City of Kamloops

Consolidated Financial Statements
For the year ended December 31, 2025

City of Kamloops

Consolidated Financial Statements
For the year ended December 31, 2025

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 Committee of the Whole 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.

MMiddleton

Margot Middleton
Deputy Mayor

April 14, 2026

David Hallinan, FCPA, FCMA
Corporate Services Director

April 14, 2026

Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
300-275 Lansdowne Street
Kamloops, BC V2C 6J3

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, 2025, 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, 2025, 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 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.

Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
300-275 Lansdowne Street
Kamloops, BC V2C 6J3

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 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.

Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
300-275 Lansdowne Street
Kamloops, BC V2C 6J3

Other Matter – Unaudited information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 3 on page 31 of the Entity's consolidated financial statements.

BDO Canada LLP

Chartered Professional Accountants

Kamloops, British Columbia
April 15, 2026

City of Kamloops

Consolidated Statement of Financial Position
as at December 31, 2025 (in thousands of dollars)

	2025	2024
Financial Assets		
Cash (Note 3)	**$ 36,850**	$ 49,074
Investments (Note 3)	**110,230**	86,465
Accounts receivable (Note 4)	**40,315**	35,759
	187,395	171,298
Liabilities		
Accounts payable (Note 5)	**44,064**	41,436
Payroll benefits payable	**7,110**	6,947
Post-employment benefits payable (Note 6)	**8,673**	8,364
Restricted deposits	**8,970**	10,093
Deferred revenue (Note 8)	**50,813**	64,057
Debt (Note 9)	**98,369**	47,391
Asset retirement obligations (Note 10)	**43,795**	45,484
	261,794	223,772
Net Debt	**(74,399)**	(52,474)
Non-Financial Assets		
Inventory	**2,472**	2,520
Prepaid expenses	**6,814**	5,227
Tangible capital assets (Note 11)	**1,519,103**	1,453,900
	1,528,389	1,461,647
Accumulated Surplus (Note 12)	**$ 1,453,990**	$ 1,409,173

See commitments and contingencies (Note 17)

Margot Middleton
Deputy Mayor

David Hallinan, FCPA, FCMA
Corporate Services Director

Consolidated Statement of Operations and Accumulated Surplus
for the year ended December 31, 2025 (in thousands of dollars)

	Financial Plan 2025 (Note 19)	2025	2024
Revenue (Note 13)			
Taxation (Note 14)	$ 168,902	**$ 167,897**	$ 156,022
Fees, rates and sales of service	93,863	**92,337**	85,215
Developer cost charges	-	**22,824**	8,313
Private contributions (Note 15)	85	**5,183**	6,842
Government transfers (Note 16)	27,339	**31,554**	29,849
Investment income	6,535	**7,635**	9,962
Gain (Loss) asset disposal	300	**1,776**	5,223
	297,024	**329,206**	301,426
Expenses (Note 13)			
Protective services	78,985	**$ 75,360**	$ 72,528
Civic operations	54,724	**61,875**	64,830
Utilities	54,881	**54,940**	49,950
Development, engineering, sustainability & public transit	37,113	**37,558**	32,805
Corporate administration	31,509	**29,056**	28,245
Community & culture	20,842	**21,069**	22,152
Cemeteries	1,084	**1,313**	1,116
Kamloops Airport	2,289	**2,382**	2,258
Venture Kamloops	893	**836**	785
	282,320	**284,389**	274,669
Annual Surplus	14,704	**44,817**	26,757
Accumulated Surplus, beginning of year		**1,409,173**	1,382,416
Accumulated Surplus, end of year		**$ 1,453,990**	$ 1,409,173

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, 2025 (in thousands of dollars)

	Financial Plan 2025 (Note 19)	**2025**	2024
Annual surplus	$ 14,704	**$ 44,817**	$ 26,757
Acquisition of tangible capital assets (Note 11)	(193,077)	**(109,549)**	(113,965)
Amortization of tangible capital assets (Note 11)	42,996	**43,013**	39,838
Net book value of tangible capital assets disposed (Note 11)	-	**1,333**	213
Decr (Incr) in prepaid expenses	-	**(1,587)**	3,190
Decr (Incr) in inventory	-	**48**	60
Change in net debt	(135,377)	**(21,925)**	(43,907)
Net debt, beginning of year	(52,474)	**(52,474)**	(8,567)
Net debt, end of year	$ (187,851)	**$ (74,399)**	$ (52,474)

Consolidated Statement of Cash Flows
for the year ending December 31, 2025 (in thousands of dollars)

