federal and Provincial governments for a complex of 100 new childcare spaces coupled with 27 integrated housing units. Those housing units will provide housing for early childhood educators and other under-represented employees in our town. It is not difficult to see how this is a significant boost to our entire community. Among other benefits, child care provides access for many who may want re-enter the workforce but who couldn't otherwise. It's the sort of creative solution that will help young families meet their own needs and, in many cases, ensure we keep them in Fernie.

Our return to in-person meetings and many meaningful engagement opportunities is also a significant highlight. We have had the wonderful opportunity to engage with hundreds of community members, in-person, at Council meetings, open house events, and our first Council Town Hall, and to discuss the most pressing matters facing our community.



We also hosted specific consultations with our building and development sector, as our Engineering and Planning Departments worked through a Local Government Development Approvals Process enhancement project, and an overhaul of our Subdivision and Development Servicing Bylaw.

2023 also brought its share of challenges. We continue working collaboratively with Teck Resources to identify another secondary drinking water source, reducing or eliminating our reliance on the James White Wells. Those wells, as we now know, are influenced by the Elk River and subject to selenium contamination at times of low flow. We are also exploring options regarding long-term upgrades required at the Fairy Creek water source, our primary source which, as a result of the challenges at the James White Park Wells, require significant additional investment.

Our team continued to advance our Fire Hall replacement project, with the invaluable support of a Community Working Group made-up of broad array of citizens with a wide range of ideas, expertise, and experience. We also received a significant amount of very valuable community feedback during our open house, and we will continue to engage with the community on this project as it advances through its next stages. The primary goal is, of course, to ensure community safety.

Finally, our Engineering and Public Works team continues to work with the provincial government on our wastewater processes including achieving compliance with our existing wastewater permit. When that phase is complete, we then embark on a planning stage which includes understanding our current and future needs and designing, where necessary, the improvements to the system which will in turn require a plan for funding, construction, and commissioning.

The adoption of Council's Strategic Plan at the end of the year is a significant milestone. This Plan sets out our Vision, Mission, and Values and Council's commitment to the objectives, goals, and targets for the coming years. Moving forward, this document forms the philosophical framework for how we prioritize and approach our work and is an important commitment to the community on how we continue to provide sustainable, high-quality services that foster a liveable community.

Thank you ultimately to all the citizens of Fernie who have placed their trust in this Council and who continue to work constructively with us at every opportunity to support our outstanding quality of life and to make Fernie a better place to live.

**Mayor Nic Milligan**



# COUNCIL

Council is the governing body of the municipal corporation and the custodian of its legislative and administrative powers. Council members set the municipality's direction through their role as policy-makers. The Community Charter sets out the responsibilities of local government to provide the direction, policies, and budget to meet the community's needs.

## COUNCIL ADVOCACY

Mayor and Council are committed advocates for the community. They prioritize procuring of investments in capital infrastructure and critical community support.

## ELECTIONS AND APPOINTMENTS

Councillor Kevin McIsaac was elected Vice President of the Association of Kootenay Boundary Local Government Association, while Councillor Kyle Hamilton continues as a Director. In their capacities, they represent local governments in the southeastern portion of the province to illuminate issues impacting our region and improve the social well-being of residents.

Mayor and Council were elected by the Citizens of Fernie in the fall of 2022 for a four-year term.



COUNCILLOR TRACEY AUDIA



COUNCILLOR KYLE HAMILTON



COUNCILLOR KEVIN McISAAC



COUNCILLOR TROY NIXON



COUNCILLOR HARSH RAMADASS



COUNCILLOR TED SHOESMITH

## PRIORITY ISSUES

Council authorized and led advocacy with Provincial Ministries in 2023 on the following priorities:

- Securing funding for the renewal of critical infrastructure
- Improving highway traffic safety and securing funding for future intersection improvements at Mount Fernie Park Road
- Securing funding for additional childcare spaces
- Securing support for affordable and attainable housing projects
- Increasing Provincial funding for emergency response costs for highway motor vehicle incidents
- Supporting efforts to recruit psychiatric and addictions support for the region
- Increasing eligible costs related to the Community Resiliency Investment Program for FireSmart Community funding and supports

# MESSAGE FROM OUR CAO



On behalf of the team at the City of Fernie, thank you for taking the time to read this annual report. This document and the annual meeting are crucial opportunities to share our accomplishments from the past year and outline our upcoming goals and objectives.

Over the past year, the City of Fernie achieved many notable successes. Some, like the improvements to flood protection, pathways, and park amenities in the Annex Park, were highly visible capital projects in the community. Others, including public consultations, supporting the return to public in-person meetings, and the Citizen Satisfaction Survey, were highly engaging and provided platforms for the community to directly shape the decisions that guide our work.

In particular, I want to highlight some of the many achievements made in the past year that are largely invisible to the community.

The City's Asset Management team has worked diligently to update many of our core business systems and hardware throughout the year.

We completed updated flood mapping and stormwater modelling and made significant investments to improve the wastewater treatment system, including dredging, blower and aeration improvements, and vegetation control.

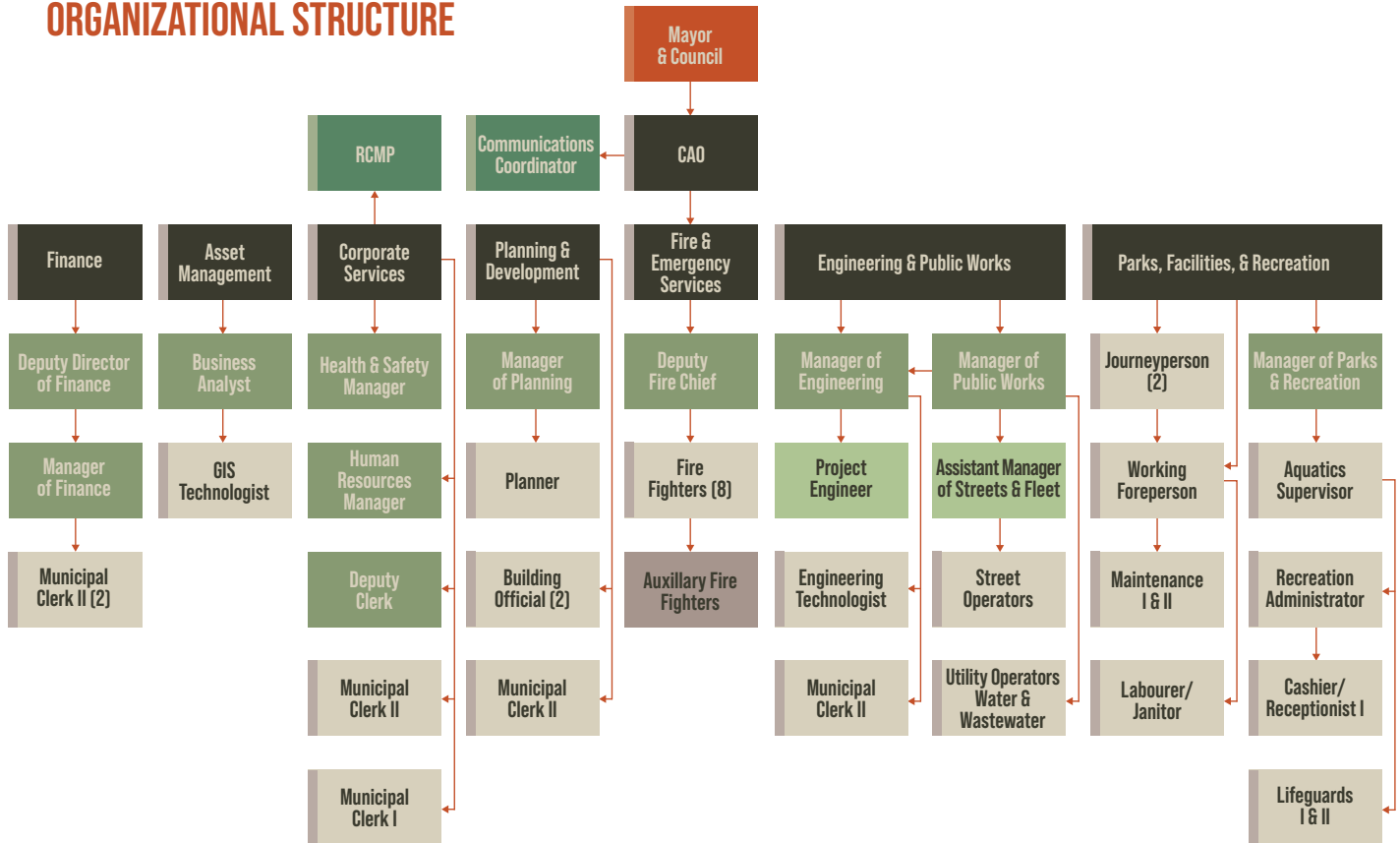
I am also happy to share that our ongoing commitment to occupational health and safety continues to yield positive results. We are seeing ongoing reductions in premiums, but most importantly, we are seeing a shared commitment across the organization to keeping each other and our community safe in everything we do.

As the CAO, I am pleased to present this annual report to the community and thank all our employees for their contributions over the past year.

**Michael Boronowski**  
*Chief Administrative Officer*

# MUNICIPAL OVERVIEW

## ORGANIZATIONAL STRUCTURE



7

DEPARTMENTS

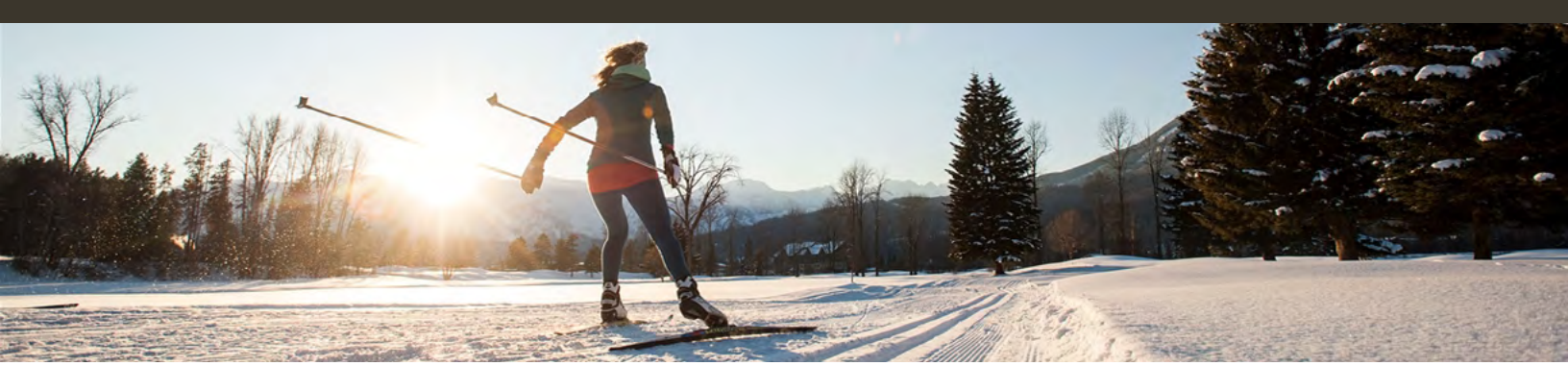
88

STAFF MEMBERS,  
REGULAR AND PERMANENT

164

STAFF MEMBERS EMPLOYED  
IN THE CITY OF FERNIE, 2023





## DEPARTMENT OVERVIEWS

### Chief Administrative Officer (CAO)

The CAO is responsible for efficiently managing the municipal workforce and seeing that Council's directions and policies are carried out. The CAO provides leadership to the Senior Management Team and oversees all departments.

