

City of Kamloops

**Consolidated Financial Statements
For the year ended December 31, 2023**

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For the year ended December 31, 2023

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the City of Kamloops (the "City") are the responsibility of management and have been approved by the Mayor and Council of the City.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

The City is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Governance and Service Excellence Select Committee reviews the City's consolidated financial statements and recommends their approval to City Council. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Mayor and Council takes this information into consideration when approving the financial statements for issuance to the ratepayers. The Mayor and Council also appoint the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. BDO Canada LLP has full access to the Council and management.



Reid Hamer-Jackson
Mayor

April 23, 2024



David Hallinan, FCPA, FCMA
Corporate Services Director

April 23, 2024



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Independent Auditors' Report

To the Members of Council of the City of Kamloops

Opinion

We have audited the consolidated financial statements of the City of Kamloops and its controlled entities (the "Consolidated Entity"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net financial debt, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Entity as at December 31, 2023, and its results of operations, its change in net financial debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Consolidated Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Consolidated Entity'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 Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated 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.



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Other Matter - Unaudited information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 3 on page 32 of the Entity's consolidated financial statements.

Chartered Professional Accountants

Kamloops, British Columbia
April 23, 2024

City of Kamloops

Consolidated Statement of Financial Position as at December 31, 2023 (in thousands of dollars)

	<u>2023</u>	2022 (Restated - Note 2(a))
Financial Assets		
Cash (Note 4)	\$ 63,442	\$ 67,158
Investments (Note 4)	122,056	119,639
Accounts receivable (Note 5)	29,650	31,259
Long-term investments (Note 6)	2,104	2,076
	<u>217,252</u>	<u>220,132</u>
Liabilities		
Accounts payable (Note 7)	38,904	31,308
Payroll benefits payable	5,820	5,392
Post-employment benefits payable (Note 8)	7,943	7,650
Restricted deposits	11,438	12,479
Deferred revenue (Note 10)	65,467	60,295
Long-term debt (Note 11)	56,217	69,022
Asset retirement obligations (Note 12)	40,030	39,335
	<u>225,819</u>	<u>225,481</u>
Net Financial Debt	<u>(8,567)</u>	<u>(5,349)</u>
Non-Financial Assets		
Inventory	2,580	2,428
Prepaid expenses	8,417	2,496
Tangible capital assets (Note 13)	1,379,986	1,336,739
	<u>1,390,983</u>	<u>1,341,663</u>
Accumulated Surplus (Note 14)	<u>\$ 1,382,416</u>	<u>\$ 1,336,314</u>

See commitments and contingencies (Note 19)



Reid Hamer-Jackson
Mayor



David Hallinan, FCPA, FCMA
Corporate Services Director

Consolidated Statement of Operations and Accumulated Surplus for the year ended December 31, 2023 (in thousands of dollars)

	Financial Plan 2023 (Note 21)	2023	2022 (Restated - Note 2(a))
Revenue (Note 15)			
Taxation (Note 16)	\$ 140,214	\$ 141,295	\$ 131,560
Fees, rates and sales of service	75,053	80,229	79,105
Developer cost charges	-	4,778	2,452
Private contributions (Note 17)	85	17,061	24,984
Government transfers (Note 18)	24,337	42,814	25,922
Investment income	6,455	9,416	5,217
Gain (loss) asset disposal	50	1,140	2,637
	<u>246,194</u>	<u>296,733</u>	<u>271,877</u>
Expenses (Note 15)			
Community & protective services	71,729	\$ 70,357	\$ 67,750
Civic operations	66,005	71,041	66,379
Development, engineering, sustainability & public transit	29,481	32,546	29,055
Corporate administration	19,506	25,509	18,495
Utilities	44,044	47,274	40,354
Cemeteries	703	897	919
Kamloops Airport	2,154	2,256	2,473
Venture Kamloops	771	751	714
	<u>234,393</u>	<u>250,631</u>	<u>226,139</u>
Annual Surplus	11,801	46,102	45,738
Accumulated Surplus, beginning of year		<u>1,336,314</u>	1,290,576
Accumulated Surplus, end of year		<u>\$ 1,382,416</u>	<u>\$ 1,336,314</u>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

City of Kamloops

Consolidated Statement of Change in Net Financial Debt For the year ended December 31, 2023 (in thousands of dollars)

	Financial Plan 2023 (Note 21)	2023	2022 (Restated - Note 2(a))
Annual surplus	\$ 11,801	\$ 46,102	\$ 45,738
Acquisition of tangible capital assets (Note 13)	(152,826)	(85,274)	(87,025)
Amortization of tangible capital assets (Note 13)	38,467	38,559	35,464
Net book value of tangible capital assets disposed (Note 13)	-	3,468	255
Decr (Incr) in prepaid expenses	-	(5,921)	3,638
Decr (Incr) in inventory	-	(152)	(577)
Change in net financial debt	(102,558)	(3,218)	(2,507)
Net financial debt , beginning of year	(5,349)	(5,349)	(2,842)
Net financial debt , end of year	\$ (107,907)	\$ (8,567)	\$ (5,349)

Consolidated Statement of Cash Flows for the year ending December 31, 2023 (in thousands of dollars)

	2023	2022 (Restated - Note 2(a))
Cash provided by (used for)		
Operating transactions		
Annual surplus	\$ 46,102	\$ 45,738
Non-cash items included in annual surplus		
Amortization	38,559	35,464
Accretion	1,322	1,297
Change in post-employment benefits payable	293	(1,124)
Gain on disposal of tangible capital assets	(1,140)	(2,637)
Private contributions	(16,961)	(17,647)
Changes in non-cash operating items:		
Accounts receivable	1,609	(4,020)
Inventory	(152)	(577)
Prepaid expenses	(5,921)	3,638
Accounts payable	7,508	1,846
Payroll benefits payable	428	102
Deferred revenue	5,172	10,571
Restricted deposits	(1,041)	685
	75,778	73,336
Capital transactions		
Abatement of asset retirement obligations	(627)	(552)
Acquisition of tangible capital assets	(68,225)	(69,415)
Proceeds from sale of tangible capital assets	4,608	2,892
	(64,244)	(67,075)
Investing transactions		
Increase in investments	(2,417)	(6,960)
Increase in long-term investments	(28)	(27)
	(2,445)	(6,987)
Financing transactions		
Principal repayments on long-term debt	(12,805)	(9,180)
	(12,805)	(9,180)
Increase in cash	(3,716)	(9,906)
Cash, beginning of year	67,158	77,064
Cash, end of year	\$ 63,442	\$ 67,158
Supplemental cash flow information:		
Purchases of tangible capital assets included in accounts payable	\$ 320	\$ 232

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these consolidated financial statements.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant accounting policies

The City of Kamloops (the "City") was incorporated in 1893 under statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include cemetery; community development; corporate administration; environmental services; fire services; infrastructure maintenance; legislative and enforcement; parks, recreation and cultural services; police services; public transit; solid waste utility; water utility; and sewer utility. The City is also responsible for the Kamloops Airport Authority Society and the Venture Kamloops Business Development Society.