	2025	2024
Cash provided by (used for)		
Operating transactions		
Annual surplus	**$ 44,817**	$ 26,757
Non-cash items included in annual surplus		
Amortization	**43,013**	39,838
Accretion	**1,528**	1,478
Change in post-employment benefits payable	**309**	421
Gain on disposal of tangible capital assets	**(1,776)**	(5,223)
Private contributions	**(2,876)**	(6,737)
Changes in non-cash operating items:		
Accounts receivable	**(4,556)**	(6,109)
Inventory	**48**	60
Prepaid expenses	**(1,587)**	3,190
Accounts payable	**3,412**	1,710
Payroll benefits payable	**163**	1,127
Deferred revenue	**(13,244)**	(1,410)
Restricted deposits	**(1,123)**	(1,345)
	68,128	53,757
Capital transactions		
Abatement of asset retirement obligations	**(2,547)**	-
Acquisition of tangible capital assets	**(108,127)**	(102,430)
Proceeds from sale of tangible capital assets	**3,109**	5,436
	(107,565)	(96,994)
Investing transactions		
Investments	**(23,765)**	37,695
	(23,765)	37,695
Financing transactions		
Proceeds from issuance of debt	**60,000**	-
Principal repayments on debt	**(9,022)**	(8,826)
	50,978	(8,826)
Decrease in cash	**(12,224)**	(14,368)
Cash, beginning of year	**49,074**	63,442
Cash, end of year	**$ 36,850**	$ 49,074
Supplemental cash flow information:		
Purchases of tangible capital assets included in accounts payable	**$ 358**	$ 1,142

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

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, the Venture Kamloops Business Development Society and the Kamloops Community Land Trust Foundation. Separate audited financial statements have also been prepared for the Kamloops Airport Authority Society and the Venture Kamloops Business Development Society. Inter-fund balances and transactions have been eliminated.

The Kamloops Airport Authority Society, the Venture Kamloops Business Development Society and the Kamloops Community Land Trust Foundation are controlled by the City through its appointment of the Board of Directors of each entity. The consolidated financial statements include all accounts of these entities.

The City has established the Kamloops Community Land Trust Foundation. The establishment of the Foundation was a key step in filling the housing gap within the City. The Foundation is currently in the pre-development phase and has not incurred any operating activity in the year.

(d) Revenue recognition

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the City satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

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.

The City recognizes revenue from users of the water, sewer, solid waste disposal, and rentals of City property services on a straight-line basis over the period of time that the relevant performance obligations are satisfied by the City.

The City recognizes revenue from administrative services, building permits, development permits, sales of goods and other licenses and permits at the point in time that the City has performed the related performance obligations and control of the related benefits has passed to the payors.

Revenue from transactions without performance obligation is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

The City recognizes revenue from tax penalties and interest, parking ticket fines, and other revenue without associated performance obligations at the realizable value at the point in time when the City is authorized to collect these revenues.

December 31, 2025 (in thousands of dollars)

1. Significant accounting policies (continued)

(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.

(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. Contributed tangible capital assets are recorded at fair value at the date of contribution.

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
Roads and linear assets	10 to 75 years
Water infrastructure	10 to 75 years
Sewer 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) 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.

1. Significant accounting policies (continued)

(j) Contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Budget information

Budget information was included in the City's Five-year Financial plan (2025-2029) and was adopted through Bylaw No. 16-330 on April 8, 2025.

1. Significant accounting policies (continued)

(p) 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, 2025 and December 31, 2024. 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.

Portfolio investments are initially measured at cost and subsequently measured at amortized cost, which includes the original cost plus transaction costs and associated investment income on an effective interest method. 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.

(q) 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 (g).

2. 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 13.

During the year, the EcoSmart Team unit was reallocated from 'Development, engineering, sustainability & public transit' to 'Utilities'. The comparative figures have been reallocated as a result.

2. Segmented information (continued)

Subsequent to year end, the City formed the Communications and Strategic Partnerships Department under a new Director. The Department merges the Communications & Community Engagement Division (currently reported within Community & culture) and the Indigenous & External Relations Division (currently reported within the Corporate administration). These changes are effective for 2026.

(a) Protective services

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

- 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. Any repair and maintenance of buildings used by the Community & culture segment is reflected within that segment.

(c) 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, recycling and organics products, the EcoSmart Team, and the treatment and distribution of water throughout the City.

(d) Development, engineering, sustainability & public transit

This segment includes many of the activities of the Development, Engineering, and Sustainability departments 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.

(e) Corporate administration

This segment includes all of the internal support functions of the City. This includes Employee Services (previously Human Resources), Information Technology, Finance, Legislative services, Enterprise Risk Management and the Chief Administration Officer's department.

(f) Community & culture

This segment includes the operating activities of the parks, recreation, cultural services and communications departments. This includes the revenue and expenses to provide recreation and culture programs throughout the City. Recreational facilities are maintained by the Civic operations department with costs being represented within Community & culture.

(g) Cemeteries

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.

(h) 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.