### Corporate Administration Services

The Corporate Administration Services department oversees the corporate records system, provides the primary access point for citizens and outside agencies wishing to communicate with Council, and provides the public with information relating to City Hall and City Council. This department also houses the organization's Occupational Health and Safety and Human Resource functions.

Corporate Administration Services supports other departments in achieving Council's long- and short-term priorities. It is also responsible for the statutory duties of the Corporate Officer, including preparing and distributing agendas for Council meetings, recording minutes, live streaming meetings, administering oaths, publishing statutory notices, and managing bylaws, policies, and procedures.

Department staff prepares and executes legal documents, responds to requests for records under the Freedom of Information and Protection of Privacy Act (FOIPPA), and oversees local government elections, byelections, and referenda. Working closely with Financial Services, staff also support the Municipal Insurance Association regarding claims and investigations.

### Finance

The Finance department provides financial expertise, advice, and guidance to support City operations. Department staff are responsible for long-term financial planning, annual budget development, investments, the corporation's day-to-day accounting, grant management and reporting, and overseeing the development of the five-year financial plan.

They provide analysis to Council and other departments to support financial decision-making and assist with internal audits by reviewing business processes, policies, and procedures for efficiency, controls, and compliance.

### Planning and Development

The City's Planning department manages the city's physical development and growth, land use and development applications, and provides professional planning advice to Council, city departments, and the public.

Department staff are responsible for reviewing and issuance of building and plumbing permit applications, inspection services, bylaw enforcement, property inquiries, and intergovernmental reporting to BC Assessment, CMHC, StatsCan, and BC Housing.

The department also facilitates long-range planning initiatives and the development of documents such as the Official Community Plan.

## Engineering and Public Works

The Engineering and Public Works department is responsible for all municipal infrastructure, which includes transportation, water, sanitary sewer, storm drainage, solid waste, recycling, and responding to operational public requests and inquiries. The department is comprised of the Public Works teams for Streets and Utilities, and Engineering Services.

Public Works staff manage essential infrastructure, focusing on maintaining roads, sidewalks, and related infrastructure. The department oversees waste management, garbage collection, recycling, and the city's two water supply sources, sewage systems, and related infrastructure. It also handles snow removal, keeping streets clear and safe in winter.

Engineering Services staff manages and executes long-range planning and capital replacement programs for infrastructure assets, facilitates requests from public utilities (BCOneCall/Click Before You Dig Program), manages cemetery administration, and assists with planning and development for subdivision and development servicing.

## Asset Management

The Asset Management department is responsible for leading the development and implementation of asset management systems initiatives and business analysis across the organization. This involves assessing the current practices, setting the vision and strategies, and working collaboratively across the organization to achieve goals and objectives in the City's Asset Management Policy and to deliver on Council's Strategic Plan.

Department staff drive the organization's digital transformation agenda by developing and implementing a digital transformation vision and strategy and leading collaborative initiatives to implement digital solutions and enhance organizational capabilities.

## Parks, Facilities and Recreation

The Parks, Facilities and Recreation department is responsible for the day-to-day operation and maintenance of municipally owned buildings, parks, trails, the cemetery. Department staff are stewards of natural environment assets, including tree, turf, and weed management programs. They respond to related operational public and user requests and inquiries.

Department staff operate all parks and recreation services and programs, such as program registrations, rental of municipal facilities, the Tribute Program, and special event applications. Staff plan and implement municipal events, administer leases and agreements related to municipal facilities, and meet regularly with community partners and user groups, working collaboratively to improve our service process and delivery.

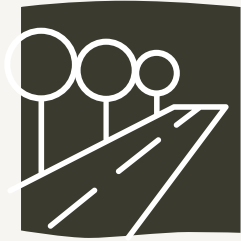
This Department is also a key touchpoint for Community Partners and organizations who provide extended services in support of an improved quality of life.

## Fire and Emergency Services

The Fire and Emergency Services department's mission is to provide residents, businesses and visitors with prompt fire protection and prevention services, including first medical response, emergency management, road rescue, fire suppression, and fire prevention. Quality training and pursuing alternative ways to improve fire protection and services within our protection area and beyond align with our core values. The department also provides services to outlying areas through formal service agreements and maintain mutual aid agreements with Elkford, Sparwood, Hosmer, Jaffray, Baynes Lake and Elko.

Department staff are responsible for ongoing fire prevention programs, including fire safety inspections, and provide educational programming, annual fire safety events, and FireSmart community program support.





**67 KM**  
of Roadway

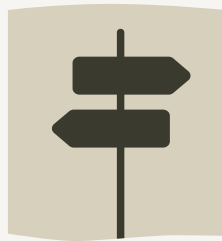
# SNAPSHOT OF CITY SERVICES



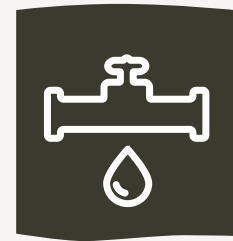
**173 HA**  
of Parks and Open Space



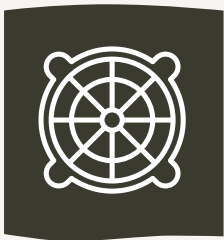
**27 KM**  
of Sidewalks



**30 KM**  
of Pathways



**171 KM**  
of Active Water and Sanitary Mains



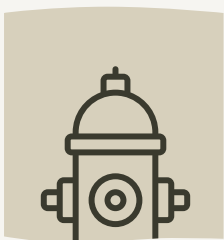
**2,129**  
Sanitary and Sewer Access Points



**18,500**  
Pool Drop-ins and  
850 Pool Passes Issued



**1,259**  
Requests for Service



**278**  
Water Hydrants



**326**  
Licensed Pets in 2023



**1,038**  
Business Licenses (900 Renewed  
and 138 New Licenses Issued)

# VISION AND GOALS

## COMMUNITY VISION

“Fernie is an economically, environmentally, and socially sustainable community where everyone has the opportunity to pursue an excellent quality of life. Fernie’s compact neighbourhoods provide a diversity of housing options and are accessible and friendly. A robust, diverse, and resilient economy, including natural resource and tourism industries, supports a skilled workforce. The beauty of the community, its healthy ecosystems, and bountiful recreation and leisure opportunities attract residents and visitors alike.”

—Fernie’s Official Community Plan, adopted in 2014.

## COMMUNITY PRIORITIES

The Official Community Plan (OCP) is a community-based and community-driven blueprint and map for Fernie’s future. Adopted in 2014, this plan sets out the long-term vision for Fernie and guides decisions on a broad range of topics, including planning and land use management, economic development, transportation, recreation, environmental protection, climate change, arts and culture, and more.

The OCP was created after extensive consultation with residents, community organizations, and committee volunteers and addresses issues generally expected to arise over a twenty-year period. From the input, three community priorities emerged:

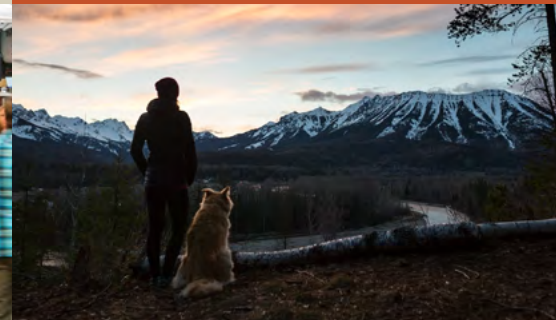
### ENSURE ECONOMIC VIABILITY



### ENRICH COMMUNITY LIFE

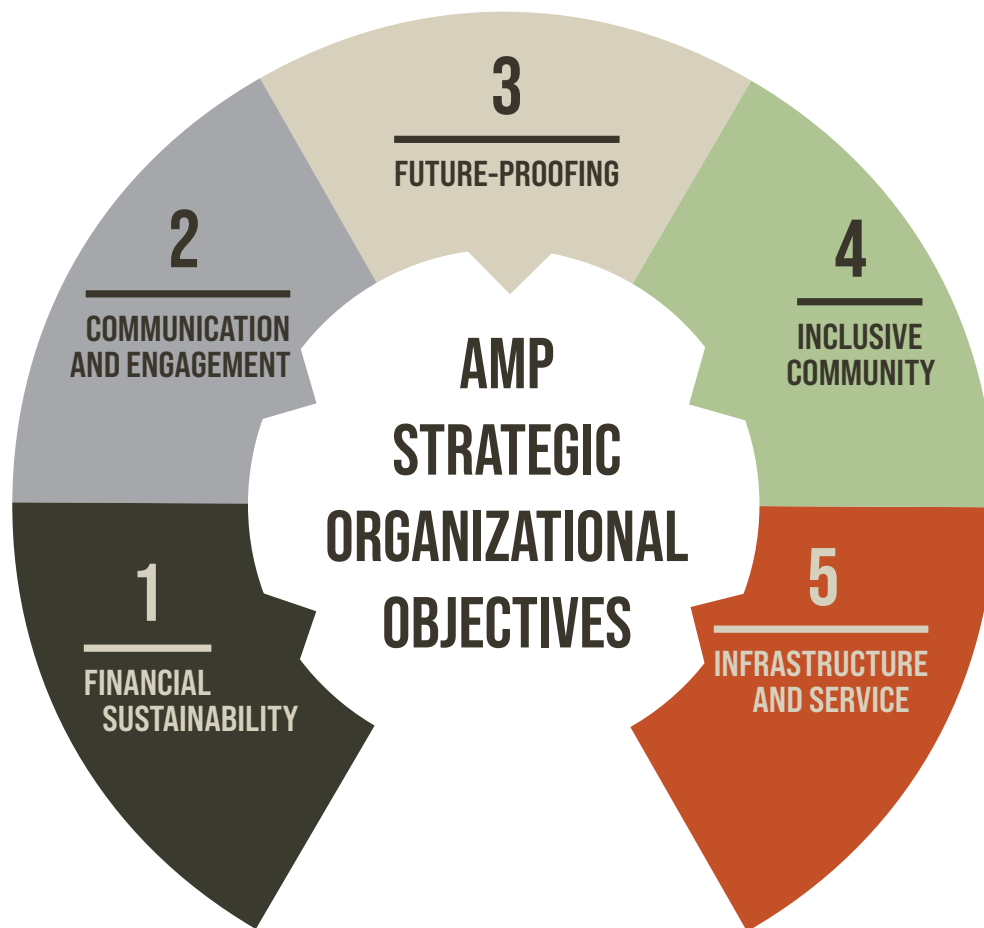


### PROTECT THE ENVIRONMENT



The community’s overarching priorities are reflected in Council’s strategic priorities, which drive municipal objectives, administrative goals, and service area work plans.