(a) Basis of presentation

The consolidated financial statements of the City have been prepared, in all material respects, in accordance with Canadian public sector accounting standards ("PSAS") for local governments as recommended by the Public Sector Accounting Board ("PSAB").

(b) Basis of accounting

The basis of accounting followed in these consolidated financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services were acquired and a liability was incurred.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the Kamloops Airport Authority Society and the Venture Kamloops Business Development Society. Separate audited financial statements have also been prepared for the societies. Inter-fund balances and transactions have been eliminated.

The Kamloops Airport Authority Society and the Venture Kamloops Business Development Society are controlled by the City through its appointment of the Board of Directors of each society. The consolidated financial statements include all accounts of these societies.

(d) Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Taxation for municipal purposes is recorded at estimated amounts when it meets the definition of an asset, has been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

User charges, fees, and other amounts collected for which the City has an obligation to perform or provide a future service are deferred until the service is provided.

Contributions or other funding received which has externally imposed restrictions are initially accounted for as deferred revenue and then recognized as revenue when used for the specific purpose.

Contributions received in-kind are recognized as revenue in the period received at the fair market value at the time of the contribution.

(e) Government transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant accounting policies (continued)

(f) Inventory

Inventory is valued at the lower of cost and replacement cost with cost determined by the average cost method.

(g) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all costs directly attributable to the acquisition or construction of the tangible capital asset including transportation costs, design and engineering fees, legal fees and site preparation costs.

Assets were amortized using the straight line method. There are several different amortization periods used for each major category of assets, as follows:

Land	No amortization taken
Site improvements	5 to 50 years
Vehicles, machinery and equipment	5 to 10 years
Buildings	15 to 50 years
Transportation infrastructure	10 to 75 years
Water infrastructure	10 to 75 years
Sewer infrastructure	10 to 75 years
Drainage infrastructure	10 to 75 years
Communication network	20 years
Computing infrastructure	4 to 10 years

Amortization is not taken on tangible capital assets until they are ready for use. The City holds several works of art and historic treasures that have not been included in the tangible capital assets, including displays at the museum, statues located throughout the City and various works of art and decorations in the facilities.

(h) Non-financial assets

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

(i) Long-term debt

Long-term debt is recorded net of any related sinking fund balances. Debt service charges, including principal and interest, are charged against current revenue in the period in which they occur.

(j) Reserves

Reserve funds are grouped into the following categories: Risk mitigation, Opportunity, Restricted, Planned capital, and Working capital. Amounts are reserved either internally or by statute for specific future purposes.

(k) Contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant accounting policies (continued)

(l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that have an effect on the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could be different from those estimates. Significant estimates in these financial statements include the useful lives of tangible capital assets, post-employment benefit payable and asset retirement obligations.

(m) Collection of taxes on behalf of other taxation authorities

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Thompson Nicola Regional District, Hospital District and other government entities with which the City interacts are not reflected in these financial statements.

(n) Retirement benefits and other employee benefit plans

The City's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other retirement benefits that accumulate over the period of service provided by employees are actuarially determined using the projected benefit method prorated on services based on management's best estimate of retirement ages, inflation rates, investment returns, wage and salary escalation, insurance and health care costs trends, employee turnover and discount rates. Adjustments arising from changes in actuarial assumptions and actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

(o) Deferred Revenue - Development Cost Charges

Development cost charges ("DCC's") collected to pay for capital costs due to development are recorded as deferred revenue. DCC's are recognized as revenue when the related development costs are incurred.

(p) Budget information

Budget information was included in the City's Five-year Financial plan (2023-2027) and was adopted through Bylaw No. 16-327 on May 2, 2023.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant accounting policies (continued)

(q) Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value on initial recognition. All other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the City does not have a statement of remeasurement gains and losses.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(r) 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 have been recognized based on the estimated future expenses upon remediation of the tangible capital asset and determined by discounting the expected future cash flows.

The carrying amount of the obligation is reassessed at each financial reporting date. Increase in the obligation related to the passage of time are recognized as accretion expense. Changes related to the timing or amount of the undiscounted cash flows are adjusted against the cost of the related tangible capital asset. The liability is reduced as abatement is performed.

Amounts capitalized as a result of an asset retirement obligation are amortized with the related tangible capital asset in accordance with the policy outlined in Note 1 (h).

2. Adoption of new accounting standard

(a) PS 3280 Asset Retirement Obligations

Effective January 1, 2023, the City adopted the new Public Sector Accounting Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on a modified retrospective basis at the date of adoption.

Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

2. Adoption of new accounting standard (continued)

	December 31, 2022 Previously stated	Adjustment	December 31, 2022 Restated
Statement of Financial Position			
Landfill post-closure costs	\$ 5,762	\$ (5,762)	\$ -
Asset retirement obligation	-	39,335	39,335
Net Financial Assets (Debt)	28,224	(33,573)	(5,349)
Tangible capital assets	1,329,052	7,687	1,336,739
Accumulated surplus, end of year	1,362,200	(25,886)	1,336,314
Statement of Operations			
Civic operations	66,223	156	66,379
Utilities	39,691	663	40,354
Annual surplus	46,557	(819)	45,738
Accumulated surplus, beginning of year	1,315,643	(25,067)	1,290,576
Statement of Changes in Net Financial Assets			
Amortization of TCA's	35,233	231	35,464
Change in net financial assets	(1,919)	(588)	(2,507)
Net Financial Assets (Debt), beginning of year	30,143	(32,985)	(2,842)
Statement of Cash Flows			
Annual surplus	46,557	(819)	45,738
Amortization of TCA's	35,233	231	35,464
Accretion	-	1,297	1,297
Increase in landfill post-closure	157	(157)	-
Abatement of asset retirement obligations	-	(552)	(552)

(b) PS 3450 Financial Instruments

On January 1, 2023, the City adopted the new Public Sector Accounting Standard PS 3450, Financial Instruments. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see Note 1(r)).