(i) Venture Kamloops Business Development Society

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

December 31, 2025 (in thousands of dollars)

3. Cash and Investments

	2025	2024
Consolidated cash	**$ 36,850**	$ 49,074
Consolidated investments	**110,230**	86,465
	$ 147,080	$ 135,539
Amounts Restricted for Specific Purposes:		
Internally restricted	**$ 37,537**	$ 40,878
Development cost charges (Note 8)	**16,895**	33,839
Kamloops Airport	**4,613**	1,617
Venture Kamloops	**172**	156
Total restricted cash and investments	**59,217**	76,490
Unrestricted cash and investments	**87,863**	59,049
	$ 147,080	$ 135,539

The City's investments consist of Guaranteed Investment Certificates, Government bonds, Principal protected notes and Protected high interest savings accounts. Details of investments held are:

	2025	
Maturity:	**Rates**	**Amount**
Within 6 months	2.90% - 5.29%	**$ 34,045**
6 months to 1 year	3.00% - 3.65%	**11,250**
1 to 5 years	1.60% - 5.23%	**18,789**
Over 5 years	1.67% - 5.75%	**46,146**
		$ 110,230

	2024	
Maturity:	**Rates**	**Amount**
Within 6 months	4.75% - 5.92%	$ 25,661
6 months to 1 year	4.21% - 5.67%	11,250
1 to 5 years	1.75% - 5.26%	35,551
Over 5 years	1.60% - 5.75%	14,003
		$ 86,465

The market value of short-term investments is $111 million (2024 - $86 million).

4. Accounts Receivable

	2025	2024
General fund		
Taxes	**$ 4,930**	$ 5,130
Utilities	**2,975**	5,692
Trade	**11,409**	9,627
Accrued interest	**1,515**	2,373
Province of British Columbia	**5,388**	1,528
Government of Canada	**1,689**	1,894
	$ 27,906	$ 26,244
Water fund		
Utilities	**$ 5,014**	$ 3,766
Sewer fund		
Utilities	**$ 5,092**	$ 4,365
Province of British Columbia	**1,912**	-
Kamloops Airport Authority Society		
Accounts receivable	**$ 388**	$ 1,382
Venture Kamloops Business Development Society		
Accounts receivable	**$ 3**	$ 2
	$ 40,315	$ 35,759

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

	Accounts receivable	Less: Impairment Allowance	**2025**
Current	$ 8,347	$ -	**$ 8,347**
31 to 60 days	213	-	**213**
61 to 90 days	144	-	**144**
Over 90 days	2,707	(2)	**2,705**
Total	$ 11,411	$ (2)	**$ 11,409**

December 31, 2025 (in thousands of dollars)

4. Accounts Receivable (continued)

	Accounts receivable	Less: Impairment Allowance	2024
Current	$ 6,996	$ -	$ 6,996
31 to 60 days	282	-	282
61 to 90 days	279	-	279
Over 90 days	2,075	(5)	2,070
Total	$ 9,632	$ (5)	$ 9,627

5. Accounts Payable

	2025	2024
General fund		
Trade	**$ 27,025**	$ 17,267
Wages and payroll deductions	**4,377**	3,953
Province of British Columbia	**277**	7,815
Government of Canada	**11,816**	11,090
	$ 43,495	$ 40,125
Kamloops Airport Authority Society		
Accounts payable and accrued liabilities	**$ 464**	$ 1,229
Venture Kamloops Business Development Society		
Accounts payable and accrued liabilities	**$ 105**	$ 82
	$ 44,064	$ 41,436

6. 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.

The plan does not require any contribution from employees. The retirement benefit liability at December 31, 2025 includes the following components:

	CUPE	Firefighters	Management	2025	2024
Accrued benefit obligation, beginning of year	$ 4,677	$ 137	$ 2,771	**$ 7,585**	$ 7,937
Current service cost	440	9	224	**673**	654
Interest cost	204	6	121	**331**	327
Benefits paid	(427)	-	(205)	**(632)**	(562)
Actuarial (gain) loss - current	(86)	(13)	(25)	**(124)**	(771)
Accrued benefit obligation, end of year	$ 4,808	$ 139	$ 2,886	**$ 7,833**	$ 7,585
Unamortized actuarial (loss) gain	996	13	(169)	**840**	779
Post employment benefits payable	$ 5,804	$ 152	$ 2,717	**$ 8,673**	$ 8,364

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared on January 9, 2026 using data as of December 31, 2025. The accrued benefit obligation shown for 2025 is based on amounts included in the 2026 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 2.90% (2024 - 2.79%). The discount rate used to determine the accrued benefit obligation is 4.20% (2024 - 4.20%).

The retirement benefit expense is included in the statement of operations as a component of salaries and wages.

December 31, 2025 (in thousands of dollars)

7. 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 3260 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.