In August 2022, Council adopted a set of organizational objectives as part of the Asset Management Policy. In 2023, these objectives helped guide the organization in aligning the City’s vision for the future with policy decisions and resource allocations.

1	2	3	4	5
<b>Create long-term financial sustainability</b> Choose options that reflect an ongoing commitment to long-term financial sustainability across all areas of the organization while investing in assets and delivering services aligned with community needs.	<b>Commit to timely and compelling communication and engagement</b> Strengthen the organization, services, and the community through clear, consistent, engaging communication, and ensure effective channels to hear from the community.	<b>Dedicate to future-proofing our community</b> Identify, develop, and continually improve planning and systems to ensure current and future preparedness is at the forefront of decision-making as we face and respond to financial, organizational, environmental, community, and cultural challenges.	<b>Build an inclusive community</b> Value and promote diversity and inclusion throughout operations, planning, service delivery, and governance. Identify and remove barriers for individuals and families to live and work in Fernie.	<b>Invest in core infrastructure and service delivery</b> Define and communicate all current municipal services. Structure and retain city resources and assets that support effective core service delivery for a sustainable and healthy community.

# 2023 PROGRESS REPORT

## CREATE LONG-TERM FINANCIAL SUSTAINABILITY

Choose options that reflect an ongoing commitment to long-term financial sustainability across all areas of the organization while investing in assets and delivering services aligned with community needs.

### KEY PROJECTS

#### Subdivision and Development Servicing Bylaw Update

Completed a review and engaged the community in updating the City's subdivision and development servicing standards, process and fees. The project is nearing completion and will result in the adoption of a new Subdivision and Servicing Bylaw.

#### Budget Process Update

Continued to develop and communicate a highly transparent budget process that prioritizes commitments set in the City's Asset Management Policy and strategic objectives.

## DEDICATED TO FUTURE-PROOFING OUR COMMUNITY

Identify, develop, and continually improve planning and systems to ensure current and future preparedness is at the forefront of decision-making as we face and respond to financial, organizational, environmental, community, and cultural challenges.

### KEY PROJECTS

#### Annex Park Flood Protection

Completed flood protection improvements and enhanced user experience in the park.

#### Mountview Flood Protection

Completed essential flood protection works with the Mountview Dike phase 1 tie-in and Mt. McLean culvert upgrade.

#### Cyber Security and Network Upgrade

Achieved an important cybersecurity milestone with the implementation of Multi-Factor Authentication across the organization. Laid the groundwork to transform GIS service in 2024 to provide a modern user experience.

#### Firehall Phase 1- Planning and Engagement

Completed a community engagement and site selection process for the Fire Hall pre-planning phase.

#### Additional Projects and Indicators

- Completed Wildfire Fuel Management treatment in Ridgmont
- 9 neighbourhoods held an annual FireSmart workday to renew their neighbourhood FireSmart status





# 2023 PROGRESS REPORT



## COMMIT TO TIMELY AND COMPELLING COMMUNICATION AND ENGAGEMENT

Strengthen the organization, services, and the community through clear, consistent, engaging communication, and ensure effective channels to hear from the community.

### KEY PROJECTS

#### Firehall Project Phase 1 – Planning and Engagement

Finalized site selection, facilitated community dialogue, and invited expressions of interest for partnering opportunities.

#### Financial Plan public engagement sessions

Hosted a community open house with staff and council members available to discuss the City's Financial Plan.

#### Citizen Satisfaction Survey

Completed a statistically valid Citizen Satisfaction Survey to understand community priorities and satisfaction with municipal services and programs. The survey created a framework for continued community input and integration into the budget process to help influence future investment.

#### Additional Projects and Indicators

- 4 in-person engagement sessions, 7 Let's Talk projects, 9600 Let's Talk Visits, and 720 contributions to online surveys, feedback forms, and Q&A
- 90+ news items published on fernie.ca, 7 corporate publications, and 52 full-page ads created in 2023
- 300+ Facebook posts and 4,825 Facebook followers
- 1 Council Town Hall event
- Family safety day re-established to promote fire and emergency preparedness
  - ♦ 525 students from Kindergarten to grade 3 received fire safety presentations
  - ♦ 50 preschool children received fire safety talks
- Door-to-door fire safety education campaign completed
  - ♦ Smoke alarms provided to residents in Maintown where required

# 2023 PROGRESS REPORT

## BUILDING AN INCLUSIVE COMMUNITY

Value and promote diversity and inclusion throughout operations, planning, service delivery, and governance. Identify and remove barriers for individuals and families to live and work in Fernie.

## KEY PROJECTS

### Annex Park Flood Protection and Active Transportation Network Improvements

Completed an all-ages play area, amphitheatre, and accessible and inclusive features in the active transportation network along enhanced user experience in the park and improved flood protection.

### Active Transportation Preliminary and Detail Design

Completed the Active Transportation Preliminary and Detail Design. Implementation to begin in 2024.

### Accessible, In-person Council Meeting Space

Moved Council meetings to the Fernie Seniors Drop-in Centre for accessible in-person and online public participation. Technology upgrades and process changes supported the move.

### Elk Valley Regional Accessibility Committee

Joined with Elkford and Sparwood in creating the Elk Valley Regional Accessibility Committee to improve accessibility in the City and region.

### Additional Projects and Indicators

Processed 226 planning permits with over \$35M in building permit values.



## RESORT MUNICIPALITY INITIATIVE (RMI)

RMI is a provincially funded program that supports tourism-based municipalities to build and diversify their tourism infrastructure and incorporate sustainable tourism practices and products. In 2022, the City's new Resort Development Strategy (2022-24) was approved providing the City over \$2 million in funding. In 2023 RMI funding helped support the following projects:

- Winter Trails collaborative grooming and City trails grooming
- Trail Development, Restoration & Major Repairs
- Annex Park All-Ages Play & Amphitheatre
- Partial funding for Skatepark
- Dirt jumps and skills park redevelopment
- Fernie lettering on Arts Station
- Fernie Chamber ambassador program
- Griz Days 2023
- Fernie Chautauqua
- Self-guided tours



# 2023 PROGRESS REPORT

## INVEST IN CORE INFRASTRUCTURE AND SERVICE DELIVERY

**Define and communicate all current municipal services. Structure and retain city resources and assets that support effective core service delivery for a sustainable and healthy community.**

### KEY PROJECTS

#### Development Approvals Enhancement Project

Worked to improve the City's development approvals processes, including pre-permit planning, application intake, review, and issuance, including how city staff, Council, and the public can track applications.

Deliverables, such as a permit tracking needs assessment, software implementation, and development of application checklists and supporting material will guide the City in improving levels of service to increase housing options throughout Fernie.

#### Workplace Culture Initiative

Launched a Culture Change Initiative by engaging all employees in intentionally determining our organizational culture.

#### Wastewater System Upgrades and Remediation

Completed a Wastewater System Upgrades and Remediation sampling program with the analysis and design phase occurring in 2024.

#### 2023 Roads Project

Completed the 2023 Roads Project that established the rebuild of aging roads (7th St and 9th St from the Hwy to 9th Ave). These roads were prioritized in the Integrated Infrastructure Capital Plan (IICP) and use the new cross-section identified in the Active Transportation Masterplan.

#### Additional Projects and Indicators

- Implemented an Annual Fleet Replacement program to manage end-of-life vehicles and equipment. A backhoe, a grader, and six pickup trucks were replaced.
- Updated the Infrastructure Renewal Project to address wastewater infiltration, water, storm, and street rehabilitation.
- Continued our work to determine the long-term sustainability of our water sources and an appropriate testing and monitoring program.
- Explored options for a new Ladder Truck required for Fernie Fire Rescue Level of Service. Staff training and engagement informed our current service areas and the level of service requirements.
- Completed the transition of the City's Curbside Recycling Program to the Recycle BC Program. This change increases collectable materials and decreases costs to residents.
- Replaced the lagoon blower, de-sludged the lagoons, and treated duckweed.
- Designed a system to screen the wastewater at the Riverside Lift Station to improve the quality of influent at our Wastewater Treatment Plant.
- Completed several capital improvements, including the Annex Dike stormwater outlet, the Alpine Trails duty pumps, and the Alpine Trails Booster Station Leak repair/emergency response.

# GRANT FUNDING

With direction and support from Council, the following projects received funding from local, provincial or federal funding streams:

PARKS AND RECREATION		
FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Columbia Basin Trust	Skatepark Covered Area	\$100,000
Teck Resources Limited	Skatepark Covered Area	\$250,000
Western Communities Foundation (Western Financial)	Skatepark Covered Area	\$5,000
Columbia Basin Trust	Eirin Amundsen Pavillion	\$42,000
TOTAL FUNDING AMOUNT		\$397,000

CHILD CARE AND AFFORDABLE HOUSING		
FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Ministry of Education and Child Care New Spaces Fund	Provincial Pilot Project— Child Care and Affordable Housing Initiative	\$10,000,000
TOTAL FUNDING AMOUNT		\$10,000,000





## INDIGENOUS ENGAGEMENT

FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Ministry of Emergency Management and Climate Readiness	Emergency Management Act Implementation—Indigenous Engagement	\$100,000
TOTAL FUNDING AMOUNT		\$100,000

## COMMUNITY PROGRAMMING

FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Columbia Basin Trust	After School Recreation Grant	\$25,452
BC Recreation and Parks Association	2023 Family Day Grant	\$1,500
GoByBike BC	GoByBike Community Coordinator Support	\$2,200
TOTAL FUNDING AMOUNT		\$29,152

## EMERGENCY MANAGEMENT AND DISASTER PREPAREDNESS

FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Union of BC Municipalities	FireSmart Fuel Management	\$187,812
Community Emergency Preparedness Fund (CEPF)	Mountview Dike Phase II	\$1,980,300
Union of BC Municipalities	Next Generation 911 Grant	\$22,500
Transport Canada Fire Protection Training	Fire Protection Training	\$4680
Union of BC Municipalities	Fire Protection Training	\$15,000
CP Rail	Outdoor AED Station	\$10,537
TOTAL FUNDING AMOUNT		\$2,220,830

## COMMUNITY GROWTH

FUNDING SOURCE	PROJECT	FUNDING AMOUNT
Government of BC	Growing Communities Fund	\$2,626,000
TOTAL FUNDING AMOUNT		\$2,626,000

## CLIMATE ACTION

FUNDING SOURCE	PROJECT	FUNDING AMOUNT
CleanBC Roadmap and Climate Preparedness and Adaptation Strategy	Organics Collection	\$79,082
TOTAL FUNDING AMOUNT		\$79,082

# LOOKING AHEAD 2024 AND 2025

## LOOKING FORWARD—COUNCIL'S STRATEGIC PLAN

Council adopted its Strategic Plan in December 2023. This plan is intended to guide the City for the next five years. It outlines the vision, mission, and values of Council, as well as the strategic goals and objectives that the City aims to achieve in the future. Within this plan, Council prioritized the following three core objectives.