3. Segmented information

The City of Kamloops is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed. The nature of the segments and the activities they encompass are as follows; and quantitative data on these segments can be found in Note 15.

(a) Community & protective services

This segment includes all of the operating activities of the following:

- Parks, recreation and cultural services department. This includes the revenue and expenses to provide recreation and cultural programs throughout the City. Recreational facilities are maintained by the Civic operations department with costs allocated to the Community services department.
- Bylaw enforcement, parking and animal control.
- Kamloops Fire and Rescue Services Division including fire prevention, suppression and education. This function also includes maintenance of the fire department fleet, equipment and operation of the Fire Training Centre.
- Polices Services Division. This includes the activities of the RCMP and the municipal staff who support these activities.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

3. Segmented information (continued)

(b) Civic operations

This segment includes all of the operating activities of the Civic operations department that involve the repair and maintenance of the City's infrastructure assets including the road network, the storm water (drainage) network, buildings, parks and the City's vehicle fleet.

(c) Development, engineering, sustainability & public transit

This segment includes many of the activities of the Development, engineering, sustainability department including building permits, business licenses, zoning, development applications, engineering services, real estate and sustainability initiatives and programs. This segment also includes all of the planning and operating activities of the Public Transit Division to provide Public Transit services to the City.

(d) Corporate administration

This segment includes all of the internal support functions of the corporation. This includes Human Resources, Information Technology, Finance, Legislative services, Risk, Communications and the Chief Administration Officer's department.

(e) Utilities - Sewer, Solid waste, and Water

This segment includes all of the operating activities related to the collection and treatment of waste water (sewage) throughout the City, the collection and disposal of the resident's garbage and recycling products, and the treatment and distribution of water throughout the City.

(f) Cemetery

This segment captures all of the revenue and expenses associated with Cemetery operations including providing services to the public and maintenance of the cemetery infrastructure.

(g) Kamloops Airport Authority Society

This segment includes all of the operating activities of the Kamloops Airport Authority Society ("Kamloops Airport") whose mandate is to oversee the operation of the Kamloops Airport and the repair and maintenance of its assets.

(h) Venture Kamloops Business Development Society

This segment includes all of the operating activities of the Venture Kamloops Business Development Society ("Venture Kamloops").

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

4. Cash and Investments

	<u>2023</u>	<u>2022</u>
Consolidated cash	\$ 63,442	\$ 67,158
Consolidated investments	122,056	119,639
	<u>\$ 185,498</u>	<u>\$ 186,797</u>
Amounts Restricted for Specific Purposes:		
Restricted cash	\$ 39,539	\$ 47,116
Development cost charges (Note 10)	35,985	35,940
Kamloops Airport	4,248	3,039
Venture Kamloops	125	126
Total restricted cash and investments	79,897	86,221
Unrestricted cash and investments	105,601	100,576
	<u>\$ 185,498</u>	<u>\$ 186,797</u>

The City's investments consist of Guaranteed Investment Certificates and Government bonds. Details of investments held are:

	<u>2023</u>	
Maturity:	<u>Rates</u>	<u>Amount</u>
Within 6 months	1.60% - 5.90%	\$ 50,440
6 months to 1 year	1.50% - 5.26%	16,687
1 to 5 years	2.30% - 5.92%	52,401
Over 5 years	1.75% - 5.75%	2,528
		<u>\$ 122,056</u>

	<u>2022</u>	
Maturity:	<u>Rates</u>	<u>Amount</u>
Within 6 months	0.95% - 4.22%	\$ 25,410
6 months to 1 year	1.20% - 2.50%	32,863
1 to 5 years	1.50% - 5.35%	50,200
Over 5 years	1.60% - 5.75%	11,166
		<u>\$ 119,639</u>

The market value of short-term investments is \$120 million (2022 - \$117 million).

5. Accounts Receivable

	<u>2023</u>	<u>2022</u>
General fund		
Taxes	\$ 4,138	\$ 3,585
Utilities	2,266	2,058
Trade	8,090	10,852
Accrued interest	2,056	1,351
Province of British Columbia	3,632	3,465
Government of Canada	798	1,036
	<u>\$ 20,980</u>	<u>\$ 22,347</u>
Water fund		
Utilities	<u>\$ 3,765</u>	<u>\$ 3,692</u>
Sewer fund		
Utilities	<u>\$ 4,362</u>	<u>\$ 4,236</u>
Kamloops Airport Authority Society		
Accounts receivable	<u>\$ 541</u>	<u>\$ 980</u>
Venture Kamloops Business Development Society		
Accounts receivable	<u>\$ 2</u>	<u>\$ 4</u>
	<u>\$ 29,650</u>	<u>\$ 31,259</u>

At year end, the amounts outstanding for the City's trade accounts receivable are as follows:

	Accounts receivable	Less: Impairment Allowance	2023
Current	\$ 5,577	\$ -	\$ 5,577
31 to 60 days	251	-	251
61 to 90 days	5	-	5
Over 90 days	2,259	(2)	2,257
Total	<u>\$ 8,092</u>	<u>\$ (2)</u>	<u>\$ 8,090</u>

City of Kamloops
Notes to the Consolidated Financial Statements
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5. Accounts Receivable (continued)

	Accounts receivable	Less: Impairment Allowance	2022
Current	\$ 7,644	\$ -	\$ 7,644
31 to 60 days	2,052	-	2,052
61 to 90 days	121	-	121
Over 90 days	1,057	(22)	1,035
Total	\$ 10,874	\$ (22)	\$ 10,852

6. Long-term Investments

The City's long-term investments are held by the British Columbia Interior Community Foundation in seven endowment funds; the City of Kamloops Centennial Fund "A", the City of Kamloops Centennial Fund "B", the 1979 Winter Games Legacy Fund, the 1993 Canada Summer Games Fund, the 2006 BC Summer Games Legacy Fund, the Art Gallery Reserve Fund and the Arts Legacy Fund.

All of the income earned in the City of Kamloops Centennial Fund "A" is re-invested in the fund. 90% of the income earned in the City of Kamloops Centennial Fund "B" is returned to the City to support the grant-in-aid program and the remaining 10% is re-invested in the fund. 75% of the income earned in the 1979 Winter Games Sports Legacy Fund is distributed to the City and the remaining 25% is re-invested in the fund. All of the income earned in the 1993 Canada Summer Games Legacy Fund is re-invested in the fund. 75% of the income earned in the 2006 BC Summer Games Legacy Fund is distributed back to the City and the remaining 25% is re-invested in the fund. All of the income earned in the Art Gallery Reserve Fund is distributed to the City. 75% of the income earned in the Arts Legacy Fund is distributed back to the City and the remaining 25% is re-invested in the fund.