8. Deferred Revenue

	Balance at December 31, 2024	Collected	Interest	Recognized	**Balance at December 31, 2025**
General fund					
Prepaid taxes	$ 25,956	$ 44,441	$ -	$ (41,849)	**$ 28,548**
Grants	1,846	2,414	-	(1,521)	**2,739**
Business licenses	1,224	1,377	-	(1,224)	**1,377**
Recreation programs	1,089	23,860	-	(23,771)	**1,178**
Leases	24	-	-	(1)	**23**
Other	79	52	-	(78)	**53**
	$ 30,218	$ 72,144	$ -	$ (68,444)	**$ 33,918**
Development cost charges					
	33,839	5,603	276	(22,823)	**16,895**
	$ 64,057	$ 77,747	$ 276	$ (91,267)	**$ 50,813**

9. Long-term debt

(a) Long-term debt outstanding:

	General fund	Sewer fund	Solid Waste fund	Water fund	Total
Balance at December 31, 2024	$ 25,207	$ 9,092	$ 9,394	$ 3,698	$ 47,391
Principal repayments	(3,125)	(1,973)	(340)	(1,090)	(6,528)
Actuarial adjustments	(1,855)	(374)	(91)	(174)	(2,494)
Debt acquired	60,000	-	-	-	60,000
Balance at December 31, 2025	**$ 80,227**	**$ 6,745**	**$ 8,963**	**$ 2,434**	**$ 98,369**

During the year, $40 million of new debt was acquired under Bylaw No. 57-1 for the Kamloops Centre for the Arts and $20 million of new debt was acquired under Bylaw No. 57-2 for the Arena Multiplex and design of related Build Kamloops recreation initiatives. These funds have been invested for future application to project cash flows.

Kamloops Airport Authority Society debt is included in the General Fund balance. The amount outstanding on December 31, 2025 was $- million (2024 - $0.758 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:					
2026	$ 5,854	$ 948	$ 340	$ 424	$ 7,566
2027	1,652	948	340	343	3,283
2028	1,291	948	340	239	2,818
2029	1,291	948	340	239	2,818
2030	1,291	289	340	239	2,159
Thereafter:	1,459	290	3,494	173	5,416
	12,838	4,371	5,194	1,657	24,060
Sinking fund	67,389	2,374	3,769	777	74,309
	$ 80,227	$ 6,745	$ 8,963	$ 2,434	$ 98,369

December 31, 2025 (in thousands of dollars)

9. Long-term debt (continued)

The weighted average interest rate on long-term debt in 2025 was 2.08% (2024 - 2.01%). Consolidated interest expense on long-term debt was $2.802 million (2024 - $2.712 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, 2024	Capital assets purchased pending debt	Other adjustments	**Balance at December 31, 2025**
General fund	$ 36,342	$ 8,106	$ (240)	**$ 44,208**
Water fund	6	-	(6)	**-**

(d) Unused credit facility:

Pursuant to Bylaw No. 16-306, the City was authorized to apply for a credit facility of $6.0 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.

10. 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: Barnhartvale, Kamloops Resource Recovery Center and Mission Flats. The amounts recorded are 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 2051, 2066 and 2061. Monitoring of the landfills will be required for an additional 100 years after final closure. Estimated costs of $43 million (2024 - $45 million) have been discounted to the present value using a discount rate of 3.36% per annum (2024 - 3.36%). During the year the estimates based on changes to future closure costs were updated as a result of progressive closure activities.

(b) Asbestos abatement obligation

The City owns and operates several buildings that are known to contain asbestos, which represents a health hazard and which various regulations require specific considerations upon asset retirement. The buildings all have an estimated 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 (2024 - $3.7 million) have been discounted to the present value using a discount rate of 3.36% per annum (2024 - 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 $5.4 million (2024 - $5.4 million) have been discounted to the present value using a discount rate of 3.36% per annum (2024 - 3.36%).

December 31, 2025 (in thousands of dollars)

10. 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 $6.0 million (2024 - $6.0 million) have been discounted to the present value using a discount rate of 3.36% per annum (2024 - 3.36%). During the year estimates for the Mission Flats Old Civic Operations yard were updated based on new information.

(e) Asset retirement obligation continuity:

	Landfills	Other	**2025**
Balance, beginning of year	31,129	14,355	**45,484**
Accretion expense	1,046	482	**1,528**
Abatement of asset retirement obligation	(2,546)	(1)	**(2,547)**
Change in assumptions	(670)	-	**(670)**
Balance, end of the year	$ 28,959	$ 14,836	**$ 43,795**

	Landfills	Other	2024
Balance, beginning of year	28,464	11,566	40,030
Accretion expense	1,011	467	1,478
Abatement of asset retirement obligation	-	-	-
Change in assumptions	1,654	2,322	3,976
Balance, end of the year	$ 31,129	$ 14,355	$ 45,484

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.

