

City of Kamloops

**Consolidated Financial Statements
For the year ended December 31, 2022**

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For the year ended December 31, 2022

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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 Finance Committee reviews the City's consolidated financial statements and recommends their approval to City Council. The Finance 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.



David Hallinan, FCPA, FCMA
Corporate Services Director

Independent Auditor's Report

To the Members of Council, inhabitants and ratepayers 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, 2022, and the consolidated statement of operations and accumulated surplus, the consolidated statement of change in net financial assets and the 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, 2022, and its results of operations, its change in net financial assets, 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 Consolidated 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.



Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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.



Other Matter - Unaudited information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 27 of the Entity's consolidated financial statements.

Chartered Professional Accountants
Kamloops, British Columbia
April 18, 2023

City of Kamloops

Consolidated Statement of Financial Position as at December 31, 2022 (in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash (Note 4)	\$ 67,158	\$ 77,064
Investments (Note 4)	119,639	112,679
Accounts receivable (Note 5)	31,259	27,239
Long-term investments (Note 6)	2,076	2,049
	<u>220,132</u>	<u>219,031</u>
Liabilities		
Accounts payable (Note 7)	31,308	29,499
Payroll benefits payable	5,392	5,290
Post-employment benefits payable (Note 8)	7,650	8,774
Landfill post-closure costs (Note 9)	5,762	5,605
Restricted deposits	12,479	11,794
Deferred revenue (Note 11)	60,295	49,724
Long-term debt (Note 12)	69,022	78,202
	<u>191,908</u>	<u>188,888</u>
Net Financial Assets	<u>28,224</u>	<u>30,143</u>
Non-Financial Assets		
Inventory	2,428	1,851
Prepaid expenses	2,496	6,134
Tangible capital assets (Note 13)	1,329,052	1,277,515
	<u>1,333,976</u>	<u>1,285,500</u>
Accumulated Surplus (Note 14)	<u>\$ 1,362,200</u>	<u>\$ 1,315,643</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, 2022 (in thousands of dollars)

	Financial Plan 2022	2022	2021
	(Note 21)		
Revenue (Note 15)			
Taxation (Note 16)	\$ 132,247	\$ 131,560	\$ 123,939
Fees, rates and sales of service	70,530	79,105	72,157
Developer cost charges	-	2,452	2,346
Private contributions (Note 17)	81	24,984	6,025
Government transfers (Note 18)	19,292	25,922	26,502
Investment income	4,566	5,217	4,870
Gain (loss) asset disposal	50	2,637	(287)
	<u>226,766</u>	<u>271,877</u>	<u>235,552</u>
Expenses (Note 15)			
Community & protective services	65,859	\$ 67,750	\$ 65,454
Civic operations	66,148	66,223	60,931
Development, engineering, sustainability & public transit	27,455	29,055	24,524
Corporate administration	19,311	18,495	18,966
Utilities	38,515	39,691	38,456
Cemeteries	489	919	847
Kamloops Airport	2,054	2,473	2,663
Venture Kamloops	766	714	686
	<u>220,597</u>	<u>225,320</u>	<u>212,527</u>
Annual Surplus	6,169	46,557	23,025
Accumulated Surplus, beginning of year		<u>1,315,643</u>	1,292,618
Accumulated Surplus, end of year		<u>\$ 1,362,200</u>	<u>\$ 1,315,643</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 Assets For the year ended December 31, 2022 (in thousands of dollars)

	Financial Plan 2022	2022	2021
	(Note 21)		
Annual surplus	\$ 6,169	\$ 46,557	\$ 23,025
Acquisition of tangible capital assets (Note 13)	(58,266)	(87,025)	(51,657)
Amortization of tangible capital assets (Note 13)	35,092	35,233	36,045
Net book value of tangible capital assets disposed (Note 13)	-	255	27
Decr (Incr) in prepaid expenses	-	3,638	(1,645)
Decr (Incr) in inventory	-	(577)	48
Change in net financial assets (debt)	(17,005)	(1,919)	5,843
Net financial assets, beginning of year	30,143	30,143	24,300
Net financial assets, end of year	\$ 13,138	\$ 28,224	\$ 30,143