7. Accounts Payable

	2023	2022
General fund		
Trade	\$ 14,615	\$ 11,827
Wages and payroll deductions	5,403	4,342
Province of British Columbia	8,352	312
Government of Canada	10,090	14,475
	\$ 38,460	\$ 30,956
Kamloops Airport Authority Society		
Accounts payable and accrued liabilities	\$ 391	\$ 285
Venture Kamloops Business Development Society		
Accounts payable and accrued liabilities	\$ 53	\$ 67
	\$ 38,904	\$ 31,308

Accounts payable accounts have been reviewed and it has been determined all balances will be settled within the next fiscal year.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

8. Post-employment benefits payable

The City of Kamloops sponsors a defined benefit plan for retirement benefits other than pensions for certain employees. The plan provides for a payout of accumulated sick leave for CUPE local 900 employees; an early retirement incentive payment and deferred vacation payout for IAFF local 913 employees; and an early retirement incentive payment for Management employees.

During the year the City prospectively applied a change in estimates. Previously, actuarial gains and losses were recognized into revenue in the period in which they arose. Starting in 2023, actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARS�) of active employees. Total benefit payments paid during the year were \$691 thousand (2022 - \$619 thousand). The plan does not require any contribution from employees. The retirement benefit liability at December 31, 2023 includes the following components:

	CUPE	Firefighters	Management	2023	2022
Accrued benefit obligation,					
beginning of year	\$ 4,987	\$ 108	\$ 2,555	\$ 7,650	\$ 8,774
Current service cost	412	8	217	637	752
Interest cost	226	5	116	347	211
Benefits paid	(298)	-	(393)	(691)	(619)
Actuarial (gain) loss	(375)	14	355	(6)	(1,468)
- current					
Accrued benefit obligation,					
end of year	\$ 4,952	\$ 135	\$ 2,850	\$ 7,937	\$ 7,650
Unamortized actuarial					
(loss) gain	375	(14)	(355)	6	-
Post employment					
benefits payable	\$ 5,327	\$ 121	\$ 2,495	\$ 7,943	\$ 7,650

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared on January 15, 2024 using data as of December 31, 2023. The accrued benefit obligation shown for 2023 is based on amounts included in the 2024 valuation.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the City's best estimates. The expected inflation rate is 4.09% (2022 - 4.61%). The discount rate used to determine the accrued benefit obligation is 4.10% (2022 - 4.40%).

The retirement benefit expense is included in the statement of operations and accumulated surplus as a component of program expenses. The retirement benefit interest expense is included in the public debt interest expense. The prior period cost of plan amendment is included in the current expenses for the year indicated.

9. Liability for remediation of contaminated sites

The City of Kamloops has used the standards contained in Schedule 2 (Industrial and Commercial Purposes and Activities) of the Contaminated Sites Regulation of the British Columbia Environmental Management Act to determine whether a potential liability exists. None of the uses of the parcels identified under Canadian PSAS 3620 meet the criteria listed in Schedule 2 of the Contaminated Sites Regulation, and accordingly the City has not recognized any liabilities for remediation of contaminated sites.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

10. Deferred Revenue

	Balance at December 31, 2022	Collected	Interest	Recognized	Balance at December 31, 2023
General fund					
Prepaid taxes	\$ 22,100	\$ 38,668	\$ -	\$ (37,135)	\$ 23,633
Grants	260	6,323	-	(2,823)	3,760
Business licenses	1,281	1,193	-	(1,281)	1,193
Recreation programs	584	17,393	-	(17,155)	822
Leases	26	-	-	(1)	25
Other	104	39	-	(93)	50
	<u>\$ 24,355</u>	<u>\$ 63,616</u>	<u>\$ -</u>	<u>\$ (58,488)</u>	<u>\$ 29,483</u>

Development cost charges

	35,940	3,934	888	(4,778)	35,984
	<u>\$ 60,295</u>	<u>\$ 67,550</u>	<u>\$ 888</u>	<u>\$ (63,266)</u>	<u>\$ 65,467</u>

11. Long-term debt

(a) Long-term debt outstanding:

	General fund	Sewer fund	Solid Waste fund	Water fund	Total
Balance at December 31, 2022	\$ 39,051	\$ 13,634	\$ 10,218	\$ 6,119	\$ 69,022
Principal repayments	(7,185)	(1,949)	(340)	(1,057)	(10,531)
Actuarial adjustments	(1,773)	(299)	(66)	(136)	(2,274)
Balance at December 31, 2023	<u>\$ 30,093</u>	<u>\$ 11,386</u>	<u>\$ 9,812</u>	<u>\$ 4,926</u>	<u>\$ 56,217</u>

During the year, the Solid Waste fund was separated from the General fund in order for financial reporting to align with operations.

Kamloops Airport Authority Society debt is included in the General Fund balance. The amount outstanding on December 31, 2023 was \$1.568 million (2022 - \$2.350 million).

(b) Future principal repayment and sinking fund earnings on outstanding borrowings over the next five years and thereafter are as follows:

	General fund	Sewer fund	Solid Waste fund	Water fund	Total
Principal repayment:					
2024	\$ 3,037	\$ 1,948	\$ 340	\$ 1,059	\$ 6,384
2025	3,037	1,948	340	1,076	6,401
2026	5,854	948	340	410	7,552
2027	1,652	948	340	335	3,275
2028	1,291	948	340	239	2,818
Thereafter:	4,041	1,527	4,174	651	10,393
	<u>18,912</u>	<u>8,267</u>	<u>5,874</u>	<u>3,770</u>	<u>36,823</u>
Sinking fund	11,181	3,119	3,938	1,156	19,394
	<u>\$ 30,093</u>	<u>\$ 11,386</u>	<u>\$ 9,812</u>	<u>\$ 4,926</u>	<u>\$ 56,217</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

11. Long-term debt (continued)

Kamloops Airport Authority Society debt included in General fund - annual principal payment amount: \$521 thousand.

The weighted average interest rate on long-term debt in 2023 was 2.05% (2022 - 1.81%). Consolidated interest expense on long-term debt was \$2.768 million (2022 - \$2.533 million).

Sinking fund assets, managed by the Municipal Finance Authority, are used to reduce long term debt to be repaid. In the event the City does not default under any of its obligations, the sinking fund earnings will be used to offset future principal repayments.