### Quality Services

Deliver dependable, sustainable services that meet the expectations of the community.

### Liveable Community

Ensure citizens can flourish in an inclusive and diverse community with sustainable infrastructure, amenities, and services.

### Organizational Excellence

Improve our organization and culture as we learn and adapt to the changing needs of the community.

The Strategic Plan will guide the 2024 work plans and budget and serve as the basis for future Annual Municipal Reports.

See [fernie.ca](https://fernie.ca) for a copy of the Council's Strategic Plan—Ferne—Document Center ([civicweb.net](https://civicweb.net)).





## ACTIONS IDENTIFIED FOR 2024/2025 (PHASE 1 OF COUNCIL'S STRATEGIC PLAN)

PROJECT NAME	STRATEGIC OBJECTIVE	GOAL	STRATEGY	TIMING	STATUS
Present Survey to Council	Quality Services	Community Engagement	Citizen Satisfaction	Spring 2024	Complete
Formalize customer service committee / working group	Quality Services	Community Engagement	Customer Service	Summer 2024	Not Started
Develop Civic Engagement framework	Quality Services	Community Engagement	Civic Engagement	Summer 2024	Not Started
Improve public education and engagement through existing initiatives and outreach	Quality Services	Community Engagement	City Communications	Ongoing	Underway
Council Town Halls	Quality Services	Community Engagement	Engagement Opportunities	Ongoing	Underway
Establish customer-service standards and baseline satisfaction measures from Citizen Satisfaction survey	Quality Services	Community Engagement	Customer Service	Summer 2024	Not Started
leverage survey findings to guide process redevelopment	Quality Services	Community Engagement	Customer Service	Summer 2024	Underway
Reporting on Council engagement points	Quality Services	Community Engagement	Engagement Opportunities	Ongoing	Underway
Integrate survey findings into communicaitons & engagement efforts	Quality Services	Service Insight	Informing service inventory	Ongoing	Underway
Snow Dump Site Study	Quality Services	Service Insight	Service Analysis	Spring 2024	Complete
Finance transitioning to service-based reporting	Quality Services	Service Insight	Budgeting Focus	Ongoing	Underway
Outdoor Rink Service Area Assessment	Quality Services	Service Analysis	Service Area Assessment	Spring 2024	Underway
Advance Community to Community meetings and protocols to advance TRC Calls to Action and UNDRIP direction	Liveable Community	Inclusion and Reconciliation	Truth and Reconciliation	Spring 2024	Underway
Integrate calls-to-action reporting in Annual Report	Liveable Community	Inclusion and Reconciliation	Truth and Reconciliation	Summer 2024	Underway
City Hall Flag Poles	Liveable Community	Inclusion and Reconciliation	Truth and Reconciliation	Summer 2024	Underway
Subdivision Servicing Bylaw & Development Fee Update	Liveable Community	Affordability	Managing financial burden of city services for community members	Summer 2024	Underway
Formalize Events and Animation Strategy with Tourism Fernie	Liveable Community	Community Services	Improve partnership and capacity to extend services with formal frameowrk on events and animation	Fall 2024	Underway
Continue updates to partnering and core funding / land use agreements	Liveable Community	Community Services	Quality of Life	Spring 2024	Underway
Organics Collection Service Level Change	Liveable Community	Climate Policy	Climate Action	Summer 2024	Underway
Water Conservation and Water Works Bylaws	Liveable Community	Climate Policy	Climate Action	Summer 2024	Underway
Facility Assessments	Liveable Community	Asset Management	Capital Investment	Summer 2024	Underway

## ACTIONS IDENTIFIED FOR 2024 (PHASE 1 OF COUNCIL'S STRATEGIC PLAN)

PROJECT NAME	STRATEGIC OBJECTIVE	GOAL	STRATEGY	TIMING	STATUS
Service Inventory – Level of Service project	Liveable Community	Asset Management	Service Analysis	Summer 2024	Delayed
Pavement Condition Assessment	Liveable Community	Asset Management	Capital Investment	Spring 2024	Complete
Lagoon aeration business case	Liveable Community	Asset Management	Capital Investment	Fall 2024	Not Started
Increased communications on major project completions – Skate Park, Snow Dump Study, Mt. Mclean Culvert, Blower #3,	Organizational Excellence	Organizational Culture	Celebrate Achievements	Spring 2024	Underway
Establish formally resourced culture committee	Organizational Excellence	Organizational Culture	Employee Satisfaction	Spring 2024	Complete
Performance Development Program – Union Employees	Organizational Excellence	Organizational Culture	employee development	Winter 2024/2025	Not Started
Enterprise System Optimization	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Underway
Asset Management Software	Organizational Excellence	Business Modernization	Business Systems	Winter 2024/2025	Not Started
Updated cross-functional engagement requirements for project initiation	Organizational Excellence	Business Modernization	Project Collaboration	Spring 2024	Underway
LGDAP Recommendations – Software selection and training	Organizational Excellence	Business Modernization	Permitting Software	Fall 2024	Underway
LGDAP Recommendations – Software launch – public facing	Organizational Excellence	Business Modernization	Permitting Process	Winter 2024/2025	Not Started
Major Systems Updates – GIS, Cyber System, VADIM	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Underway
Strategic Plan Implementation and Management Tools	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Underway
Enterprise system use and needs analysis	Organizational Excellence	Business Modernization	Business Systems	Fall 2024	Underway
Phone System Replacement	Organizational Excellence	Business Modernization	Business Systems	Fall 2024	Not Started
Winter Sand and Salt Shelter	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Not Started
Fleet GPS	Organizational Excellence	Business Modernization	Business Systems	Winter 2024/2025	Not Started
First Aid Room in Operations	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Not Started
Website redevelopment – needs analysis	Organizational Excellence	Business Modernization	Business Systems	Summer 2024	Not Started
Preferred Contractor Program	Organizational Excellence	Business Modernization	Business systems	Fall 2024	Underway

# WE WANT TO HEAR FROM YOU



The City of Fernie will receive feedback on the 2023 Annual Municipal Report until June 25, 2024, at the close of the Annual General Meeting.

Submit your comments and questions on our Let's Talk page.

Email to [letstalk@fernie.ca](mailto:letstalk@fernie.ca) with "2023 Annual Municipal Report" in the subject line.

Mail or drop your comments to:

CITY HALL  
501 3<sup>RD</sup> AVENUE  
PO BOX 190  
FERNIE, BC  
VOB 1M0



# APPENDIX A

## DECLARATION OF DISQUALIFICATIONS

In accordance with Part 4 Division 5 of the Community Charter, the City Fernie must include in the Annual Municipal Report any Declarations of Disqualification made against individual members of Council in the previous year:

There are no Declarations of Disqualification to report in 2023 for the Council of the City of Fernie.

# APPENDIX B

## 2023 STATEMENT OF PROPERTY TAX EXEMPTIONS

ROLL #	CIVIC ADDRESS	PROPERTY OWNER	EXEMPTED AMOUNT
209 00901.000	102 Commerce Road	Chamber of Commerce	\$18,419
209 01130.001	402 13th Street	Fernie Family Housing Society	\$9,325
209 01130.002	302 13th Street	Fernie Family Housing Society	\$7,550
209 01311.000	201 Allan Graham Drive	Fernie Golf & Country Club	\$18,112
209 01314.000	1501 5th Avenue	Fernie District Hospital – Land Surrounding	\$42,422
209 02042.000	201 2nd Avenue	Knox United Church – Land Surrounding	\$2,363
209 02146.000	471 1st Avenue	Lodge #81 of the BPOE of Canada – Parking Lot	\$785
209 02147.000	481 1st Avenue	Lodge #81 of the BPOE of Canada – Parking Lot	\$897
209 02148.000	491 1st Avenue	Lodge #81 of the BPOE of Canada	\$2,354
209 02159.000	491 2nd Avenue	Fernie & District Historical Society Museum	\$8,530
209 02191.000	551 1st Avenue	Royal Canadian Legion (Partial)	\$4,890
209 02216.050	562 3rd Avenue	Seniors Centre	\$6,893
209 02231.000	501 4th Avenue	Roman Catholic Church – Land Surrounding	\$3,812
209 02233.000	521 4th Avenue	Roman Catholic Church – Hall	\$12,369
209 02234.500	591 4th Avenue	Synod of Diocese of Kootenay – Land Surrounding	\$1,278
209 02239.000	542 5th Avenue	Roman Catholic Church – Parking Lot	\$4,106
209 02239.500	522 5th Avenue	Roman Catholic Church – Parking Lot	\$4,106
209 02320.000	741 2nd Avenue	Salvation Army	\$33,724
209 02322.000	781 2nd Avenue	Salvation Army – Parking Lot	\$3,303
209 02602.001	1142 6th Avenue	Fernie Citizens Housing Society	\$2,657

ROLL #	CIVIC ADDRESS	PROPERTY OWNER	EXEMPTED AMOUNT
209 03020.000	421 9th Avenue	Jehovah's Witness	\$1,851
209 03414.500	1331 8th Avenue	Pentecostal Church – Parking Lot	\$1,400
209 03415.000	1341 8th Avenue	Pentecostal Church – Land Surrounding	\$2,258
209 03522.000	1592 10th Avenue	Women's Resource Centre	\$9,175
209 03575.000	1622 10th Avenue	Baptist Church – Land Surrounding	\$3,564
209 04436.000	Park Crescent - Green space	Crowsnest Pass Electric Light & Power Co. Ltd.	\$1,261
209 05030.001	101 – 1002 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.003	103 – 1002 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.008	301 – 1002 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.009	302 – 1002 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.010	303 – 1002 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.011	304 – 1002 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.012	401 – 1002 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.014	403 – 1002 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.015	404 – 1002 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.016	101 – 1042 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.018	103 – 1042 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.023	301 – 1042 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.024	302 – 1042 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.025	303 – 1042 1st Avenue	Elk Valley Family Society	\$1,171