Consolidated Statement of Cash Flows for the year ending December 31, 2022 (in thousands of dollars)

	2022	2021
Cash provided by (used for)		
Operating transactions		
Annual surplus	\$ 46,557	\$ 23,025
Non-cash items included in annual surplus		
Amortization expense	35,233	36,045
Post-employment benefits payable	(1,124)	(478)
Landfill post-closure costs	157	705
Gain on disposal of tangible capital assets	(2,637)	(287)
Private contributions	(17,647)	(5,738)
Changes in non-cash operating items:		
Accounts receivable	(4,020)	3,600
Inventory	(577)	48
Prepaid expenses	3,638	(1,645)
Accounts payable	1,846	5,339
Payroll benefits payable	102	298
Deferred revenue	10,571	3,480
Restricted deposits	685	3,127
	72,784	67,519
Capital transactions		
Acquisition of tangible capital assets	(69,415)	(45,651)
Proceeds from sale of tangible capital assets	2,892	315
	(66,523)	(45,336)
Investing transactions		
Increase in investments	(6,960)	(18,909)
Increase in long-term investments	(27)	(21)
	(6,987)	(18,930)
Financing transactions		
Proceeds from issuance of long-term debt	-	7,150
Principal repayments on long-term debt	(9,180)	(9,548)
	(9,180)	(2,398)
Increase in cash	(9,906)	855
Cash, beginning of year	77,064	76,209
Cash, end of year	\$ 67,158	\$ 77,064
Supplemental cash flow information:		
Purchases of tangible capital assets included in accounts payable	\$ 232	\$ 268

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, 2022

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") of the Chartered Professional Accountants of Canada ("CPAC").

(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, 2022

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) Investments

Investments are recorded at cost, which approximates net realizable value.

(h) 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
Equipment	5 to 10 years
Buildings	15 to 50 years
Transportation network	10 to 75 years
Water network	10 to 75 years
Sanitary network	10 to 75 years
Drainage network	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.

(i) 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.

(j) 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.

(k) Reserves

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

(l) Contaminated sites

A liability for remediation of a contaminated site is recognized when the site is no longer in productive use and the following criteria are satisfied: an environmental standard exists; contamination exceeds the standard; the City is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

1. Significant accounting policies (continued)

(m) 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 post-employment benefit payable and the landfill post-closure costs.

(n) 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.

(o) Landfill closure and post-closure costs

The City is required to record a liability for the closure of its landfill sites and to provide for the post-closure care of the facilities. Closure and post-closure activities include the final cover, landscaping, surface and groundwater monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated life of the landfill sites based on the respective usage of each facility. The estimated costs to close and maintain the closed solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.

(p) 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. Actuarial gains and losses are recognized into revenue in the period in which they arise.

(q) 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.

(r) Budget information

Budget information was included in the City's Five-year Financial plan (2022-2026) and was adopted through Bylaw No. 16-325 on December 21, 2021.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

2. Significant future accounting standards

(a) PS 3280, Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. Specifically, it defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

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.

(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.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

3. Segmented information (continued)

(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").

4. Cash and Investments

	2022	2021
Consolidated cash	\$ 67,158	\$ 77,064
Consolidated investments	119,639	112,679
	\$ 186,797	\$ 189,743
 Amounts Restricted for Specific Purposes:		
Restricted cash	\$ 47,116	\$ 51,162
Development cost charges (Note 11)	35,940	26,772
Kamloops Airport	3,039	2,295
Venture Kamloops	126	154
Total restricted cash and investments	86,221	80,383
Unrestricted cash and investments	100,576	109,360
	\$ 186,797	\$ 189,743

Restricted cash balances have been reallocated based on the updated reserve policy that was implemented during the year.

The maturity dates of the investments held directly by the City range from January 5, 2023 to December 1, 2036. The interest rates earned on these investments range from 0.91% to 5.75%. The market value of short-term investments is \$117 million (2021 - \$113 million).