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 accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

December 31, 2025 (in thousands of dollars)

11. Tangible Capital Assets

(a) 2025	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	$ 126,756	$ 145,947	$ 268,322	$ 130,358	$ 1,046,328	$ 226,160	$ 133,178	$ 86,058	**$ 2,163,107**
Additions	2,174	17,256	11,878	9,852	29,953	31,891	1,345	5,200	**109,549**
Disposals	(219)	(1,510)	(4)	(3,790)	(2,621)	(954)	(364)	-	**(9,462)**
Adjustments	-	-	176	24	5,258	-	-	(5,458)	**-**
End of year	$ 128,711	$ 161,693	$ 280,372	$ 136,444	$ 1,078,918	$ 257,097	$ 134,159	$ 85,800	**$ 2,263,194**
Accumulated amortization									
Beginning of year	$ -	$ (75,771)	$ (144,979)	$ (88,962)	$ (263,143)	$ (95,169)	$ (41,183)	$ -	**$ (709,207)**
Amortization	-	(4,412)	(8,341)	(8,167)	(15,040)	(4,842)	(2,211)	-	**(43,013)**
Disposals	-	1,036	4	3,761	2,351	745	232	-	**8,129**
End of year	-	(79,147)	(153,316)	(93,368)	(275,832)	(99,266)	(43,162)	-	**(744,091)**
Net carrying amount, end of year	$ 128,711	$ 82,546	$ 127,056	$ 43,076	$ 803,086	$ 157,831	$ 90,997	$ 85,800	**$ 1,519,103**

During the year the City received $nil (2024 - $0.868 million) in land and infrastructure from developers and $2.876 million (2024 - $5.869 million) from other sources. These contributed tangible capital assets were recorded at fair value at the date of contribution. Non-cash additions related to the remeasurement of asset retirement obligations for the year were $nil (2024 - $3.976 million). No interest was capitalized and no write-downs of capital assets occurred during the year. In 2024 and 2025, the Kamloops Airport Authority Society reclassified amounts between reporting categories resulting in the noted Adjustments.

(b) 2024	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	$ 105,190	$ 119,084	$ 267,458	$ 123,355	$ 1,031,325	$ 221,615	$ 132,813	$ 51,326	**$ 2,052,166**
Additions	21,596	26,863	8,454	6,463	4,917	10,032	908	34,732	**113,965**
Disposals	(30)	-	-	(2,492)	-	(499)	-	-	**(3,021)**
Adjustments	-	-	(7,590)	3,032	10,086	(4,988)	(543)	-	**(3)**
End of year	$ 126,756	$ 145,947	$ 268,322	$ 130,358	$ 1,046,328	$ 226,160	$ 133,178	$ 86,058	**$ 2,163,107**
Accumulated amortization									
Beginning of year	$ -	$ (72,174)	$ (139,176)	$ (82,008)	$ (245,544)	$ (93,980)	$ (39,298)	$ -	**$ (672,180)**
Amortization	-	(3,597)	(7,981)	(7,510)	(14,204)	(4,355)	(2,191)	-	**(39,838)**
Disposals	-	-	-	2,408	-	400	-	-	**2,808**
Adjustments	-	-	2,178	(1,852)	(3,395)	2,766	306	-	**3**
End of year	$ -	$ (75,771)	$ (144,979)	$ (88,962)	$ (263,143)	$ (95,169)	$ (41,183)	$ -	**$ (709,207)**
Net carrying amount, end of year	$ 126,756	$ 70,176	$ 123,343	$ 41,396	$ 783,185	$ 130,991	$ 91,995	86,058	**$ 1,453,900**

December 31, 2025 (in thousands of dollars)

12. Accumulated surplus

(a) Risk mitigation reserves

	Balance at December 31, 2024	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2025**
Corporate risk reserve	$ 1,405	$ 209	$ (687)	**$ 927**
Community safety reserve	9	2,174	-	**2,183**
Asset management reserve	1,376	3,190	(2,912)	**1,654**
Capital contingency fund	618	-	(32)	**586**
	3,408	5,573	(3,631)	**5,350**
Venture Kamloops	70	3	-	**73**
	$ 3,478	$ 5,576	$ (3,631)	**$ 5,423**

(b) Opportunity reserves

	Balance at December 31, 2024	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2025**
Climate action reserve	$ 2,611	$ 1,540	$ (1,593)	**$ 2,558**
Affordable housing reserve	342	273	(615)	**-**
Community engagement reserve	-	25	-	**25**
Heritage reserve	371	20	-	**391**
New capital asset reserve	1,575	16	(1,362)	**229**
Community works reserve	9,709	3,570	(3,631)	**9,648**
Gaming fund reserve	6,080	2,725	(2,927)	**5,878**
1% debt reserve	249	6	(137)	**118**
Growing Communities Fund reserve	16,581	194	(6,671)	**10,104**
	$ 37,518	$ 8,369	$ (16,936)	**$ 28,951**

(c) Restricted reserves

	Balance at December 31, 2024	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2025**
Legacy funds in trust	$ 3	$ 125	$ -	**$ 128**
Build Kamloops	-	4,212	(3,182)	**1,030**
Land sale reserve	2,242	1,347	(192)	**3,397**
Service agreement reserve	197	293	(241)	**249**
Parking facility reserve	774	8	(782)	**-**
Transportation and pedestrian upgrades	325	14	(133)	**206**
Downtown parking solutions infrastructure reserve	509	127	(636)	**-**
Restricted operating funds	944	533	(944)	**533**
	4,994	6,659	(6,110)	**5,543**
Kamloops Airport	2,655	3,802	(1,629)	**4,828**
	$ 7,649	$ 10,461	$ (7,739)	**$ 10,371**