(c) Un-issued debt:

The City internally finances certain capital projects pending the issue of long-term debt and/or short-term debt. For budget and financial reporting purposes, borrowed funds received in the current year are applied to advances pending from prior year's. A summary of the current year's transactions and cumulative advances pending debenture issue are as follows:

	Balance at December 31, 2022	Capital assets purchased pending debt	Debt acquired	Balance at December 31, 2023
General fund	\$ 10,169	\$ 1,964	\$ -	\$ 12,133

(d) Unused credit facility:

Pursuant to Bylaw No. 16-306, the City was authorized to apply for a credit facility of \$6.000 million. The City has an unused demand overdraft facility agreement with TD Commercial Banking. When drawn upon, interest rates will be equal to the bank's prime rate.

12. Asset Retirement Obligations

The City's asset retirement obligation consists of the following obligations:

(a) Landfill closure and post-closure costs

The city owns and operates three landfills for which a liability had previously been recorded under PS 3270 Solid Waste Landfill Closure and Post-closure Costs. Adoption of PS 3280 Asset Retirement Obligations has resulted in an addition to the amount previously recorded in the amount of \$22 million. The amount now recorded is based on the presently known obligations that will exist over multiple closure dates and monitoring periods as various phases of the landfills are completed. The final closure of the landfills is currently expected to be in 2028, 2058, and 2066. Monitoring of the landfills will be required for an additional 100 years after final closure. Estimated costs of \$36 million have been discounted to the present value using a discount rate of 3.36% per annum (2022 - 3.36%)

(b) Asbestos abatement obligation

The City owns and operate several buildings that are known to contain asbestos, which represents a health hazard and which various regulations require specific considerations upon asset retirement. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022. The buildings all have an estimated revised useful life of 30-130 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$3.7 million have been discounted to the present value using a discount rate of 3.36% per annum (2022 - 3.36%).

(c) Dams, wells and irrigation systems

The City owns dam, well and irrigation infrastructure which are legislatively required to be remediated upon retirement of the asset. The assets have estimated useful lives of 50-75 years, of which various years remain. Estimated costs of \$7.3 million have been discounted to the present value using a discount rate of 3.36% per annum (2022 - 3.36%).

City of Kamloops
Notes to the Consolidated Financial Statements
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12. Asset Retirement Obligations (continued)

(d) Salt and snow storage sites

The City owns three sites that are used for salt and or snow storage. Due to the possible contamination of the sites that would represent a hazard, the sites are required to be remediated upon retirement. The sites have remaining useful lives of 60-65 years, of which various years remain. Estimated costs of \$1.6 million have been discounted to the present value using a discount rate of 3.36% per annum (2022 - 3.36%).

The asset retirement obligation has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

(e) Asset retirement obligation continuity:

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounting for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

	Landfills	Other	2023
Balance, beginning of year	28,145	11,190	39,335
Accretion expense	946	376	1,322
Abatement of asset retirement obligation	(627)	-	(627)
Balance, end of the year	<u>\$ 28,464</u>	<u>\$ 11,566</u>	<u>\$ 40,030</u>

	Landfills	Other	2022
Balance, beginning of year	27,764	10,826	38,590
Accretion expense	933	364	1,297
Abatement of asset retirement obligation	(552)	-	(552)
Balance, end of the year	<u>\$ 28,145</u>	<u>\$ 11,190</u>	<u>\$ 39,335</u>

City of Kamloops
Notes to the Consolidated Financial Statements
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13. Tangible Capital Assets

(a) 2023	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	Total
Cost									
Beginning of year	\$ 108,598	\$ 104,968	\$ 260,397	\$ 114,694	\$ 999,772	\$ 219,267	\$ 124,194	\$ 40,139	\$ 1,972,029
Additions	-	14,116	7,061	10,390	31,553	2,348	8,619	11,187	85,274
Disposals	(3,408)	-	-	(1,729)	-	-	-	-	(5,137)
End of year	105,190	119,084	267,458	123,355	1,031,325	221,615	132,813	51,326	2,052,166
Accumulated amortization									
Beginning of year	-	(67,919)	(131,351)	(77,124)	(232,060)	(89,670)	(37,166)	-	(635,290)
Amortization	-	(4,255)	(7,825)	(6,553)	(13,484)	(4,310)	(2,132)	-	(38,559)
Disposals	-	-	-	1,669	-	-	-	-	1,669
End of year	-	(72,174)	(139,176)	(82,008)	(245,544)	(93,980)	(39,298)	-	(672,180)
Net carrying amount, end of year	\$ 105,190	\$ 46,910	\$ 128,282	\$ 41,347	\$ 785,781	\$ 127,635	\$ 93,515	\$ 51,326	\$ 1,379,986

During the year the City received \$14.513 million (2022 - \$17.647 million) in land and infrastructure from developers and \$2.448 million (2022 - \$6.892 million) from other sources. These contributed tangible capital assets were recorded at fair value at the date of contribution. No interest was capitalized and no write-downs of capital assets occurred during the year.

(b) 2022	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	Total
Cost									
Beginning of year	\$ 107,642	\$ 102,852	\$ 253,307	\$ 106,136	\$ 970,239	\$ 208,872	\$ 121,820	\$ 15,539	\$ 1,886,407
Additions	1,176	2,116	7,090	9,736	29,538	10,395	2,374	24,600	87,025
Disposals	(220)	-	-	(1,178)	(5)	-	-	-	(1,403)
End of year	108,598	104,968	260,397	114,694	999,772	219,267	124,194	40,139	1,972,029
Accumulated amortization									
Beginning of year	-	(63,661)	(123,699)	(73,132)	(219,847)	(85,522)	(35,113)	-	(600,974)
Amortization	-	(4,258)	(7,652)	(5,140)	(12,213)	(4,148)	(2,053)	-	(35,464)
Disposals	-	-	-	1,148	-	-	-	-	1,148
End of year	-	(67,919)	(131,351)	(77,124)	(232,060)	(89,670)	(37,166)	-	(635,290)
Net carrying amount, end of year	\$ 108,598	\$ 37,049	\$ 129,046	\$ 37,570	\$ 767,712	\$ 129,597	\$ 87,028	40,139	\$ 1,336,739

City of Kamloops
Notes to the Consolidated Financial Statements
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14. Accumulated surplus

(a) Risk mitigation reserves

	Balance at December 31, 2022	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2023
Corporate risk	\$ 1,489	\$ 191	\$ (240)	\$ 1,440
Community safety	252	107	(7)	352
Asset management	838	2,255	(3,093)	-
Capital contingency	540	400	(325)	615
	3,119	2,953	(3,665)	2,407
Venture Kamloops	65	2	-	67
	<u>\$ 3,184</u>	<u>\$ 2,955</u>	<u>\$ (3,665)</u>	<u>\$ 2,474</u>