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

5. Accounts Receivable

	<u>2022</u>	<u>2021</u>
General fund		
Taxes	\$ 3,585	\$ 3,082
Utilities	2,058	1,920
Trade	10,852	7,330
Accrued interest	1,351	1,700
Province of British Columbia	3,465	2,881
Government of Canada	1,036	682
	<u>\$ 22,347</u>	<u>\$ 17,595</u>
Water fund		
Trade	<u>\$ 3,692</u>	<u>\$ 3,695</u>
Sewer fund		
Trade	<u>\$ 4,236</u>	<u>\$ 4,090</u>
Kamloops Airport Authority Society		
Accounts receivable	<u>\$ 980</u>	<u>\$ 1,857</u>
Venture Kamloops Business Development Society		
Accounts receivable	<u>\$ 4</u>	<u>\$ 2</u>
	<u>\$ 31,259</u>	<u>\$ 27,239</u>

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

	<u>2022</u>	<u>2021</u>
General fund		
Trade	\$ 11,827	\$ 8,458
Payroll and benefits	4,342	5,288
Province of British Columbia	312	1,031
Government of Canada	14,475	13,945
	<u>\$ 30,956</u>	<u>\$ 28,722</u>
Kamloops Airport Authority Society		
Accounts payable and accrued liabilities	<u>\$ 285</u>	<u>\$ 707</u>
Venture Kamloops Business Development Society		
Accounts payable and accrued liabilities	<u>\$ 67</u>	<u>\$ 70</u>
	<u>\$ 31,308</u>	<u>\$ 29,499</u>

Certain prior year balances have been reallocated between Trade and Payroll and benefits to align with current year financial presentation.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

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.

Total benefit payments paid during the year were \$619 thousand (2021 - \$572 thousand). The plan does not require any contribution from employees. The retirement benefit liability at December 31, 2022 includes the following components:

	2022	2021
Accrued benefit obligation, beginning of year	\$ 8,774	\$ 9,252
Current service cost	752	784
Interest cost	211	167
Benefits paid	(619)	(572)
Actuarial (gain) loss - current	(1,468)	(857)
Accrued benefit obligation, end of year	<u>\$ 7,650</u>	<u>\$ 8,774</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared on January 18, 2023 using data as of December 31, 2022. The accrued benefit obligation shown for 2022 is based on amounts included in the 2023 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 4.61% (2021 - 2.54%). The discount rate used to determine the accrued benefit obligation is 4.40% (2021 - 2.30%).

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. Landfill closure and post-closure costs

The City of Kamloops operates three solid waste landfill sites in the Kamloops area and assumes certain obligations for the landfill sites including closure and post closure liabilities. The reported liabilities are based on estimates and assumptions with respect to events extending over the remaining life of each of the landfills. The estimates and assumptions are provided through independent assessments conducted in 2014 for the Mission Flats and Barnhartvale sites, and in 2017 for the Kamloops Resource Recovery Centre. The liability and annual expense is calculated based on the ratio of current usage to total capacity of the site and the estimated future cash flows associated with closure and post-closure activities stated in current (2022) dollars. The aggregate liability for closure and post-closure costs for the three landfills is \$5.762 million (2021 - \$5.605 million).

The main landfill at the Mission Flats site is expected to serve until 2044 with 25 years needed for post-closure care based on the independent assessment. The remaining capacity of the landfill site is estimated at 3.03 million cubic meters, which is 70% of the site's total capacity. Approximately 60% of landfill closure will be completed while the landfill is still in operation. The closure costs are estimated at \$13.3 million.

The City is currently evaluating the Barnhartvale site for future use and notes 25 years needed for post-closure. The closure costs are estimated at \$1.30 million.

The purchase of the Kamloops Resource Recovery Centre occurred in 2016 and is expected to serve until 2062 with 30 additional years needed for post-closure care based on the independent assessment. The remaining capacity of the landfill site is estimated at 692,091 cubic meters, which is 84% of the site's total capacity. The closure costs are estimated at \$4.60 million.

