City of Kamloops

Consolidated Financial Statements
For the year ended December 31, 2020

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the City of Kamloops (the "City") and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Council of the City.

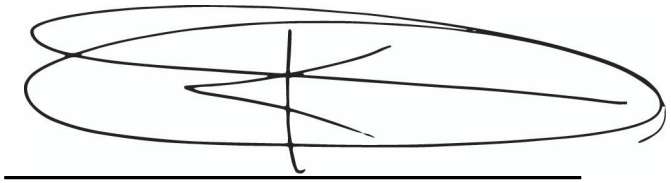
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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. Council carries out this responsibility principally through its Finance Committee.

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.



Ken Christian
Mayor

Kathy Humphrey
Corporate Services Director

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BDO Canada LLP
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Kamloops BC V2C 6J3

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, 2020, and the consolidated statement of operations, 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, 2020, and its consolidated results of operations, its consolidated 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.

Other Matter – Unaudited information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 29 of the Entity's consolidated financial statements.

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.

BDO Canada LLP

Chartered Professional Accountants
Kamloops, British Columbia
May 4, 2021

City of Kamloops

Consolidated Statement of Finanical Position as at December 31, 2020 (in thousands of dollars)

	2020	2019
Assets		
Cash (Note 4)	**76,209**	39,813
Short term investments (Note 4)	**93,770**	140,861
Accounts receivable (Note 5)	**30,839**	24,525
Long-term investments (Note 6)	**2,028**	2,007
	202,846	207,206
Liabilities		
Accounts payable (Note 7)	**23,891**	23,627
Payroll benefits payable	**4,992**	5,045
Post-employment benefits payable (Note 8)	**9,252**	8,359
Landfill post-closure costs (Note 9)	**4,900**	4,634
Restricted deposits	**8,667**	7,231
Deferred revenue (Note 11)	**46,244**	43,304
Long-term debt (Note 12)	**80,600**	90,303
	178,546	182,503
Net Financial Assets	**24,300**	24,703
Non-Financial Assets		
Inventory	**1,899**	1,771
Prepaid expenses	**4,489**	1,105
Tangible capital assets (Note 13)	**1,261,930**	1,231,291
	1,268,318	1,234,167
Accumulated Surplus (Note 14)	**1,292,618**	1,258,870

See commitments and contingencies (Note 20)

Ken Christian
Mayor

Kathy Humphrey, CPA, CA
Corporate Services Director

Consolidated Statement of Operations for the year ended December 31, 2020 (in thousands of dollars)

	Financial Plan 2020 (Note 22)	2020	2019
Revenue (Note 15)			
Taxation (Note 18)	120,977	**119,687**	116,818
Contributed assets	88	**7,371**	9,477
Fees, rates and sales of service	69,973	**67,945**	73,966
Government transfers (Note 19)	22,789	**34,612**	24,549
Investment income	5,233	**7,385**	6,084
Gain (Loss) capital asset disposal	50	**520**	527
	$ 219,110	**$ 237,520**	$ 231,421
Expenses (Note 16)			
Cemetery	604	**$ 714**	$ 771
Civic operations	28,779	**31,237**	30,546
Community services	34,521	**35,159**	37,448
Corporate administration	16,850	**16,814**	17,466
Development, engineering, sustainability	5,920	**6,473**	5,483
Protective services-Bylaws	2,882	**2,991**	3,457
Protective services-Fire	19,964	**20,225**	20,149
Protective services-Police	32,008	**27,882**	30,109
Public transit	18,405	**16,912**	17,975
Utilities-Sewer	11,760	**13,755**	11,625
Utilities-Solid waste	13,512	**13,077**	11,066
Utilities-Water	15,738	**15,560**	15,348
Kamloops Airport	2,435	**2,286**	2,285
Venture Kamloops	701	**687**	710
	204,079	**203,772**	204,438
Annual Surplus	15,031	**33,748**	26,983
Accumulated Surplus, beginning of year		**1,258,870**	1,231,887
Accumulated Surplus, end of year		**$ 1,292,618**	$ 1,258,870

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, 2020 (in thousands of dollars)

	Financial Plan 2020 (Note 22)	**2020**	2019
Annual surplus	$ 15,031	**$ 33,748**	$ 26,983
Acquisition of tangible capital assets (Note 13)	(102,329)	**(63,687)**	(46,721)
Amortization of tangible capital assets (Note 13)	-	**33,042**	30,950
Net book value of tangible capital assets disposed (Note 13)	3,547	**8**	566
Decr (Incr) in prepaid expenses	-	**(3,384)**	432
Decr (Incr) in inventory	-	**(130)**	(43)
Change in net financial assets (debt)	(83,751)	**(403)**	12,167
Net financial assets (debt), beginning of year	24,703	**24,703**	12,536
Net financial assets (debt), end of year	$ (59,048)	**24,300**	24,703

Consolidated Statement of Cash Flows
for the year ending December 31, 2020 (in thousands of dollars)