ROLL #	CIVIC ADDRESS	PROPERTY OWNER	EXEMPTED AMOUNT
209 05030.026	302 – 1042 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.027	401 – 1042 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.029	403 – 1042 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.030	404 – 1042 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.031	101 – 1092 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.032	102 – 1092 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.033	103 – 1092 1st Avenue	Elk Valley Family Society	\$1,161
209 05030.038	301 – 1092 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.039	302 – 1092 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.041	304 – 1092 1st Avenue	Elk Valley Family Society	\$1,171
209 05030.042	401 – 1092 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.044	403 – 1092 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.045	404 – 1092 1st Avenue	Elk Valley Family Society	\$1,209
209 05030.105	601 1st Avenue	Fernie & District Arts Council — Parking Lot (Leased Municipal Property)	\$4,754

# APPENDIX C

## 2023 GRANTS AND PARTNERING AGREEMENTS

2023 GRANTS AND PARTNERING AGREEMENTS Funded by Taxation	
Access Guardian Program	\$11,250.00
Fernie District & Arts Council	\$40,834.80
Fernie & District Historical Society	\$51,999.96
Fernie Chamber of Commerce	\$106,526.95
Fernie Heritage Library	\$250,176.00
Fernie Seniors Drop-In Centre	\$27,000.00
Wildsafe BC Bear Aware Program	\$6,300.00
	<b>\$494,087.71</b>

2023 GRANTS AND PARTNERING AGREEMENTS Funded by Resort Municipality Initiative	
Fernie Chamber of Commerce	\$10,000.00
Coal Creek Heritage Society	\$14,000.00
Tourism Fernie	\$9,574.00
Fernie Trails Alliance	\$35,749.15
	<b>\$69,323.15</b>

2023 DISCRETIONARY GRANTS Funded by Taxation	
Fernie Heritage Trust Society	\$5,000.00
Fernie Freestyle Club	\$2,200.00
Fernie Citizens Housing Society	\$5,000.00
Elk River Watershed Alliance	\$2,200.00
	<b>\$14,400.00</b>

# APPENDIX D

## AUDITED FINANCIAL STATEMENTS



### CITY OF FERNIE

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## CITY OF FERNIE

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### Management's Responsibility For Financial Reporting

The financial statements of The Corporation of the City of Fernie presented to Mayor and Council have been prepared by city management which has responsibility for their preparation, integrity and objectivity. The financial statements including notes, have been prepared in accordance with Canadian public sector accounting standards.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the City's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the City's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a budgetary system of control.

The ultimate responsibility for the financial statements lies with Mayor and Council. The Mayor and Council reviewed the financial statements with management in detail and the Mayor and Council approved the financial statements for release.

The Mayor and Council appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors have full and free access to city records.

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with Canadian public sector accounting standards.

Mr. Bryn Burditt,  
Director of Finance  
May 8, 2024

Mr. Nic Milligan,  
Mayor  
May 8, 2024



Phone 250-423-6881 Fax 250-423-7781 Toll Free 866-423-0900 [www.ferniewaccountant.com](http://www.ferniewaccountant.com)  
P.O. Box 970, 602D - 2 Avenue, Fernie, BC V0B 1M0

## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of The Corporation of the City of Fernie, which comprise the statement of financial position as at December 31, 2023 and December 31, 2022, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Fernie as at December 31, 2023 and December 31, 2022, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

An Incorporated Practice

We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Fernie, British Columbia  
May 8, 2024

  
Chartered Professional Accountants



## CITY OF FERNIE

### Consolidated Statement of Financial Position As at December 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Cash	\$ 15,447,061	\$ 2,795,186
Temporary investments (note 2)	9,677,154	9,410,974
Taxes receivable	575,086	294,153
Accounts receivable, trade and other (note 3)	2,706,587	8,575,510
Inventory held for resale	<u>3,652</u>	<u>3,661</u>
	<u>28,409,540</u>	<u>21,079,484</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	5,157,413	4,726,839
Deferred revenue (note 8)	7,176,814	2,081,464
Development cost charges (note 9)	2,958,580	2,657,685
Gas tax transfer (note 10)	2,257,178	1,875,175
Temporary borrowings (note 11)	1,200,000	1,800,000
Debenture debt (note 12)	2,121,143	2,270,796
Asset retirement obligation (note 13)	<u>1,070,201</u>	<u>-</u>
	<u>21,941,329</u>	<u>15,411,959</u>
<b>Net Financial Assets</b>	6,468,211	5,667,525
<b>Non Financial Assets</b>		
Tangible capital assets (see schedule)	<u>117,915,120</u>	<u>113,476,221</u>
<b>Accumulated Surplus (note 14)</b>	<u>\$ 124,383,331</u>	<u>\$ 119,143,746</u>

Mr. Bryn Burditt  
Director of Finance

Mr. Nic Milligan  
Mayor, City of Fernie





## CITY OF FERNIE

### Consolidated Statement of Operations For the Year Ended December 31, 2023

	2023	Unaudited Budget	2022
<b>Revenue</b>			
Taxation (note 16)	\$ 14,194,174	\$ 14,168,363	\$ 13,369,957
Water services	1,454,518	1,446,351	1,394,230
Sewer services	1,910,871	1,854,439	1,661,860
Solid waste management/recycling	416,895	362,350	362,443
Protective services	410,120	405,263	389,899
Parks/recreation/culture	607,695	527,300	485,954
Planning and development services	460,710	581,250	523,878
Other services/franchise fees	204,887	170,231	167,079
Transfers from other governments	6,032,744	8,122,144	9,031,310
Gas tax transfer earned	-	377,194	-
Actuarial adjustments on debenture debt	45,722	-	43,004
Investment income	<u>793,817</u>	<u>372,329</u>	<u>405,465</u>
	<u>26,532,153</u>	<u>28,387,214</u>	<u>27,835,079</u>
<b>Expenditures</b>			
Legislative	295,404	261,784	282,556
General administration	2,466,584	2,385,878	2,258,065
General government	923,465	897,771	731,783
Water services	874,801	923,212	778,751
Sewer services	1,171,205	1,359,797	1,164,191
Solid waste management and recycling	486,623	417,833	416,226
Protective services	3,251,179	3,056,900	3,554,858
Parks, recreation and culture	3,471,297	3,251,096	3,367,848
Planning and development services	1,274,360	1,180,797	1,283,894
Public works	2,019,706	2,291,831	2,283,218
Amortization	4,162,923	2,379,503	3,644,440
Other services	<u>895,020</u>	<u>261,902</u>	<u>418,507</u>
	<u>21,292,567</u>	<u>18,668,304</u>	<u>20,184,337</u>
<b>Annual surplus</b>	5,239,586	9,718,910	7,650,742
<b>Accumulated surplus, beginning of year</b>	<u>119,143,745</u>	<u>119,143,745</u>	<u>111,493,003</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 124,383,331</u>	<u>\$ 128,862,655</u>	<u>\$ 119,143,745</u>



## CITY OF FERNIE

### Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2023

	<u>2023</u>	<u>Unaudited Budget</u>	<u>2022</u>
Annual surplus	\$ <u>5,239,586</u>	\$ <u>9,718,910</u>	\$ <u>7,650,742</u>
Add (less):			
Change in tangible capital assets			
Acquisition of tangible capital assets	(8,601,823)	-	(10,814,019)
Amortization of tangible capital assets	4,162,923	2,379,503	3,644,440
Write down of tangible capital assets	-	-	-
Proceeds from disposal of tangible capital assets	-	-	-
Loss (gain) on disposal of tangible capital assets	<u>(4,438,900)</u>	<u>2,379,503</u>	<u>(7,169,579)</u>
Change in other non-financial assets			
Change in deposits	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in financial assets	800,686	12,098,413	481,163
Financial assets (net debt) at beginning of the year	<u>5,667,525</u>	<u>5,667,525</u>	<u>5,186,362</u>
Financial assets (net debt) at end of the year	\$ <u><u>6,468,211</u></u>	\$ <u><u>17,765,938</u></u>	\$ <u><u>5,667,525</u></u>



## CITY OF FERNIE

### Consolidated Statement of Cash Flows For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Cash provided by (used for)		
Operations		
Annual surplus	\$ 5,239,586	\$ 7,650,742
Items not affecting cash		
Amortization	4,162,923	3,644,440
Accretion	41,261	-
Actuarial adjustments on debenture debt	<u>(45,722)</u>	<u>(43,004)</u>
	<u>9,398,048</u>	<u>11,252,178</u>
Change in working capital items:		
Change in Taxes receivable	(280,933)	72,047
Change in Accounts receivable, trade and other	5,868,923	(7,529,806)
Change in Inventory held for resale	9	(1,395)
Change in Accounts payable and accrued liabilities	430,574	680,072
Change in Deferred revenue	5,095,351	37,207
Change in Development cost charges	300,895	288,720
Change in Gas tax transfer	<u>382,003</u>	<u>321,762</u>
	<u>11,796,822</u>	<u>(6,131,393)</u>
	<u>21,194,870</u>	<u>5,120,785</u>
Capital Transactions		
Tangible capital assets acquired	<u>(7,572,883)</u>	<u>(10,814,019)</u>
	<u>(7,572,883)</u>	<u>(10,814,019)</u>
Investing		
Change in Temporary investments	<u>(266,181)</u>	<u>7,470,094</u>
Financing		
Repayment of Temporary borrowings	(600,000)	(600,000)
Repayment of Debenture debt	<u>(103,931)</u>	<u>(100,755)</u>
	<u>(703,931)</u>	<u>(700,755)</u>
Change in cash	12,651,875	1,076,105
Cash - beginning	<u>2,795,186</u>	<u>1,719,081</u>
Cash - ending	<u>\$ 15,447,061</u>	<u>\$ 2,795,186</u>
Cash	\$ 15,447,061	\$ 2,795,186
Bank indebtedness	<u>-</u>	<u>-</u>
Cash - ending	<u>\$ 15,447,061</u>	<u>\$ 2,795,186</u>