(d) Planned capital spend reserves

	Balance at December 31, 2024	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2025**
Planned capital	$ 3,599	$ 4,446	$ (4,171)	**$ 3,874**
Equipment replacement	4,784	7,388	(6,376)	**5,796**
	$ 8,383	$ 11,834	$ (10,547)	**$ 9,670**

December 31, 2025 (in thousands of dollars)

12. Accumulated surplus (continued)

(e) Working capital

	General fund	Sewer fund	Solid Waste fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2023	$ 2,655	$ 29,984	$ 8,564	$ 12,147	$ 100	$ 16	$ 53,466
Operating (deficit) surplus for the year	(105)	1,354	(535)	(7,813)	-	18	(7,081)
Balance at December 31, 2024	$ 2,550	$ 31,338	$ 8,029	$ 4,334	$ 100	$ 34	$ 46,385
Operating (deficit) surplus for the year	(186)	(9,820)	(5,045)	1,453	-	(15)	(13,613)
Balance at December 31, 2025	**$ 2,364**	**$ 21,518**	**$ 2,984**	**$ 5,787**	**$ 100**	**$ 19**	**$ 32,772**

(f) Capital equity

	General fund	Sewer fund	Solid Waste fund	Water fund	Kamloops Airport	Venture Kamloops	Total
Balance at December 31, 2023	$ 966,106	$ 105,621	$ (9,531)	$ 139,571	$ 62,592	$ 5	$ 1,264,364
Operating (deficit) surplus for the year	18,894	3,277	1,388	10,256	7,583	(2)	41,396
Balance at December 31, 2024	$ 985,000	$ 108,898	$ (8,143)	$ 149,827	$ 70,175	$ 3	$ 1,305,760
Operating (deficit) surplus for the year	24,143	23,373	423	13,541	(437)	-	61,043
Balance at December 31, 2025	**$ 1,009,143**	**$ 132,271**	**$ (7,720)**	**$ 163,368**	**$ 69,738**	**$ 3**	**$ 1,366,803**

Total Accumulated Surplus	**2025**	2024
Risk mitigation reserves	**$ 5,350**	$ 3,408
Opportunity reserves	**28,951**	37,518
Restricted reserves	**5,543**	4,994
Planned capital spend reserves	**9,670**	8,383
Working capital	**32,653**	46,251
Capital equity	**1,297,062**	1,235,582
Kamloops Airport Authority Society	**74,666**	72,930
Venture Kamloops Business Development Society	**95**	107
	$ 1,453,990	$ 1,409,173

December 31, 2025 (in thousands of dollars)

13. Operating revenue and expense by segment. 2025 actual amounts with 2025 fiscal plan and 2024 actual comparables

Summary of departments and major categories

	Protective services	Civic operations	Utilities	Development, engineering, sustainability & public transit	Corporate administration	Community & culture	Cemeteries	Kamloops Airport	Venture Kamloops	2025 total	2025 Fiscal Plan	2024 total
Taxation	$ 70,522	$ 35,779	$ -	$ 14,012	$ 35,802	$ 11,782	$ -	$ -	$ -	**$ 167,897**	$ 168,902	$ 156,022
Fees, rates and sales of service	4,690	923	60,655	9,927	4,226	7,626	811	3,476	3	**92,337**	93,863	85,215
Developer cost charges	-	7,015	15,809	-	-	-	-	-	-	**22,824**	-	8,313
Private contributions	9	2,973	2,092	-	11	98	-	-	-	**5,183**	85	6,842
Government transfers	1,881	3,559	6,159	11,512	7,226	1,163	-	54	-	**31,554**	27,339	29,849
Investment income	-	-	1,276	-	5,594	83	92	590	-	**7,635**	6,535	9,962
Gain (Loss) asset disposal	-	81	(341)	2,036	-	-	1	(1)	-	**1,776**	300	5,223
Total revenue	$ 77,102	$ 50,330	$ 85,650	$ 37,487	$ 52,859	$ 20,752	$ 904	$ 4,119	$ 3	**$ 329,206**	$ 297,024	$ 301,426
Salaries and wages	$ 36,627	$ 26,240	$ 10,181	$ 9,307	$ 15,479	$ 12,495	$ 536	$ -	$ -	**$ 110,865**	$ 106,010	$ 101,162
Personnel expenses	299	200	99	141	577	87	-	-	-	**1,403**	1,518	1,376
Supplies, contracts and other services	36,308	22,703	17,924	28,282	14,355	7,912	324	149	834	**128,791**	129,849	130,565
Cross functional services	451	(12,312)	13,681	230	(4,080)	611	376	-	-	**(1,043)**	(509)	(544)
Debt servicing and capital costs	261	5	2,369	(1,609)	201	(36)	-	169	-	**1,360**	2,457	2,273
Amortization	1,414	25,039	10,686	1,207	2,524	-	77	2,064	2	**43,013**	42,995	39,837
Total expenses	$ 75,360	$ 61,875	$ 54,940	$ 37,558	$ 29,056	$ 21,069	$ 1,313	$ 2,382	$ 836	**$ 284,389**	$ 282,320	$ 274,669
Excess (deficiency) of revenues over expenses	$ 1,742	$ (11,545)	$ 30,710	$ (71)	$ 23,803	$ (317)	$ (409)	$ 1,737	$ (833)	**$ 44,817**	$ 14,704	$ 26,757