	2020	2019
Cash provided by (used for)		
Operating transactions		
Annual surplus	**33,748**	26,983
Non-cash items included in annual surplus		
Amortization expense	**33,042**	30,950
Incr (decr) in post-employment benefits payable	**893**	612
Incr (decr) in landfill post-closure costs	**264**	345
Loss (gain) on disposal of tangible capital assets	**521**	(527)
Private contributions	**(4,235)**	(6,594)
Changes in non-cash operating items:		
Decr (incr) in accounts receivable	**(6,314)**	(1,149)
Decr (incr) in inventory	**(128)**	(44)
Decr (incr) in prepaid expenses	**(3,384)**	432
Incr (decr) in accounts payable	**264**	5,482
Incr (decr) in payroll benefits payable	**(53)**	580
Incr (decr) in deferred income	**2,940**	6,807
Incr (decr) in restricted deposits	**1,436**	(1,093)
	58,994	62,784
Capital transactions		
Acquisition of tangible capital assets	**(59,452)**	(40,127)
Proceeds from sale of tangible capital assets	**(513)**	1,094
	(59,965)	(39,033)
Investing transactions		
Decr (incr) in short-term investments	**47,091**	(3,655)
Decr (incr) in long-term investments	**(21)**	(20)
	47,070	(3,675)
Financing transactions		
Principal repayments on long-term debt	**(9,703)**	(15,411)
	(9,703)	(15,411)
Increase in cash	**36,396**	4,665
Cash, beginning of year	**39,813**	35,148
Cash, end of year	**76,209**	39,813

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") 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. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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.

(f) Inventory

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

1. Significant accounting policies (continued)

(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 and are classified according to their functional use. 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

Reserves for operating and capital purposes represent amounts 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 District 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.

(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.

1. Significant accounting policies (continued)

(n) Landfill post-closure costs

The City is required to fund 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.

(o) 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 amortized on a straight-line basis over the expected average remaining service life of the employee group.

(p) 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.

2. COVID-19 Impact to City of Kamloops

The impact of COVID-19 in Canada and on the global economy increased significantly throughout 2020. As the impacts of COVID-19 continue, there could be further impact on the City, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the City's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the City is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The City will monitor for future reductions in the availablity of investments and a reduction in the interest rates of available investments and its bank accounts throughout 2020. The City has not needed to submit a Revenue Anticipation Bylaw to the Municipal Finance Authority or call some of the investments before maturity to assist with cash flow as the City has not seen a decrease of property tax and utility revenue. The City's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The City will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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 Notes 15 and 16.

(a) 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.

(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. Costs related to the maintaining recreational buildings are allocated to the Community services department.

3. Segmented information (continued)

(c) Community services

This segment includes all operating activities of the 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 serives department.

(d) Corporate administration

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

(e) Development, engineering, sustainability

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.

(f) Protective services - Bylaws

This segment includes the functions related to and encompasses the revenue and expenses for bylaw enforcement, parking and animal control.

(g) Protective services - Fire

This segment includes all of the operating activities of the 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.

(h) Protective services - Police

This segment includes all of the operating activities of the Police Services Division. This includes the activities of the RCMP and the municipal staff who support these activities.

(i) Public transit

This segment includes all of the planning and operating activities of the Public Transit Division to provide public transit services to the City.

(j) Utilities - Sewer

This segment includes all of the operating activities related to the collection and treatment of waste water (sewage) throughout the City.

(k) Utilities - Solid waste

Included in this segment is all of the revenue and expenses related to the collection and disposal of the residents's garbage and recycling products.

(l) Utilities - Water

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

(m) Kamloops Airport Authority Society

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

(n) Venture Kamloops Business Development Society

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

4. Cash and Short-Term Investments

	2020	2019
Consolidated cash	**$ 76,209**	$ 39,813
Consolidated short-term investments	**93,770**	140,861
	$ 169,979	$ 180,674
Amounts Restricted for Specific Purposes:		
Statutory reserves (Note 14b)	**$ 38,789**	$ 41,632
Development cost charges (Note 11)	**25,341**	21,837
Kamloops Airport Authority Society	**2,716**	4,425
Venture Kamloops Business Development Society	**161**	167
Total restricted cash and short term investments	**67,007**	68,061
Unrestricted cash and short term investments	**102,972**	112,613
	$ 169,979	$ 180,674

The maturity dates of the short-term investments held directly by the City range from January 6, 2021 to June 1, 2033. The interest rates earned on these investments range from 1.15% to 5.25%. The market value of short-term investments is $94 million (2019 - $141 million).

5. Accounts Receivable

	2020	2019
General fund		
Taxes	**$ 4,128**	$ 3,523
Utilities	**2,236**	1,979
Trade	**5,494**	8,711
Accrued interest	**1,883**	1,266
Province of British Columbia		
- General	**2,927**	802
- Transit Safe Restart	**4,106**	-
Government of Canada	**552**	560
	$ 21,326	$ 16,841
Water fund		
Trade	**$ 3,758**	$ 3,607
	$ 3,758	$ 3,607
Sewer fund		
Trade	**$ 4,123**	$ 3,608
Kamloops Airport Authority Society		
Airport trade receivables	**$ 1,631**	$ 466
Venture Kamloops Business Development Society		
Accounts receivable	**$ 1**	$ 3
	$ 30,839	$ 24,525

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.