## CITY OF FERNIE

### Consolidated Schedule of Tangible Capital Assets For the Year Ended December 31, 2023

	Opening Balance	Additions	Disposals	Closing Balance	Accumulated Amortization Opening Balance	Disposals	Amortization	Accumulated Amortization Closing Balance	Net Carrying Amount Closing Balance
Land	\$ 4,413,960	\$ -	\$ -	\$ 4,413,960	\$ -	\$ -	\$ -	\$ -	\$ 4,413,960
Land Improvements	3,990,648	8,496,026	-	12,486,674	(1,124,999)	-	(335,529)	(1,460,528)	11,026,146
Buildings	26,061,317	1,308,236	-	27,369,553	(9,211,358)	-	(891,201)	(10,102,559)	17,266,994
Transportation	44,542,905	-	-	44,542,905	(22,029,214)	-	(976,189)	(23,005,403)	21,537,502
Water System	38,595,255	10,244	-	38,605,499	(10,104,722)	-	(536,528)	(10,641,250)	27,964,248
Sanitary Sewer System	28,690,963	139,216	-	28,830,179	(11,149,480)	-	(583,909)	(11,733,389)	17,096,790
Storm Sewer System	12,062,122	140,862	-	12,202,984	(5,736,963)	-	(189,223)	(5,926,186)	6,276,798
Vehicles & Equipment	11,978,890	1,318,178	-	13,297,068	(7,894,357)	-	(650,344)	(8,544,701)	4,752,367
Under Construction	10,391,254	(2,810,939)	-	7,580,315	-	-	-	-	7,580,315
	<u>\$180,727,314</u>	<u>\$ 8,601,823</u>	<u>\$ -</u>	<u>\$ 189,329,137</u>	<u>\$ (67,251,093)</u>	<u>\$ -</u>	<u>\$ (4,162,923)</u>	<u>\$ (71,414,016)</u>	<u>\$ 117,915,120</u>

**gpi** Chartered  
Professional  
Accountants

### Consolidated Schedule of Tangible Capital Assets For the Year Ended December 31, 2022

	Opening Balance	Additions	Disposals	Closing Balance	Accumulated Amortization Opening Balance	Disposals	Amortization	Accumulated Amortization Closing Balance	Net Carrying Amount Closing Balance
Land	\$ 4,413,960	\$ -	\$ -	\$ 4,413,960	\$ -	\$ -	\$ -	\$ -	\$ 4,413,960
Land Improvements	3,899,490	91,158	-	3,990,648	(1,007,209)	-	(117,790)	(1,124,999)	2,865,649
Buildings	25,585,822	475,495	-	26,061,317	(8,543,761)	-	(667,597)	(9,211,358)	16,849,959
Transportation	42,411,097	2,131,808	-	44,542,905	(21,053,026)	-	(976,188)	(22,029,214)	22,513,691
Water System	38,582,277	12,978	-	38,595,255	(9,568,706)	-	(536,016)	(10,104,722)	28,490,533
Sanitary Sewer System	27,979,629	711,334	-	28,690,963	(10,570,255)	-	(579,225)	(11,149,480)	17,541,483
Storm Sewer System	12,062,122	-	-	12,062,122	(5,549,675)	-	(187,288)	(5,736,963)	6,325,159
Vehicles & Equipment	11,398,332	580,558	-	11,978,890	(7,314,022)	-	(580,335)	(7,894,357)	4,084,533
Under Construction	3,580,566	6,810,688	-	10,391,254	-	-	-	-	10,391,254
	<u>\$169,913,295</u>	<u>\$ 10,814,019</u>	<u>\$ -</u>	<u>\$ 180,727,314</u>	<u>\$ (63,606,654)</u>	<u>\$ -</u>	<u>\$ (3,644,439)</u>	<u>\$ (67,251,093)</u>	<u>\$ 113,476,221</u>





# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023

The City of Fernie (the "City") founded in 1898 and was incorporated in 1904 under the Municipal Act, a statute of the Province of British Columbia. Its principal activities are the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sewer and fiscal services.:

### 1 Significant Accounting Policies

The financial statements of the City are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

#### a) Basis of Presentation

The City of Fernie capital and operations are divided into General, Water Utility, Sewer Utility, Reserves and Statutory Reserve Funds for accounting and financial reporting purposes. The consolidated financial statements include all the accounts of these funds.

#### b) Budget Figures

The budget figures are from the annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments may have been made by council to reflect changes in the budget as required by law. The budget figures are unaudited.

#### c) Basis of accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### d) Cash and cash equivalent

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term highly liquid investments with a maturity date of less than three months at acquisition, that are readily converted to known amounts of cash and which are subject to an insignificant risk of change in value.

#### e) Temporary Investments

Investments are recorded at cost. Investments in the Municipal Finance Authority of British Columbia ("MFA") Bond and Money Market Funds are recorded at cost plus earnings reinvested in the funds.



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### f) Inventory

Inventory is valued at the lower of cost, or market value on the first in first out basis.

#### g) Non-Financial Assets:

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

##### i. Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Land	no amortization
Land improvements	straight line 20 years
Buildings	straight line 20 to 50 years
Transportation	straight line 15 to 50 years
Water system	straight line 5 to 100 years
Sanitary sewer system	straight line 10 to 80 years
Storm sewer system	straight line 30 to 80 years
Vehicles & equipment	straight line 5 to 20 years
Under construction	no amortization

Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down 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. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### **h) Revenue Recognition**

Revenue is recognized on the accrual basis recording the amounts in the period in which they are earned. Property taxes are earned equally over the calendar year but recorded in full when the assessment is issued. Utilities are earned equally over the calendar quarter but are billed in advance for each quarter and revenue for the quarter is recorded in full at the time of billing. Sale of services and user fees are recognized when the service or product is delivered to the recipient. Grants are recognized when the terms of the grant are met.

#### **i) Government Transfers**

Government transfers are recognized in the financial statements as revenue in the period the transfers are authorized and any eligibility criteria have been met, except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability for the recipient government. Transfers received which meet the definition of a liability are included in deferred revenue.

#### **j) Deferred Revenue**

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

#### **k) Debenture Debt**

Long-term debt is recorded net of related principal repayments and actuarial adjustments.



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### l) Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with corresponding increases to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to the expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing of the amount of the original estimate of the undiscounted cash flows or the discount rate.

#### m) Employee Future Benefits

The City of Fernie and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the City of Fernie's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

#### n) Municipal Finance Authority

Debt Reserve Fund is carried at cost plus accrued interest earned.

#### o) Financial Instruments

The City's financial instruments consist of cash and temporary investments, accounts receivable, accrued interest, accounts payable, deferred revenue and debenture debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value unless otherwise noted.





# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023

### p) Inter-fund Balances and Transactions

All material inter-fund transactions and balances have been eliminated within the Consolidated Financial Statements.

### q) Measurement of uncertainty

The preparation of financial statements in conformity with public sector accounting standards for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits and retirement liability, collectability of accounts receivable, useful lives of tangible capital assets for calculation of amortization and provisions for contingencies. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

### 2 Temporary Investments

	Market 2023	Cost 2023	Cost 2022
MFA BC Gov't FOC Ultra-Short Bond Fund	\$ 6,269,731	\$ 6,382,694	\$ 6,220,983
MFA BC Short Term Bond Fund	3,038,711	3,198,273	3,098,431
MFA BC Money Market Fund	<u>96,146</u>	<u>96,187</u>	<u>91,560</u>
	<u>\$ 9,404,588</u>	<u>\$ 9,677,154</u>	<u>\$ 9,410,974</u>



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 3 Accounts Receivable, Trade and Other

	<u>2023</u>	<u>2022</u>
Provincial Government	\$ 2,125,309	\$ 8,074,753
Utilities	275,679	255,157
GST	-	1,535
General, Community Centre and Business Licenses	252,593	226,789
Other	<u>53,006</u>	<u>17,276</u>
	<u>\$ 2,706,587</u>	<u>\$ 8,575,510</u>

#### 4 Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Master Accounts Payable	\$ 1,902,082	\$ 1,753,120
Damage Deposits and Holdbacks	880,080	1,286,314
Staff Wage, Banked Time and Overtime	838,713	745,258
Payroll Taxes and BC Work Safe	71,066	103,638
Letters of Credit	1,323,650	743,801
Other	<u>141,822</u>	<u>94,708</u>
	<u>\$ 5,157,413</u>	<u>\$ 4,726,839</u>

#### 5 Reserves for Future Expenditures

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures includes funds to finance incomplete projects and accumulations for specific purposes.

#### 6 Letters of Credit

In addition to the performance deposits reflected in the cash balances, the City is holding irrevocable Letters of Credit in the amount of \$1,323,650 (2022 = \$743,801) which were received from the depositors to ensure their performance of works to be undertaken within the City. These amounts are available to satisfy any liabilities arising from non-performance by the depositors.



# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023

### 7 Contingent Liabilities

- a) The City is responsible, as a member of the Regional District of East Kootenay, for its portion of any operating deficits or capital debt related to functions in which it participates.
- b) The City issues all of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The City also issues demand notes in connection with each debenture issue whereby the City may be required to loan these amounts to the Municipal Finance Authority. These demand notes are contingent in nature in the amount of \$81,713 (2022 - \$81,713).
- c) In the normal course of business, the City of Fernie may be a defendant in various lawsuits for which no liability is reasonably determinable at this time. Should the claims be successful as a result of litigation, amounts will be recorded when a liability is likely and determinable.

The City of Fernie is self-insured for general liability claims through membership in the Municipal Insurance Association of British Columbia, a reciprocal insurance exchange. Under this program, member municipalities jointly share claims against any member in excess of their deductible. Should the Association pay out claims in excess of premiums received, it is possible that the City of Fernie, along with the other participants, would be required to contribute towards the deficit. The City of Fernie's deductible is \$10,000.

### 8 Deferred Revenue

Deferred revenue consists of payments received in advance of their due date for property taxes, utilities and leases. Other deferred revenue includes grants received prior to completion of the conditions for which the grant was granted as well as advance payments for business licenses.

	<u>2023</u>	<u>2022</u>
BC Housing lease for sixty years term ending 2058 with \$45,000 paid in advance in 1998.	\$ 25,500	\$ 26,250
Property taxes	1,760,341	1,604,166
Utilities	75,004	76,583
BC Covid-19 Safe Restart Grant	279,803	279,803
Childcare BC New Spaces Fund	4,000,000	—
CEPF Disaster Risk Reduction Fund	849,782	—
Other deferred revenue	<u>186,384</u>	<u>94,662</u>
	<u>\$ 7,176,814</u>	<u>\$ 2,081,464</u>



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 9 Development Cost Charges

Development Cost Charges represent funds received from land developers pursuant to bylaw. Deposits must be expended on projects for which they are designated, and are transferred to tangible capital assets through the development cost charges earned income statement account as expenditures are made. Interest earned on deposits are credited to development cost charges balance sheet account. This treatment results in interest income on development cost charges not appearing on the income statement in the year the interest income is received.