The estimated total expenses for closure and post-closure care, in current (2022) dollars, is \$21.942 million (2021 - \$21.942 million) with \$12.625 million (2021 - \$13.274 million) remaining to be recognized as a liability.

The City has not provided a reserve to fund future landfill capital expenses as at December 31, 2022. The funding required is provided through current operations.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

10. 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 3620.05 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.

11. Deferred Revenue

	Balance at December 31, 2021		Collected	Interest	Recognized	Balance at December 31, 2022
General fund						
Prepaid taxes	\$ 20,796	\$ 32,379	\$ -	\$ (31,075)	\$ 22,100	
Grants	-	290	-	(30)	260	
Business licenses	1,259	1,281	-	(1,259)	1,281	
Recreation programs	570	15,462	-	(15,448)	584	
Leases	27	-	-	(1)	26	
Other	300	93	-	(289)	104	
	<u>\$ 22,952</u>	<u>\$ 49,505</u>	<u>\$ -</u>	<u>\$ (48,102)</u>	<u>\$ 24,355</u>	
Development cost charges						
	26,772	11,263	357	(2,452)	35,940	
	<u>\$ 49,724</u>	<u>\$ 60,768</u>	<u>\$ 357</u>	<u>\$ (50,554)</u>	<u>\$ 60,295</u>	

Prior year balances related to Recreation programs have been separated from other to align with the current year financial presentation.

12. Long-term debt

(a) Long-term debt outstanding:

	General fund	Water fund	Sewer fund	Total
Balance at December 31, 2021	\$ 54,968	\$ 7,398	\$ 15,836	\$ 78,202
Principal repayments	(3,851)	(1,103)	(1,948)	(6,902)
Actuarial adjustments	(1,848)	(176)	(254)	(2,278)
Balance at December 31, 2022	\$ 49,269	\$ 6,119	\$ 13,634	\$ 69,022

Kamloops Airport Authority Society debt is included in the General Fund balance. The amount outstanding on December 31, 2022 was \$2.350 million (2021 - \$3.106 million).

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

	General fund	Water fund	Sewer fund	Total
Principal repayment:				
2023	\$ 7,434	\$ 1,043	\$ 1,948	\$ 10,425
2024	3,377	1,059	1,948	6,384
2025	3,377	1,076	1,948	6,401
2026	6,196	410	948	7,554
2027	1,992	335	948	3,275
Thereafter:	9,846	889	2,477	13,212
	<u>32,222</u>	<u>4,812</u>	<u>10,217</u>	<u>47,251</u>
Sinking fund	17,047	1,307	3,417	21,771
	<u>\$ 49,269</u>	<u>\$ 6,119</u>	<u>\$ 13,634</u>	<u>\$ 69,022</u>

City of Kamloops
Notes to the Consolidated Financial Statements
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12. 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 2022 was 1.81% (2021 - 1.99%). Consolidated interest expense on long-term debt was \$2.533 million (2021 - \$2.896 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, 2021	Capital assets purchased pending debt	Debt acquired	Balance at December 31, 2022
General fund	\$ 8,407	\$ 1,762	\$ -	\$ 10,169

(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.

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

13. Tangible Capital Assets

	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	Total
(a) 2022									
Cost									
Beginning of year	\$ 107,642	\$ 91,939	\$ 252,355	\$ 106,136	\$ 970,239	\$ 207,628	\$ 121,812	\$ 15,539	\$ 1,873,290
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	94,055	259,445	114,694	999,772	218,023	124,186	40,139	1,958,912
Accumulated amortization									
Beginning of year	-	(60,181)	(123,071)	(73,132)	(219,847)	(84,436)	(35,108)	-	(595,775)
Amortization	-	(4,066)	(7,637)	(5,140)	(12,213)	(4,125)	(2,052)	-	(35,233)
Disposals	-	-	-	1,148	-	-	-	-	1,148
End of year	-	(64,247)	(130,708)	(77,124)	(232,060)	(88,561)	(37,160)	-	(629,860)
Net carrying amount, end of year	\$ 108,598	\$ 29,808	\$ 128,737	\$ 37,570	\$ 767,712	\$ 129,462	\$ 87,026	\$ 40,139	\$ 1,329,052

During the year the City received \$17.647 million (2021 - \$5.738 million) in land and infrastructure from developers and \$6.892 million (2021 - \$762 thousand) 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.