December 31, 2025 (in thousands of dollars)

14. Taxation

	Fiscal Plan	**2025**	2024
Taxation	$ 162,078	**$ 162,226**	$ 149,483
Special assessments	1,395	**208**	810
Utilities	1,750	**1,750**	1,692
Government transfers in lieu of taxes	3,679	**3,713**	4,037
	$ 168,902	**$ 167,897**	$ 156,022
Collections for other taxing authorities			
Province of British Columbia - school taxes	$ 52,000	**$ 54,406**	$ 51,898
Thompson Regional Hospital District	10,328	**10,670**	10,322
Thompson-Nicola Regional District	8,000	**8,364**	8,033
British Columbia Assessment Authority	1,323	**1,398**	1,326
Municipal Finance Authority	-	**7**	7
Business Improvement Associations	1,104	**1,106**	-
	72,755	**75,951**	71,586
Other taxing authorities	(72,755)	**(75,951)**	(71,586)
	$ 168,902	**$ 167,897**	$ 156,022

In 2024 the levies for the Business Improvement Areas was included in Special Assessments in the amount of $576 thousand.

15. Private contributions

	Fiscal Plan	**2025**	2024
Developer provided assets	$ -	**$ -**	$ 867
Contributed assets	-	**2,876**	5,869
Cash donations	85	**2,307**	106
	$ 85	**$ 5,183**	$ 6,842

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.

December 31, 2025 (in thousands of dollars)

16. Government transfers

	Fiscal Plan	**2025**	2024
General fund			
Federal government			
Community Works Fund	$ 4,521	**$ 4,521**	$ 4,521
Provincial government			
Public transit	12,018	**11,256**	10,445
Gaming	3,000	**2,662**	2,974
Victim assistance	114	**114**	118
Traffic fines	1,000	**1,028**	1,059
Capital infrastructure	-	**3,559**	3,434
Other	2,151	**2,490**	3,389
Federation of Canadian Municipalities			
Solid waste program	-	**-**	3
	22,804	**25,630**	25,943
Water fund			
Federal government			
Capital infrastructure	-	**3,915**	-
Sewer fund			
Provincial government			
Capital infrastructure	-	**1,955**	-
Kamloops Airport Authority Society			
Federal government			
Other	4,535	**54**	3,906
	$ 27,339	**$ 31,554**	$ 29,849

17. 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.

In addition to the above contracts, the City of Kamloops has entered into various agreements with contractors related to the Kamloops Centre for the Arts totaling approximately $174.5 million. Contract lengths are to the completion of the project, currently estimated to be in 2029 and include standard penalty clauses for termination outside of the defined contractual terms.

The City of Kamloops has also entered into contracts related to the validation of the Arena Multiplex totaling approximately $2.6 million. Validation is expected to be completed May 2026.

(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 trusteed 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, 2025, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

December 31, 2025 (in thousands of dollars)

17. Commitments and Contingencies (continued)

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, 2024 indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The City of Kamloops paid $8.447 million (2024 - $7.964 million) for employer contributions while employees contributed $7.363 million (2024 - $6.902 million) to the plan in fiscal 2025.

The next valuation will be as at December 31, 2027 with results available in 2028.

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	**2025**	2024
General fund	$ 1,031	$ 1,840	**$ 2,871**	$ 2,843
Sewer fund	242	543	**785**	1,361
Solid Waste fund	156	176	**332**	327
Water fund	113	240	**353**	855
	$ 1,542	$ 2,799	**$ 4,341**	$ 5,386

(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.

December 31, 2025 (in thousands of dollars)

18. 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.

	2025	2024
Financial assets		
Short-term investments	**$ 2,965**	$ 2,861
Accounts receivable	**48**	40
	$ 3,013	$ 2,901
Accumulated surplus		
Balance, beginning of the year	**$ 2,901**	$ 2,693
Care fund contributions	**112**	208
Interest earned	**92**	81
Contribution to cemetery operations	**(92)**	(81)
Balance, end of the year	**$ 3,013**	$ 2,901

The City is the beneficiary of certain endowment funds that are held by the British Columbia Interior Community Foundation: 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.

In accordance with PSAS guidelines, trusts administered by a government organization should be excluded from the City's consolidated financial statements.