	<u>Roads</u>	<u>Sanitary</u>	<u>Drainage</u>	<u>Water</u>	<u>Parkland</u>	<u>2023</u>
Opening balance	\$ 1,579,527	\$ 301,688	\$ 183,932	\$ 562,473	\$ 30,065	\$ 2,657,685
Additions	124,617	28,546	7,405	47,292	10,036	217,896
Interest	49,255	9,479	5,629	17,584	1,053	82,999
Capital Acquired	-	-	-	-	-	-
Closing Balance	<u>\$ 1,753,400</u>	<u>\$ 339,712</u>	<u>\$ 196,967</u>	<u>\$ 627,348</u>	<u>\$ 41,154</u>	<u>\$ 2,958,580</u>

#### 10 Gas Tax Transfer

Federal Gas Tax Transfer funds are made available to local governments by the Government of Canada pursuant to the Agreement on the Transfer of Federal Gas Tax Revenues between the Union of BC Municipalities and the Governments of Canada and British Columbia. Funding under the program may be directed to local priorities that fall within one of the eligible project categories and that are in keeping with the Agreement's intended outcomes of reduced greenhouse gas emissions, cleaner air and cleaner water. Transfers are credited to the Federal Gas Tax Transfers Earned income statement account as expenditures are made. Interest earned on deposits is credited to the Federal Gas Tax Transfers balance sheet account. This treatment results in interest income on Federal Gas Tax Transfer deposits not appearing on the income statement in the year the interest income is received.

	<u>2023</u>	<u>2022</u>
Gas Tax Transfer opening balance	\$ 1,875,175	\$ 1,553,413
Gas Tax Transfer interest	61,069	14,510
Gas Tax Transfer received	320,934	307,252
Gas Tax Transfer expenditures	-	-
Gas Tax Transfer closing balance	<u>\$ 2,257,178</u>	<u>\$ 1,875,175</u>





## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 11 Temporary Borrowings

On December 14, 2020 Council authorized the City of Fernie to borrow \$3,000,000 under Section 175 of the Community Charter, from the Municipal Finance Authority, for purposes of funding the public works building that was constructed in 2019. Council passed resolution to repay the loan principal in five equal installments of \$600,000, paid annually no later than August 31st. The \$600,000 principal payment will reduce reserve contributions in each of the following five years. Balance of loan at December 31, 2023 is \$1,200,000 (2022 - \$1,800,000). Interest is calculated daily. Interest accrued on the borrowing was \$64,463 (2022 - \$52,536) as of December 31, 2023.

#### 12 Debenture Debt

The loan agreements with the City and the MFA provide that if, at any time, the scheduled payments provided for in the agreements are not sufficient to meet the MFA's obligations in respect of such borrowings, the resulting deficiency becomes a liability of the City.

The City issues its debentures through the MFA. Debentures are issued on a sinking fund basis, where the MFA invests the City's sinking fund payments so that the payments, plus investment income, will equal the original outstanding debt amount at the end of the repayment period.

Bylaw #	MFA Issue #	Use of Proceeds	Interest Rate	Year of Maturity	2023	2022
1937	85	Downtown revitalization	4.975%	2024	\$ 34,756	\$ 67,858
2047	102	Sewer infrastructure	4.820%	2027	213,189	262,058
2589	146	West Fernie infrastructure	3.200%	2043	1,873,198	1,940,880
					<u>\$ 2,121,143</u>	<u>\$ 2,270,796</u>

#### Future repayment on existing debts:

	Principal	Interest	Actuarial Additions
2024	\$ 100,754	\$ 111,592	\$ 51,118
2025	87,000	101,359	33,978
2026	87,000	101,359	37,964
2027	87,000	101,359	42,079
2028	60,134	70,159	18,328
2029 and subsequent	<u>914,720</u>	<u>1,052,381</u>	<u>601,068</u>
	<u>\$ 1,336,608</u>	<u>\$ 1,538,209</u>	<u>\$ 784,535</u>



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 13 Asset Retirement Obligations

The City owns and operates several buildings that are known to have asbestos and lead paint, which represents a health hazard upon demolition or renovation of the assets and there is a legal obligation to remove and dispose of the hazardous material. Following the adoption of Public Accounting Standard PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal of the hazardous materials in these assets as estimated at January 1, 2023.

The transition and recognition of asset retirement obligations involved an accompanying increase to the building's capital assets. The building increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related asset. The City has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totaling \$1.674 million have been discounted using a present value calculation with a discount rate of 4.01%. The timing of these expenditures is estimated to occur between 2025 and 2057 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

	<u>2023</u>	<u>2022</u>
Opening asset retirement obligation	\$ -	\$ -
Initial recognition of expected discounted cash flows	1,028,940	-
Increase due to accretion	<u>41,261</u>	<u>-</u>
Closing asset retirement obligation	<u>\$ 1,070,201</u>	<u>\$ -</u>



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 14 Accumulated Surplus

	<u>2023</u>	<u>2022</u>
<b>Accumulated Surplus Non-Financial Assets</b>		
Investment in tangible capital assets	\$ 112,057,267	\$ 107,981,779
<b>Total Accumulated Surplus Non-Financial Assets</b>	<u>112,057,267</u>	<u>107,981,779</u>
<b>Statutory Reserve Funds</b>		
General capital	1,198,648	1,268,696
Water capital	1,801,969	1,295,938
Sewer capital	767,597	588,000
Capital works, equipment & machinery	1	1
Courthouse reserve fund	351,618	373,948
Facilities renovation reserve fund	1,368,908	1,275,384
Land sale reserve fund	15,835	15,374
Parkland dedication reserve fund	358,906	348,452
Transportation infrastructure reserve fund	661,789	1,521,968
Vehicle and equipment replacement reserve fund	<u>2,420,445</u>	<u>2,502,716</u>
<b>Total Statutory Reserve Funds</b>	<u>8,945,716</u>	<u>9,190,477</u>
<b>Reserve Accounts</b>		
Coal miner's walk reserve account	38,048	36,939
Affordable housing reserve account	61,230	81,870
Self insurance reserve account	10,520	10,214
Growing communities fund reserve account	2,665,390	-
Stormwater reserve account	<u>388,683</u>	<u>583,137</u>
<b>Total Reserve Accounts</b>	<u>3,163,871</u>	<u>712,160</u>
<b>Unappropriated Operating Surplus</b>		
General revenue reserve	(1,800,825)	(588,887)
Water revenue reserve	885,964	738,007
Sewer revenue reserve	<u>447,395</u>	<u>396,084</u>
<b>Total Unappropriated Operating Surplus</b>	<u>(467,466)</u>	<u>545,204</u>
<b>Externally Controlled Reserve Funds</b>		
Resort municipality initiative	<u>683,943</u>	<u>714,126</u>
<b>Total Externally Controlled Reserve Funds</b>	<u>683,943</u>	<u>714,126</u>
<b>Total Accumulated Surplus Net Financial Assets</b>	<u>12,326,064</u>	<u>11,161,967</u>
<b>Total Accumulated Surplus</b>	<u>\$ 124,383,331</u>	<u>\$ 119,143,746</u>



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 15 Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 contributors from local governments.

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

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

The City of Fernie paid \$679,728 (2022 - \$622,921) for employer contributions while employees contributed \$601,506 (2022 - \$552,606) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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



# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023

### 16 Net Taxation and Grants-in-lieu

As well as taxes for its own purposes, the City is required to collect taxes on behalf of, and transfer these amounts to, the government agencies noted below. Taxes levied over or under the amounts requisitioned are recorded as accounts payable or receivable.

	<u>2023</u>	<u>Budget</u>	<u>2022</u>
<b>Taxation</b>			
Taxation real property	\$ 9,783,535	\$ 9,777,303	\$ 8,985,514
Industrial tax base sharing	3,362,532	3,362,532	3,414,956
1% Utility Tax	255,731	255,734	212,452
Frontage/Parcel/SSA Tax	543,311	548,153	548,964
Penalties and interest on taxes	<u>152,835</u>	<u>100,000</u>	<u>102,926</u>
	<u>14,097,944</u>	<u>14,043,722</u>	<u>13,264,812</u>
<b>Grants in lieu of taxes</b>			
Federal government	20,315	17,708	17,708
Provincial government agencies	<u>106,933</u>	<u>106,933</u>	<u>89,918</u>
	<u>127,248</u>	<u>124,641</u>	<u>107,626</u>
<b>Collection for other governments</b>			
School District	4,982,648	4,426,561	4,426,561
Regional District Hospital	964,278	900,124	900,124
Municipal Finance Authority	622	519	519
BC Assessment Authority	109,653	95,705	95,705
Regional District of East Kootenay	<u>1,674,130</u>	<u>1,517,465</u>	<u>1,517,465</u>
	<u>7,731,331</u>	<u>6,940,374</u>	<u>6,940,374</u>
School District	(5,015,523)	(4,426,561)	(4,427,892)
Regional District Hospital	(963,577)	(900,124)	(900,392)
Municipal Finance Authority	(621)	(519)	-
BC Assessment Authority	(109,584)	(95,705)	(95,654)
Regional District of East Kootenay	<u>(1,673,044)</u>	<u>(1,517,465)</u>	<u>(1,518,917)</u>
	<u>(7,762,349)</u>	<u>(6,940,374)</u>	<u>(6,942,855)</u>
	<u>\$ 14,194,174</u>	<u>\$ 14,168,363</u>	<u>\$ 13,369,957</u>





# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023

### 17 Total Expenditure by Object

	<u>2023</u>	<u>2022</u>
Labour and benefits	\$ 8,888,773	\$ 9,873,469
Amortization	4,204,181	3,644,440
Operating goods and services	8,023,561	6,515,500
Debt servicing	<u>176,055</u>	<u>150,928</u>
	<u>\$ 21,292,570</u>	<u>\$ 20,184,337</u>

### 18 Financial Instruments

The City's financial instruments consist of various assets and liabilities. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted

#### Credit Risk Management

The City is exposed to credit risk on the accounts receivable from its customers. However, because of the large number of rate payers, credit risk concentration is reduced at the minimum. If a property owner does not pay their property taxes and or water and sewer utility bills, the City can follow a legal process to auction the property in a tax sale to recover unpaid property taxes and water and sewer utility bills.

#### Interest Risk

Interest rate risk is the adverse affect a rise in interest rates could have on the City's earnings.

The City has an operating loan that bears interest at prime minus 0%. If the prime rate changes, the City's earnings and required cash flow to service the debt may be affected.

The City has debenture debt that bears interest at rates of 3.20% to 4.975%. If the City refinances this debt as it comes due at higher rates the City's earnings and required cash flow to service the debt may be affected.

#### Fair Values

The carrying amount of temporary investments, taxes receivable, accounts receivable, inventories for resale, and accounts payable approximates their fair value because of the short term maturities of these items.

The carrying amount of deferred revenue and development cost charges approximates their fair value because there are no contractual obligations of when the funds are expended.

The carrying amount of debenture debt is slightly higher than fair value as market interest rates have declined since their issue.



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 19 Growing Communities Fund

The Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth.