	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	Total
(b) 2021									
Cost									
Beginning of year	\$ 105,146	\$ 86,828	\$ 231,660	\$ 101,091	\$ 957,770	\$ 200,357	\$ 116,547	\$ 24,303	\$ 1,823,702
Additions	2,496	5,111	20,695	7,106	16,825	7,271	5,265	(13,112)	51,657
Disposals	-	-	-	(2,061)	(8)	-	-	-	(2,069)
Transfers	-	-	-	-	(4,348)	-	-	4,348	-
End of year	107,642	91,939	252,355	106,136	970,239	207,628	121,812	15,539	1,873,290
Accumulated amortization									
Beginning of year	-	(56,227)	(115,783)	(67,866)	(208,286)	(80,498)	(33,112)	-	(561,772)
Amortization	-	(3,954)	(7,288)	(7,308)	(11,561)	(3,938)	(1,996)	-	(36,045)
Disposals	-	-	-	2,042	-	-	-	-	2,042
End of year	-	(60,181)	(123,071)	(73,132)	(219,847)	(84,436)	(35,108)	-	(595,775)
Net carrying amount, end of year	\$ 107,642	\$ 31,758	\$ 129,284	\$ 33,004	\$ 750,392	\$ 123,192	\$ 86,704	15,539	\$ 1,277,515

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

14. Accumulated surplus

(a) Risk mitigation reserves

	Balance at December 31, 2021	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2022
Corporate risk	\$ 1,331	\$ 521	\$ (363)	\$ 1,489
Community safety	-	936	(684)	252
Asset management	2,332	1,650	(3,144)	838
Capital contingency	733	53	(246)	540
	4,396	3,160	(4,437)	3,119
Venture Kamloops	65	-	-	65
	<u>\$ 4,461</u>	<u>\$ 3,160</u>	<u>\$ (4,437)</u>	<u>\$ 3,184</u>

(b) Opportunity reserves

	Balance at December 31, 2021	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2022
Climate action	\$ 994	\$ 325	\$ -	\$ 1,319
Affordable housing	1,508	315	(1,225)	598
Community engagement	346	96	(300)	142
Heritage	370	20	-	390
New capital assets	208	3	-	211
Community works	12,136	4,196	(4,052)	12,280
Gaming funds	2,749	3,566	(749)	5,566
1% debt	1,107	81	(400)	788
BC Safe Restart	2,832	-	(2,706)	126
BC Safe Restart Transit	2,150	-	(1,153)	997
	<u>\$ 24,400</u>	<u>\$ 8,602</u>	<u>\$ (10,585)</u>	<u>\$ 22,417</u>

(c) Restricted reserves

	Balance at December 31, 2021	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2022
Legacy funds in trust	\$ 2,053	\$ 26	\$ -	\$ 2,079
Land sale	3,148	2,290	(756)	4,682
Parking facility reserve	304	297	(25)	576
Transportation and pedestrian upgrades	362	66	-	428
Downtown parking solutions infrastructure	260	65	-	325
Restricted operating funds	2,771	895	(2,771)	895
	8,898	3,639	(3,552)	8,985
Kamloops Airport	3,596	200	-	3,796
	<u>\$ 12,494</u>	<u>\$ 3,839</u>	<u>\$ (3,552)</u>	<u>\$ 12,781</u>

(d) Planned capital spend reserves

	Balance at December 31, 2021	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2022
Planned capital Equipment replacement	\$ 4,894	\$ 6,119	\$ (5,746)	\$ 5,267
	11,660	5,444	(9,097)	8,007
	<u>\$ 16,554</u>	<u>\$ 11,563</u>	<u>\$ (14,843)</u>	<u>\$ 13,274</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