	2025	2024
Centennial Fund A	**$ 516**	$ 489
Centennial Fund B	**40**	40
1979 Winter Games Legacy Fund	**216**	213
1993 Canada Summer Games Fund	**569**	569
2006 BC Summer Games Legacy Fund	**110**	108
Art Gallery Reserve Fund	**464**	464
Arts Legacy Fund	**258**	254
	$ 2,173	$ 2,137

December 31, 2025 (in thousands of dollars)

19. 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
Revenue				
Taxation	$168,902	$ -	$ -	$ 168,902
Fees, rates and sales of service	89,318	-	4,545	93,863
Private contributions	85	-	-	85
Government transfers	22,804	-	4,535	27,339
Investment income	6,096	-	439	6,535
Gain (Loss) asset disposal	300	-	-	300
	287,505	-	9,519	297,024
Expenses				
Protective services	77,571	1,414	-	78,985
Civic operations	29,685	25,039	-	54,724
Utilities	44,196	10,685	-	54,881
Development, engineering, sustainability & public transit	35,906	1,207	-	37,113
Corporate administration	28,985	2,524	-	31,509
Community & culture	20,842	-	-	20,842
Cemeteries	1,007	77	-	1,084
Kamloops Airport	-	-	2,289	2,289
Venture Kamloops	-	-	893	893
	238,192	40,946	3,182	282,320
Annual surplus	$ 49,313	$ (40,946)	$ 6,337	$ 14,704

	Financial Plan Bylaw	Amortization and expenses not capitalized	Kamloops Airport & Venture Kamloops	Fiscal Plan
Annual surplus carry fwd	$ 49,313	$ (40,946)	$ 6,337	$ 14,704
Debt principal repayment	(9,328)	-	-	(9,328)
Debt acquired	21,555	-	-	21,555
Transf to reserves	(24,170)	-	-	(24,170)
Transf (to)/fr surplus	19,184	-	(8,387)	10,797
Transf from reserves	4,720	-	-	4,720
Acquisition of capital	(193,077)	-	-	(193,077)
Capital funded from reserves, grants and other revenue	131,803	-	-	131,803
Transf (to)/fr capital equity	-	40,946	2,050	42,996
	$ -	$ -	$ -	$ -

20. 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 it 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 3 and 4. 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 fair value risk. The maximum exposure to credit risk on investments is the carrying value outlines in note 3.

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 9 and accounts payable maturities are all within the next fiscal year.

December 31, 2025 (in thousands of dollars)

20. 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:

	2025	2024
2025	**$ -**	$ 9,085
2026	**10,321**	10,169
2027	**6,487**	5,156
2028	**7,832**	4,506
2029	**9,755**	4,664
2030	**8,732**	3,640
Thereafter	**55,242**	10,171
	$ 98,369	$ 47,391

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.

Schedule 1:
Kamloops Airport Authority Society

Statement of Financial Position
As at December 31, 2025 (in thousands of dollars)

	2025	2024
Financial Assets		
Cash	**$ 4,613**	$ 1,617
Accounts Receivable	**388**	1,382
Deposits	**-**	144
	5,001	3,143
Liabilities		
Accounts payable	**465**	1,229
Long-term debt	**-**	758
	465	1,987
Net financial assets	**4,536**	1,156
Non-financial assets		
Tangible capital assets	**70,130**	71,773
	70,130	71,773
Accumulated surplus	**$ 74,666**	$ 72,929

Consolidated Statement of Operations
For the year ended December 31, 2025 (in thousands of dollars)

	Financial Plan 2025	2025	2024
Revenue			
Kamloops Airport	$ 3,725	**$ 3,476**	$ 3,421
Government transfers	4,535	**54**	3,906
Other income	439	**589**	544
	8,699	**4,119**	7,871
Expenses			
Operating expenses	2,289	**2,382**	2,258
Increase in accumulated surplus	$ 6,410	**$ 1,737**	$ 5,613

Schedule 2:
Venture Kamloops Business Development Society

Statement of Financial Position
As at December 31, 2025 (in thousands of dollars)

	2025	2024
Financial Assets		
Cash	**$ 172**	$ 156
Accounts receivable	**3**	3
	175	159
Liabilities		
Accounts payable	**105**	82
Net financial assets	**70**	77
Non-financial assets		
Prepaid expenses	**21**	27
Tangible capital assets	**3**	3
	24	30
Accumulated surplus	**$ 94**	$ 107

Consolidated Statement of Operations
For the year ended December 31, 2025 (in thousands of dollars)

	Financial Plan 2025	2025	2024
Revenue			
City of Kamloops	$ 775	**$ 775**	$ 760
Other income	45	**48**	43
	820	**823**	803
Expenses			
Operating expenses	893	**836**	785
	893	**836**	785
Increase (decrease) in accumulated surplus	$ (73)	**$ (13)**	$ 18

Schedule 3:
(Unaudited)

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.

	2025	2024
Balance, January 1	**$ 16,581**	$ 16,243
Interest income	**194**	853
Eligible costs incurred		
Riverside Park Outdoor Skating Facility	**(6,575)**	(231)
Build Kamloops Strategic Plan	**(96)**	(284)
Total eligible costs incurred	**(6,671)**	(515)
Balance, December 31	**$ 10,104**	$ 16,581