The City of Fernie received \$2,626,000 of GCF funding in March 2023.

	<u>2023</u>	<u>2022</u>
Balance, received in March	\$ 2,626,000	\$ -
Eligible costs	-	-
Interest earned	<u>39,390</u>	<u>-</u>
Balance, end of year	<u>\$ 2,665,390</u>	<u>\$ -</u>

#### 20 Cemetery Care Fund

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

	<u>2023</u>	<u>2022</u>
Trust fund Cemetery care fund start of year	\$ 290,706	\$ 282,113
Interest earned cemetery	16,119	6,093
Expenditures Cemetery	-	-
Contributions from operating cemetery	<u>2,500</u>	<u>2,500</u>
Trust fund Cemetery care fund end of year	<u>\$ 309,325</u>	<u>\$ 290,706</u>

#### 21 Developer Contributions

During 2023 there were no net tangible capital assets contributed from developers.

During 2022 there were no net tangible capital assets contributed from developers.

#### 22 Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with the current year's presentation.



## CITY OF FERNIE

### Notes to Consolidated Financial Statements

December 31, 2023

#### 23 Segmented Information

This City is a diversified municipal government entity in the Province of British Columbia that provides a wide range of services to its citizens. Municipal services have been segmented by grouping activities that have similar service objectives (by function) and separately disclosed in the segment report. Where certain activities cannot be attributed to a specific segment they have been reported as unallocated. The segments and the services they provide are as follows:

##### **Legislative and Administration**

Legislative and administration provides corporate leadership for the City. Functions include legislative, administrative, financial planning, financial reporting, information technology, economic development, communication, and other support services for the City.

##### **Development Services**

This segment is comprised of Planning, Development, and Building Inspection. Activities support the city's physical development and growth. This includes zoning, development permits, land use applications, planning initiatives and development of the City's official community plan.

##### **Protective Services**

Protective Services is comprised of the City's policing contract with the RCMP, fire rescue services, fire prevention inspections and public education as well as bylaw enforcement. Services provided by the segment are focused on protecting the citizens of City of Fernie.

##### **Public Works**

Public works (Operational services) is responsible for the services comprised of engineering & mapping, garbage & recycling, roads & snow cleaning, and water & sewer.

##### **Parks, Recreation and Cultural**

Parks, recreation and culture (Leisure services) supports the building of strong families and healthy communities by providing staff, leadership, facilities and facility rentals for a wide variety of activities. Services include programs & registration, as well as management of trails & parks.

##### **Water Services**

The City's water systems service residents and businesses of the City of Fernie.

##### **Sewer Services**

The City of Fernie sewer services operates and maintains a sewer collection and treatment system.

##### **Other Services**

Other services cover activities of the City not included in the above segments.

##### **Unallocated**

Unallocated includes revenues and expenses that cannot be directly attributed to the activities of an identified functional segment.



# CITY OF FERNIE

## Notes to Consolidated Financial Statements December 31, 2023



Revenue	Legislative and Administration	Development Services	Protective Services	Public Works	Parks Recreation and Cultural	Water Services	Sewer Services	Other Services	Unallocated	2023 Total	2022 Total
Taxation	-	-	-	-	-	-	-	-	\$14,194,177	\$14,194,177	\$13,369,957
Other revenues	\$ -	\$ 460,710	\$ 410,120	\$ 416,895	\$ 607,695	\$ 1,454,518	\$ 1,910,871	\$ 204,887	45,722	5,511,418	5,028,347
Government transfers	-	-	-	-	-	-	-	-	6,032,744	6,032,744	9,031,310
Development contribution	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-
Total revenue	-	460,710	410,120	416,895	607,695	1,454,518	1,910,871	204,887	793,817	26,532,156	27,835,079
Expenses											
Goods and services	2,701,637	207,514	1,243,724	1,168,816	1,424,587	557,860	687,225	32,198	-	8,023,561	6,515,500
Labour	665,209	1,066,846	2,007,455	2,164,638	2,046,692	316,941	452,780	168,212	-	8,888,773	9,873,469
Debt servicing	144,855	-	-	-	-	-	31,200	-	-	176,055	150,928
Amortization	70,327	-	209,901	1,794,936	1,008,580	536,528	383,909	-	-	4,204,181	3,644,440
Total expense	3,582,028	1,274,360	3,461,080	5,128,390	4,479,859	1,411,329	1,755,114	200,410	-	21,292,570	20,184,337
Segment net surplus	\$ (3,582,028)	\$ (813,650)	\$ (3,050,960)	\$ (4,711,495)	\$ (3,872,164)	\$ 43,189	\$ 155,757	\$ 4,477	\$21,066,460	\$ 5,239,586	\$ 7,650,742



## CITY OF FERNIE

### Notes to Consolidated Financial Statements December 31, 2023

#### 24 BC Safe Restart Grant Received - (Unaudited)

As a result of the COVID-19 pandemic in 2020, the City received the BC Safe Restart Grant of \$1,597,000 from the Province to help the City with the financial impacts of COVID-19 on the City's operations. The City did not expend any of the grant funds in 2022 and 2023. The remainder of the funds have been provisioned to be utilized in 2024 to bring aquatic service to pre-pandemic levels.

	<u>2023</u>	<u>2022</u>
BC COVID-19 Safe Restart Grant Funding at Start of Year	\$ 279,803	\$ 279,803
Total Expenditures in each year	<u>-</u>	<u>-</u>
Total Unexpended Funds at End of Year	\$ <u>279,803</u>	\$ <u>279,803</u>



## City of Fernie - Financial Highlights for 2023

Revenue was \$26.5 million compared with a budgeted amount of \$28.4 million. The transfers from other governments was \$6,033,000. This is less than the \$8,122,000 budget amount. The lower amounts are due to fewer grants for 2023 capital projects.

Expenses were \$21.3 million less the non-cash amortization expense of \$4.2 million resulting in \$17.1 million of expenses. This is more than the budgeted amount of \$16.3 million, after the budgeted amount for non-cash amortization is removed. Parks, recreation and culture as well as protective services were both higher than budgeted.

Tangible capital assets had a net increase of \$4,438,900. This includes work done on Annex dike, street reconstruction and paving, land, building and equipment acquisitions and work on the water and sewer systems. The additions totaled \$8.6 million and amortization of \$4.2 million.

Debenture debt decreased by \$149,000 to bring the outstanding balance to \$2,121,000. No debentures were issued during 2023. The temporary borrowings had \$600,000 paid during 2023 leaving the balance of \$1.2 million.

Cash and temporary investments totaled \$25,124,000 compared to \$12,206,000 for the prior year, an increase of \$12,918,000. The increase in cash is due to large decrease in accounts receivable of \$5,869,000 and an increase in deferred revenue of \$5,095,000

Development cost charges are \$2,959,000 compared with \$2,658,000 in 2022.

The annual surplus for 2023 was \$5,240,000. The cumulative surplus now sits at \$124,383,000. Tangible capital assets represent \$117,915,000 of that surplus. Net financial assets are \$6,468,000.

We appreciated the cooperation and assistance provided by city staff during the audit.

## City of Fernie 2023 Results

### Financial Position Ten Year Trend

The past four years have seen an increase in financial assets, financial liabilities and net financial assets. The net financial assets are now close to 61% of their peak in 2015. The ten-year trend in financial assets has increased over the past ten years. The balance increased in 2023 reaching a new high of \$28,409,000.

The trend in financial liabilities increased from 2016 through 2023. The large increase in 2023 is due to higher deferred revenue. The year over year increase was \$5,095,000.

Net financial assets increased between 2012 and 2015 peaking at \$10,613,000. From 2016 through 2019 net financial assets decreased by \$11,800,000 to a 2019 year-end deficit balance of \$1,185,000. \$7,586,000 of that decrease happened during 2019. In 2020 through 2022 the net financial assets increased to \$5,667,000 which is close to the median of the past ten years.

### Operations Ten Year Trend

Revenue and net surplus both decreased in 2023 with expenditures increasing year over year.

Revenue for 2023 was \$26.5 million.

Expenditures increased in 2023 to \$21.3 million.

### Cash, Investments and Debt Ten Year Trend

For the prior ten years, cash and investments ranged from a low of \$8,493,000 to a high of \$25,100,000 reached in 2023.

For 2023 there was no new debt issued and principal payments reduced the balance at the end of 2023 to \$3,321,000, down from the 2022 balance of \$4,071,000.

### Tangible Capital Assets Ten Year Trend

Tangible capital assets increased in 2023 due to the improvements to the dike and trail system.

We appreciated the cooperation and assistance provided by city staff during the audit.

## The Corporation of the City of Fernie

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Financial Assets	\$14,981,191	\$16,805,166	\$16,987,427	\$17,711,132	\$15,895,435	\$10,030,845	\$15,989,330	\$20,014,318	\$21,079,484	\$28,409,540
Financial Liabilities	\$6,128,404	\$6,192,112	\$6,470,491	\$8,506,703	\$9,494,665	\$11,216,467	\$14,274,301	\$14,827,956	\$15,411,959	\$21,941,329
Net Financial Assets	\$8,852,787	\$10,613,054	\$10,516,936	\$9,204,429	\$6,400,770	(\$1,185,622)	\$1,715,029	\$5,186,362	\$5,667,325	\$6,468,211

Financial Position Ten Year Trend



## The Corporation of the City of Fernie

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	\$13,953,014	\$17,025,826	\$15,743,414	\$17,418,629	\$27,619,241	\$19,992,680	\$19,877,241	\$19,666,990	\$27,835,079	\$26,532,153
Expenditures	\$12,064,193	\$11,855,811	\$12,588,019	\$15,785,416	\$15,025,112	\$16,940,421	\$16,262,354	\$17,127,699	\$20,184,337	\$21,292,567
Net surplus	\$1,888,821	\$5,170,015	\$3,155,395	\$1,633,213	\$12,594,129	\$3,052,259	\$3,614,887	\$2,539,291	\$7,650,742	\$5,239,586

Operations Ten Year Trend



## The Corporation of the City of Fernie

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash and investments	\$13,071,355	\$9,366,906	\$15,787,875	\$15,132,837	\$14,883,806	\$8,492,931	\$14,700,848	\$18,600,149	\$12,206,160	\$25,124,215
Debt	\$1,154,162	\$1,044,908	\$930,544	\$810,830	\$2,877,973	\$2,686,653	\$5,553,107	\$4,814,554	\$4,070,796	\$3,321,143

Cash, Investment and Debt Ten Year Trend





## The Corporation of the City of Fernie

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tangible Assets	\$70,862,352	\$74,223,003	\$77,522,198	\$80,482,449	\$95,882,797	\$106,500,198	\$107,238,686	\$106,306,641	\$113,476,221	\$117,915,126

Tangible Capital Assets Ten Year Trend





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