14. Accumulated surplus (continued)

(e) Utilities reserves

	Balance at December 31, 2021	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2022
Water	\$ 27,934	\$ 5,099	\$ (9,104)	\$ 23,929
Sewer	9,546	3,260	(3,849)	8,957
Solid Waste	11,623	3,378	(2,491)	12,510
	<u>\$ 49,103</u>	<u>\$ 11,737</u>	<u>\$ (15,444)</u>	<u>\$ 45,396</u>

(f) Working Capital

	General fund	Sewer fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2020	\$ 14,993	\$ 9,446	\$ 5,495	\$ 100	\$ 42	\$ 30,076
Operating (deficit) surplus for the year	(3,023)	3,136	(1,060)	-	(5)	(952)
Balance at December 31, 2021	\$ 11,970	\$ 12,582	\$ 4,435	\$ 100	\$ 37	\$ 29,124
Operating (deficit) surplus for the year	(3,284)	5,718	(3,310)	-	(23)	(899)
Balance at December 31, 2022	<u>\$ 8,686</u>	<u>\$ 18,300</u>	<u>\$ 1,125</u>	<u>\$ 100</u>	<u>\$ 14</u>	<u>\$ 28,225</u>

(g) Capital equity

	General fund	Sewer fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2020	\$ 893,787	\$ 97,068	\$ 113,531	\$ 58,507	\$ 8	\$ 1,162,901
Operating (deficit) surplus for the year	10,115	4,563	953	975	-	16,606
Balance at December 31, 2021	\$ 903,902	\$ 101,631	\$ 114,484	\$ 59,482	\$ 8	\$ 1,179,507
Operating (deficit) surplus for the year	48,248	4,162	3,261	1,746	(1)	57,416
Balance at December 31, 2022	<u>\$ 952,150</u>	<u>\$ 105,793</u>	<u>\$ 117,745</u>	<u>\$ 61,228</u>	<u>\$ 7</u>	<u>\$ 1,236,923</u>

Total Accumulated Surplus

	2022	2021
Risk mitigation reserves	\$ 3,119	\$ 4,396
Opportunity reserves	22,417	24,400
Restricted reserves	8,985	8,898
Planned capital spend reserves	13,274	16,554
Utilities reserves	45,396	49,103
Working capital	28,111	28,987
Capital equity	1,175,688	1,120,017
Kamloops Airport Authority Society	65,124	63,178
Venture Kamloops Business Development Society	86	110
	<u>\$ 1,362,200</u>	<u>\$ 1,315,643</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

15. Operating revenue and expense by segment. 2022 actual amounts with 2022 fiscal plan and 2021 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	2022 total	2022 Fiscal Plan	2021 total
Taxation	\$ 59,153	\$ 36,390	\$ 7,001	\$ 29,016	\$ -	\$ -	\$ -	\$ -	\$ 131,560	\$ 132,247	\$ 123,939
Fees, rates and sales of service	4,822	6,046	10,213	2,983	51,828	854	2,349	10	79,105	70,530	72,157
Developer cost charges	-	905	-	-	1,547	-	-	-	2,452	-	2,346
Private contributions	52	22,826	-	-	2,106	-	-	-	24,984	81	6,025
Government transfers	3,284	3,512	9,275	7,819	283	-	1,749	-	25,922	19,292	26,502
Investment income	96	-	-	4,323	449	24	325	-	5,217	4,566	4,870
Gain (loss) asset disposal	-	32	2,373	235	-	-	(3)	-	2,637	50	(287)
Total revenue	67,407	69,711	28,862	44,376	56,213	878	4,420	10	271,877	226,766	235,552
Salaries and wages	\$ 30,977	\$ 25,890	\$ 6,605	\$ 11,825	\$ 8,072	\$ 393	\$ -	\$ -	\$ 83,762	\$ 85,385	\$ 79,653
Personnel expenses	212	208	85	495	141	-	-	-	1,141	1,402	955
Supplies, contracts and other services	35,234	23,706	22,971	7,472	14,560	270	363	708	105,284	97,345	95,564
Cross functional services	430	(5,157)	39	(2,669)	6,697	188	-	-	(472)	23	(653)
Debt servicing and capital costs	277	(300)	(899)	(4)	1,173	-	125	-	372	1,350	453
Amortization	620	21,876	254	1,376	9,048	68	1,985	6	35,233	35,092	36,555
Total expenses	67,750	66,223	29,055	18,495	39,691	919	2,473	714	225,320	220,597	212,527
Excess (deficiency) of revenues over expenses	\$ (343)	\$ 3,488	\$ (193)	\$ 25,881	\$ 16,522	\$ (41)	\$ 1,947	\$ (704)	\$ 46,557	\$ 6,169	\$ 23,025