(b) Opportunity reserves

	Balance at December 31, 2022	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2023
Climate action	\$ 1,319	\$ 1,645	\$ (1,054)	\$ 1,910
Affordable housing	598	267	(396)	469
Community engagement	142	-	(142)	-
Heritage	390	20	(54)	356
New capital assets	211	6	-	217
Community works	12,280	4,524	(7,087)	9,717
Gaming funds	5,566	3,191	(3,082)	5,675
1% debt	788	94	(529)	353
BC Safe Restart	126	-	(126)	-
BC Safe Restart Transit	997	-	(997)	-
Growing Communities Fund reserve	-	16,330	(87)	16,243
	<u>\$ 22,417</u>	<u>\$ 26,077</u>	<u>\$ (13,554)</u>	<u>\$ 34,940</u>

(c) Restricted reserves

	Balance at December 31, 2022	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2023
Legacy funds in trust	\$ 2,079	\$ 28	\$ -	\$ 2,107
Land sale	4,682	896	(2,456)	3,122
Service agreement reserve	-	229	-	229
Parking facility reserve	576	205	(48)	733
Transportation and pedestrian upgrades	428	138	(221)	345
Downtown parking solutions infrastructure	325	21	-	346
Restricted operating funds	895	910	(751)	1,054
	8,985	2,427	(3,476)	7,936
Kamloops Airport	3,796	827	-	4,623
	<u>\$ 12,781</u>	<u>\$ 3,254</u>	<u>\$ (3,476)</u>	<u>\$ 12,559</u>

(d) Planned capital spend reserves

	Balance at December 31, 2022	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2023
Planned capital Equipment replacement	\$ 5,267	\$ 5,735	\$ (4,376)	\$ 6,626
	8,007	5,271	(5,291)	7,987
	<u>\$ 13,274</u>	<u>\$ 11,006</u>	<u>\$ (9,667)</u>	<u>\$ 14,613</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

14. Accumulated surplus (continued)

(e) Working capital

	General fund	Sewer fund	Solid Waste fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2021	\$ 11,970	\$ 19,475	\$ 16,058	\$ 27,935	\$ 100	\$ 37	\$ 75,575
Operating (deficit) surplus for the year	(3,284)	7,781	(3,390)	(2,880)	-	(23)	(1,796)
Balance at December 31, 2022	\$ 8,686	\$ 27,256	\$ 12,668	\$ 25,055	\$ 100	\$ 14	\$ 73,779
Operating (deficit) surplus for the year	(6,031)	2,728	(4,104)	(12,908)	-	2	(20,313)
Balance at December 31, 2023	\$ 2,655	\$ 29,984	\$ 8,564	\$ 12,147	\$ 100	\$ 16	\$ 53,466

During the year the Utilities reserves were amalgamated with Working Capital for the Sewer fund, Water fund and Solid Waste Fund. Additionally, the Solid Waste fund was separated from the General fund. These changes align financial reporting with operations.

(f) Capital equity

	General fund	Sewer fund	Solid Waste fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2021	\$ 899,424	\$ 101,845	\$ -	\$ 108,407	\$ 59,482	\$ 8	\$ 1,169,166
Operating (deficit) surplus for the year	31,890	5,140	-	2,938	1,746	(1)	41,713
Balance at December 31, 2022	\$ 931,314	\$ 106,985	\$ -	\$ 111,345	\$ 61,228	\$ 7	\$ 1,210,879
Operating (deficit) surplus for the year	34,792	(1,364)	(9,531)	28,226	1,364	(2)	53,485
Balance at December 31, 2023	\$ 966,106	\$ 105,621	\$ (9,531)	\$ 139,571	\$ 62,592	\$ 5	\$ 1,264,364

During the year, the Solid Waste fund was separated from the General fund in order for financial reporting to align with operations.

Total Accumulated Surplus

	2023	2022
Risk mitigation reserves	\$ 2,407	\$ 3,119
Opportunity reserves	34,940	22,417
Restricted reserves	7,936	8,985
Planned capital spend reserves	14,613	13,274
Working capital	53,350	73,665
Capital equity	1,201,767	1,149,644
Kamloops Airport Authority Society	67,315	65,124
Venture Kamloops Business Development Society	88	86
	\$ 1,382,416	\$ 1,336,314

City of Kamloops
Notes to the Consolidated Financial Statements
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15. Operating revenue and expense by segment. 2023 actual amounts with 2023 fiscal plan and 2022 actual comparables

Summary of departments and major categories

	Community & protective services	Civic operations	Development, engineering, sustainability & public transit	Corporate administration	Utilities	Cemeteries	Kamloops Airport	Venture Kamloops	2023 total	2023 Fiscal Plan	2022 total
Taxation	\$ 60,701	\$ 39,251	\$ 7,481	\$ 33,862	\$ -	\$ -	\$ -	\$ -	\$ 141,295	\$ 140,214	\$ 131,560
Fees, rates and sales of service	5,554	6,429	8,558	3,835	51,729	777	3,332	15	80,229	75,053	79,105
Developer cost charges	-	1,924	-	-	2,854	-	-	-	4,778	-	2,452
Private contributions	101	15,170	-	-	1,790	-	-	-	17,061	85	24,984
Government transfers	4,153	18,237	10,260	7,757	1,763	-	644	-	42,814	24,337	25,922
Investment income	102	-	-	7,769	1,009	65	471	-	9,416	6,455	5,217
Gain (loss) asset disposal	-	(59)	913	286	-	-	-	-	1,140	50	2,637
Total revenue	70,611	80,952	27,212	53,509	59,145	842	4,447	15	296,733	246,194	271,877
Salaries and wages	\$ 31,769	\$ 27,841	\$ 7,400	\$ 12,459	\$ 9,065	\$ 425	\$ -	\$ -	\$ 88,959	\$ 90,612	\$ 83,762
Personnel expenses	216	234	123	574	103	-	-	-	1,250	1,506	1,141
Supplies, contracts and other services	36,792	25,275	25,811	12,607	17,900	246	92	749	119,472	105,546	104,578
Cross functional services	483	(6,131)	(37)	(2,946)	8,306	155	-	-	(170)	(728)	(472)
Debt servicing and capital costs	301	170	(1,159)	841	2,284	-	124	-	2,561	(1,010)	1,667
Amortization	796	23,652	408	1,974	9,616	71	2,040	2	38,559	38,467	35,463
Total expenses	70,357	71,041	32,546	25,509	47,274	897	2,256	751	250,631	234,393	226,139
Excess (deficiency) of revenues over expenses	\$ 254	\$ 9,911	\$ (5,334)	\$ 28,000	\$ 11,871	\$ (55)	\$ 2,191	\$ (736)	\$ 46,102	\$ 11,801	\$ 45,738