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

16. Taxation

	Fiscal Plan	2022	2021
Taxation	\$ 126,828	\$ 126,004	\$ 118,491
Special assessments	720	825	784
Utilities	1,536	1,534	1,567
Government transfers in lieu of taxes	3,163	3,197	3,097
	<u>\$ 132,247</u>	<u>\$ 131,560</u>	<u>\$ 123,939</u>
Collections for other taxing authorities			
Province of British Columbia - school taxes	\$ 43,500	\$ 44,812	\$ 42,711
Thompson Regional Hospital District	9,970	9,900	9,782
Thompson-Nicola Regional District	6,710	6,832	6,670
British Columbia Assessment Authority	1,091	1,142	1,071
	<u>61,271</u>	<u>62,686</u>	<u>60,234</u>
Other taxing authorities	<u>(61,271)</u>	<u>(62,686)</u>	<u>(60,234)</u>
	<u>\$ 132,247</u>	<u>\$ 131,560</u>	<u>\$ 123,939</u>

17. Private contributions

	Fiscal Plan	2022	2021
Developer provided assets	\$ -	\$ 17,647	\$ 4,976
Contributed assets	-	6,892	762
Cash donations	81	445	287
	<u>\$ 81</u>	<u>\$ 24,984</u>	<u>\$ 6,025</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	2022	2021
General fund			
Federal government			
Community Works Fund	\$ 3,850	\$ 4,031	\$ 7,888
Provincial government			
Public transit	6,955	9,153	7,692
Gaming	1,900	3,447	1,534
Victim assistance	86	98	94
Traffic fines	1,250	1,005	1,271
Capital project management	-	3,346	1,926
Other	2,651	2,810	4,635
Federation of Canadian Municipalities			
Solid waste program	-	283	38
	<u>16,692</u>	<u>24,173</u>	<u>25,078</u>
Kamloops Airport Authority Society			
Federal government			
Other	2,600	1,749	1,424
	<u>\$ 19,292</u>	<u>\$ 25,922</u>	<u>\$ 26,502</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

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, 2022, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of 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 \$6.595 million (2021 - \$6.565 million) for employer contributions while employees contributed \$5.725 million (2021 - \$5.463 million) to the plan in fiscal 2022.

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.
- (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	2022	2021
General fund	\$ 1,162	\$ 2,218	\$ 3,380	\$ 3,570
Sewer fund	349	1,002	1,351	1,333
Water fund	358	552	910	912
	\$ 1,869	\$ 3,772	\$ 5,641	\$ 5,815

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

19. Commitments and Contingencies (continued)

(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.

	<u>2022</u>	<u>2021</u>
Financial assets		
Short-term investments	\$ 2,549	\$ 2,399
Accounts receivable	27	52
	<u>\$ 2,576</u>	<u>\$ 2,451</u>
 Accumulated surplus		
Balance, beginning of the year	\$ 2,451	\$ 2,270
Care fund contributions	125	181
Interest earned	24	52
Contribution to cemetery operations	(24)	(52)
Balance, end of the year	<u>\$ 2,576</u>	<u>\$ 2,451</u>

City of Kamloops
Notes to the Consolidated Financial Statements
December 31, 2022