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

16. Taxation

	Fiscal Plan	2023	2022
Taxation	\$ 134,659	\$ 135,397	\$ 126,004
Special assessments	680	779	825
Utilities	1,614	1,648	1,534
Government transfers in lieu of taxes	3,261	3,471	3,197
	<u>\$ 140,214</u>	<u>\$ 141,295</u>	<u>\$ 131,560</u>
Collections for other taxing authorities			
Province of British Columbia - school taxes	\$ 45,472	\$ 48,564	\$ 44,812
Thompson Regional Hospital District	10,106	9,856	9,900
Thompson-Nicola Regional District	6,974	7,460	6,832
British Columbia Assessment Authority	1,166	1,238	1,142
	<u>63,718</u>	<u>67,118</u>	<u>62,686</u>
Other taxing authorities	<u>(63,718)</u>	<u>(67,118)</u>	<u>(62,686)</u>
	<u>\$ 140,214</u>	<u>\$ 141,295</u>	<u>\$ 131,560</u>

17. Private contributions

	Fiscal Plan	2023	2022
Developer provided assets	\$ -	\$ 14,513	\$ 17,647
Contributed assets	-	2,448	6,892
Cash donations	85	100	445
	<u>\$ 85</u>	<u>\$ 17,061</u>	<u>\$ 24,984</u>

Developer provided assets are contributions of capital and utility infrastructure in new developments and are completed by the developer. Contributed assets are contributions of capital and utility infrastructure from additions in previously completed developments. In 2022, contributed assets contains \$6,025,000 related to the contribution of land and a building at 330 St. Paul Street.

18. Government transfers

	Fiscal Plan	2023	2022
General fund			
Federal government			
Community Works Fund	\$ 3,850	\$ 4,205	\$ 4,031
Provincial government			
Public transit	9,354	9,835	9,153
Gaming	2,500	3,156	3,447
Victim assistance	90	118	98
Traffic fines	1,250	1,096	1,005
Capital project management	-	2,332	3,346
Growing Communities Fund	-	15,692	-
Other	2,066	3,973	2,810
Federation of Canadian Municipalities			
Solid waste program	-	1,753	283
	<u>19,110</u>	<u>42,160</u>	<u>24,173</u>
Water fund			
Federal government			
Capital infrastructure	-	10	-
Kamloops Airport Authority Society			
Federal government			
Other	5,227	644	1,749
	<u>\$ 24,337</u>	<u>\$ 42,814</u>	<u>\$ 25,922</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

19. Commitments and Contingencies

- (a) The City of Kamloops has entered into various agreements and contracts for services and construction for periods ranging from one to five years.
- (b) The City of Kamloops, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (c) The City of Kamloops is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the City, along with other participants, would be required to contribute towards the deficit.
- (d) The City of Kamloops 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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As of December 31, 2023, 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 the 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 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 Kamloops paid \$6.736 million (2022 - \$6.595 million) for employer contributions while employees contributed \$5.874 million (2022 - \$5.725 million) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024 with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the 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 the individual employers participating in the Plan.

- (e) From time to time the City of Kamloops is brought forth as defendant in various lawsuits. The City reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the City would materially affect the consolidated financial statements of the City. The City reserves a portion of its operating surplus for future payment of insurance deductibles and payment of claims for which it would not be covered by insurance. The City is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the consolidated financial statements of the City.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

19. Commitments and Contingencies (continued)

(f) The City issues certain of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings and as required by legislation, a debt reserve fund is to be established in the amount of one-half the average instalment of principal and interest as set out in the agreement(s) entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts of the City.

	Cash deposits	Contingent demand notes	2023	2022
General fund	\$ 969	\$ 1,840	\$ 2,809	\$ 3,380
Sewer fund	347	1,002	1,349	1,351
Solid Waste fund	146	176	322	-
Water fund	293	552	845	910
	<u>\$ 1,755</u>	<u>\$ 3,570</u>	<u>\$ 5,325</u>	<u>\$ 5,641</u>

(g) The Kamloops Airport Authority Society has entered into a lease agreement with Kamloops Airport Ltd. for a forty-five year term ending August 27, 2042. The lease provides for the option to extend the term for a further 20 years.

The lease agreement requires that Kamloops Airport Ltd. operate and maintain the Kamloops Airport in a manner consistent with good business practices and shall use their best efforts to generate optimum revenues and rent. The lease agreement also contains specific conditions for compliance with a series of requirements, including environmental standards, minimum insurance coverage, specific accounting and reporting requirements and various other matters that have a significant effect on the day to day operation of the airport.

20. Trust Funds

The City operates the cemeteries and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. In accordance with PSAS guidelines, the Cemetery Perpetual Care Trust Fund is excluded from the City's consolidated financial statements.

	2023	2022
Financial assets		
Short-term investments	\$ 2,662	\$ 2,549
Accounts receivable	31	27
	<u>\$ 2,693</u>	<u>\$ 2,576</u>
Accumulated surplus		
Balance, beginning of the year	\$ 2,576	\$ 2,451
Care fund contributions	117	125
Interest earned	65	24
Contribution to cemetery operations	(65)	(24)
Balance, end of the year	<u>\$ 2,693</u>	<u>\$ 2,576</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

21. Fiscal Plan

The Financial Plan By-law adopted by Council at the time of adoption of the Annual Taxation By-law did not anticipate amortization expense. In addition, some expenses that were classified as capital expenses did not represent new assets or extend the life or service capacity or improve the quality of an existing asset and, therefore, must be added to the operating expenses. These expenses are added to the Financial Plan and presented as the fiscal plan in these Financial Statements as follows:

	Financial Plan Bylaw	Amortization and expenses not capitalized	Kamloops Airport & Venture Kamloops	Fiscal Plan		Financial Plan Bylaw	Amortization and expenses not capitalized	Kamloops Airport & Venture Kamloops	Fiscal Plan
Revenue					Annual surplus carry fwd	\$ 41,561	\$ (36,517)	\$ 6,757	\$ 11,801
Taxation	\$140,214	\$ -	\$ -	\$ 140,214	Debt principal repayment	(7,520)	-	-	(7,520)
Fees, rates and sales of service	70,890	-	4,163	75,053	Transf (to)/fr reserves	(4,272)	-	-	(4,272)
Private contributions	85	-	-	85	Transf (to)/fr current funds	(400)	-	(8,707)	(9,107)
Government transfers	19,110	-	5,227	24,337	Transf (to)/fr other funds	-	-	-	-
Investment income	6,163	-	292	6,455	Transf (to)/fr capital equity	(29,369)	36,517	1,950	9,098
Gain (loss) asset disposal	50	-	-	50					
	<u>236,512</u>	<u>-</u>	<u>9,682</u>	<u>246,194</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses									
Community & protective services	70,934	795	-	71,729					
Civic operations	42,353	23,652	-	66,005					
Development, engineering, sustainability & public transit	29,072	409	-	29,481					
Corporate administration	17,532	1,974	-	19,506					
Utilities	34,428	9,616	-	44,044					
Cemeteries	632	71	-	703					
Kamloops Airport	-	-	2,154	2,154					
Venture Kamloops	-	-	771	771					
	<u>194,951</u>	<u>36,517</u>	<u>2,925</u>	<u>234,393</u>					
Annual surplus	<u>\$ 41,561</u>	<u>\$ (36,517)</u>	<u>\$ 6,757</u>	<u>\$ 11,801</u>					

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

22. Financial Instruments

Financial Instrument Risk Management

The City is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the City's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the City's exposure to above risks or the policies, procedures and methods it uses to manage and measure the risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The City is exposed to credit risk through its cash, investments and accounts receivable.

The City manages its credit risk for cash and accounts receivable by placing its cash and investments with high credit quality financial institutions and using a credit approval process for certain recurring accounts receivables. The City measures its exposure to credit risk based on the length of time accounts have been outstanding and historical collections. The maximum exposure is the carrying value of cash, investments and accounts receivable as outlined in notes 4 and 5. Accounts receivable arise primarily as a result of utilities, property taxes, and grants. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for investments by ensuring adequate diversification and by maintaining its investments in line with the requirements of Section 183 of the Community Charter of the Province of BC. As a result, the City has reduced exposure to market or value risk. The maximum exposure to credit risk on investments is the carrying value outlined in note 4.

Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk through its accounts payable, long-term debt and investments.

The City manages this risk by closely monitoring maturity dates of investments and ensuring they include items that are highly liquid, by monitoring cash flows and forecasting upcoming outlays and by having the ability to increase tax rates and user fees per bylaws in order to increase cash. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by Mayor and Council, which includes operational activities and capital expenditures. The City measures its exposure to liquidity risk based on extensive budgeting and results of cash flow forecasting. The contractual maturities of long-term debt are noted in note 11 and accounts payable maturities are all within the next fiscal year.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2023

22. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk through its long-term debt and value of investments.

The City manages interest rate risk on its long-term debt by holding all debt through the Municipal Finance Authority at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt.

Total repayments over the next 5 years are as follows:

	2023	2022
2023	\$ -	\$ 8,898
2024	8,713	8,713
2025	9,085	9,085
2026	10,169	10,169
2027	5,156	5,156
2028	4,506	4,506
Thereafter	18,588	22,495
	\$ 56,217	\$ 69,022

Investments that are subject to interest rate risk are investments held with approved financial institutions. The risk is caused by changes in interest rates. As interest rates rise, the fair value of the investments decreases and, as interest rates fall, the fair value of these investments increase.

City of Kamloops

Schedule 1: Kamloops Airport Authority Society

Statement of Financial Position As at December 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 4,248	\$ 3,039
Accounts Receivable	541	980
Deposits	139	135
	<u>4,928</u>	<u>4,154</u>
Liabilities		
Accounts payable	391	285
Deferred revenue	-	-
Long-term debt	1,568	2,350
	<u>1,959</u>	<u>2,635</u>
Net financial assets (debt)	<u>2,969</u>	<u>1,519</u>
Non-financial assets		
Tangible capital assets	64,347	63,606
	<u>64,347</u>	<u>63,606</u>
Accumulated surplus	<u>\$ 67,316</u>	<u>\$ 65,125</u>

Consolidated Statement of Operations For the year ended December 31, 2023

	Financial Plan 2023	2023	2022
Revenue			
Kamloops Airport	\$ 3,476	\$ 3,332	\$ 2,349
Government transfers	5,227	644	1,749
Other income	292	471	322
	<u>8,995</u>	<u>4,447</u>	<u>4,420</u>
Expenses			
Kamloops Airport	2,154	2,256	2,473
Increase in accumulated surplus	<u>\$ 6,841</u>	<u>\$ 2,191</u>	<u>\$ 1,947</u>

City of Kamloops

Schedule 2: Venture Kamloops Business Development Society

Statement of Financial Position As at December 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 126	\$ 126
Accounts receivable	2	4
	<u>128</u>	<u>130</u>
Liabilities		
Accounts payable	<u>53</u>	<u>67</u>
Net financial assets (debt)	<u>75</u>	<u>63</u>
Non-financial assets		
Prepaid expenses	8	16
Tangible capital assets	5	7
	<u>13</u>	<u>23</u>
Accumulated surplus	<u>\$ 88</u>	<u>\$ 86</u>

Consolidated Statement of Operations For the year ended December 31, 2023

	Financial Plan 2023	2023	2022
Revenue			
City of Kamloops	\$ 646	\$ 696	\$ 640
Other income	40	57	50
	<u>686</u>	<u>753</u>	<u>690</u>
Expenses			
Venture Kamloops	<u>771</u>	<u>751</u>	<u>714</u>
	<u>771</u>	<u>751</u>	<u>714</u>
Increase in accumulated surplus	<u>\$ (85)</u>	<u>\$ 2</u>	<u>\$ (24)</u>

City of Kamloops

Schedule 3:

(Unaudited)

Safe Restart Funding

	General	Transit
Balance, December 31, 2022	\$ 126	\$ 997
Eligible costs incurred		
Revenue shortfall	-	(997)
Supplemental budget items		
Sidewalk extensions	(126)	
COVID-19 related increased costs	-	-
Total eligible costs incurred	(126)	(997)
Balance, December 31, 2023	\$ -	\$ -

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 GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The City received \$15.692 million of the GCF in March 2023.

	2023
Growing Communities Fund Grant received	\$ 15,692
Interest income	638
Eligible costs incurred	
Capital projects	(87)
Total eligible costs incurred	(87)
Balance, December 31, 2023	\$ 16,243