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	\$ 37,256	\$ (33,242)	\$ 2,155	\$ 6,169
Taxation	\$132,247	\$ -	\$ -	\$ 132,247	Debt principal repayment	(7,345)	-	-	(7,345)
Fees, rates and sales of service	68,399	-	2,131	70,530	Transf (to)/fr reserves	(279)	-	-	(279)
Private contributions	81	-	-	81	Transf (to)/fr current funds	-	-	(4,005)	(4,005)
Government transfers	16,692	-	2,600	19,292	Transf (to)/fr other funds	(2,229)	-	-	(2,229)
Investment income	4,322	-	244	4,566	Transf (to)/fr capital equity	(27,403)	33,242	1,850	7,689
Gain (loss) asset disposal	50	-	-	50		\$ -	\$ -	\$ -	\$ -
	<u>221,791</u>	<u>-</u>	<u>4,975</u>	<u>226,766</u>					
Expenses									
Community & protective services	65,239	620	-	65,859					
Civic operations	44,272	21,876	-	66,148					
Development, engineering, sustainability & public transit	27,201	254	-	27,455					
Corporate administration	17,935	1,376	-	19,311					
Utilities	29,467	9,048	-	38,515					
Cemeteries	421	68	-	489					
Kamloops Airport	-	-	2,054	2,054					
Venture Kamloops	-	-	766	766					
	<u>184,535</u>	<u>33,242</u>	<u>2,820</u>	<u>220,597</u>					
Annual surplus	<u>\$ 37,256</u>	<u>\$ (33,242)</u>	<u>\$ 2,155</u>	<u>\$ 6,169</u>					

City of Kamloops

Schedule 1: Kamloops Airport Authority Society

Statement of Financial Position As at December 31, 2022

	2022	2021
Financial Assets		
Cash	\$ 3,039	\$ 2,295
Accounts Receivable	980	1,857
Deposits	135	132
	<u>4,154</u>	<u>4,284</u>
Liabilities		
Accounts payable	285	707
Deferred revenue	-	-
Long-term debt	2,350	3,106
	<u>2,635</u>	<u>3,813</u>
Net financial assets (debt)	<u>1,519</u>	471
Non-financial assets		
Tangible capital assets	63,606	62,707
	<u>63,606</u>	<u>62,707</u>
Accumulated surplus	<u>\$ 65,125</u>	<u>\$ 63,178</u>

Consolidated Statement of Operations For the year ended December 31, 2022

	Financial Plan 2022	2022	2021
Revenue			
Kamloops Airport	\$ 1,451	\$ 2,349	\$ 1,512
Government transfers	2,600	1,749	1,424
Other income	244	322	259
	<u>4,295</u>	<u>4,420</u>	<u>3,195</u>
Expenses			
Kamloops Airport	2,054	2,473	2,663
Increase in accumulated surplus	<u>\$ 2,241</u>	<u>\$ 1,947</u>	<u>\$ 532</u>

City of Kamloops

Schedule 2: Venture Kamloops Business Development Society

Statement of Financial Position As at December 31, 2022

	2022	2021
Financial Assets		
Cash	\$ 126	\$ 154
Accounts receivable	4	2
	130	156
Liabilities		
Accounts payable	67	70
Net financial assets (debt)	63	86
Non-financial assets		
Prepaid expenses	16	16
Tangible capital assets	7	8
	23	24
Accumulated surplus	\$ 86	\$ 110

Consolidated Statement of Operations For the year ended December 31, 2022

	Financial Plan 2022	2022	2021
Revenue			
City of Kamloops	\$ 640	\$ 640	\$ 640
Other income	40	50	43
	680	690	683
Expenses			
Venture Kamloops	766	714	686
	766	714	686
Increase in accumulated surplus	\$ (86)	\$ (24)	\$ (3)

City of Kamloops

Schedule 3:

(Unaudited)

Safe Restart Funding

	<u>General</u>	<u>Transit</u>
Balance, December 31, 2021	\$ 2,832	\$ 2,150
Eligible costs incurred		
Revenue shortfall	(2,631)	(1,153)
COVID-19 related increased costs	(75)	-
Total eligible costs incurred	<u>(2,706)</u>	<u>(1,153)</u>
Balance, December 31, 2022	<u>\$ 126</u>	<u>\$ 997</u>