6. Long-term Investments (continued)

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

	2020	2019
General fund		
Trade	**$ 11,208**	$ 12,045
Payroll and benefits	**3,408**	2,491
Province of British Columbia	**92**	1
Government of Canada	**8,986**	8,514
	$ 23,694	$ 23,051
Kamloops Airport Authority Society		
Accounts payable	**$ 133**	$ 514
Venture Kamloops Business Development Society		
Accounts payable	**$ 64**	$ 62
	$ 23,891	$ 23,627

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 $516 thousand (2019 - $523 thousand). The plan does not require any contribution from employees. The retirement benefit liability at December 31, 2020 includes the following components:

	2020	2019
Accrued benefit obligation, beginning of year	**$ 8,359**	$ 7,747
Current service cost	**730**	669
Interest cost	**218**	250
Benefits paid	**(516)**	(523)
Actuarial gain (loss) - current	**461**	216
Accrued benefit obligation, end of year	**$ 9,252**	$ 8,359

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared on January 21, 2021 using data as of December 31, 2020. The accrued benefit obligation shown for 2020 is based on amounts included in the 2020 valuation.

8. Post-employment benefits (continued)

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 1.93% (2019 - 3.25%). The discount rate used to determine the accrued benefit obligation is 1.75% (2019 - 2.50%).

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 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 (2020) dollars. The aggregate liability for closure and post-closure costs for the three landfills is $4.900 million (2019 - $4.634 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 3.12 million cubic meters, which is 73% of the site's total capacity. Approximately 60% of landfill closure will be completed while the landfill is still in operation with costs associated with the closure being charged to expenses when they are incurred. To date $5.31 million (2019 - $4.97 million) has been spent on progressive closure costs.

The City anticipates that the Barnhartvale site will serve until 2022 with 25 years needed for post-closure care. The remaining capacity of the landfill site is estimated at 25,250 cubic meters, which is approximately 4% of the site's total capacity.

The purchase of the Kamloops Resource Recovery Centre occurred in 2016 and is expected to serve unitl 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 786,060 cubic meters, which is 96% 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 (2020) dollars, is $21.942 million (2019 - $21.942 million) with $13.954 million (2019 - $14.565 million) remaining to be recognized as a liability. At this time the values do not include an estimate of the future liability for the Kamloops Resource Recovery Centre.

The City has not provided a reserve to fund future landfill capital expenses as at December 31, 2020. The funding required is provided through current operations.

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, 2019	Collected	Interest	Recognized	**Balance at December 31, 2020**
General fund					
Taxes	$ 19,451	$ 32,277	$ -	$ (32,570)	**$ 19,158**
Leases	29	1	-	(1)	**29**
Business Licenses	1,128	1,203	-	(1,128)	**1,203**
Other	859	491	-	(859)	**491**
	$ 21,467	$ 33,972	$ -	$ (34,558)	**$ 20,881**
Development cost charges	$ 21,837	$ 5,597	$ 231	$ (2,324)	**$ 25,341**
Kamloops Airport Authority Society		$ 22			**$ 22**
	$ 43,304	$ 39,591	$ 231	$ (36,882)	**$ 46,244**

12. Long-term debt

(a) Long-term debt outstanding:

	General fund	Water fund	Sewer fund	Total
Balance at December 31, 2019	$ 58,637	$ 11,495	$ 20,171	$ 90,303
Principal repayments	(3,823)	(1,659)	(1,981)	(7,463)
Actuarial adjustments	(1,504)	(542)	(194)	(2,240)
Balance at December 31, 2020	**$ 53,310**	**$ 9,294**	**$ 17,996**	**$ 80,600**

Kamloops Airport Authority Society debt is included in the General Fund balance. The amount outstanding on December 31, 2020 was $3.836 million (2019 - $4.525 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:				
2021	$ 3,832	$ 1,461	$ 1,948	$ 7,241
2022	3,832	1,097	1,948	6,877
2023	3,624	1,043	1,948	6,615
2024	3,377	1,059	1,948	6,384
2025	3,377	1,076	1,948	6,401
Thereafter:	12,802	1,634	4,372	18,808
	30,844	7,370	14,112	52,326
Sinking fund	22,466	1,924	3,884	28,274
	$ 53,310	$ 9,294	$ 17,996	$ 80,600

Kamloops Airport Authority Society debt included in General fund - annual principal payment amount: $484 thousand.

12. Long-term debt (continued)

The weighted average interest rate on long-term debt in 2020 was 2.29% (2019 - 2.29%). Consolidated interest expense on long-term debt was $3.527 million (2019 - $3.621 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, 2019	Capital assets purchased pending debt	Debt acquired	**Balance at December 31, 2020**
General fund	-	7,262	-	**7,262**
Water fund	-	-	-	**-**
Sewer fund	-	-	-	**-**
Solid waste fund	-	-	-	**-**
	-	7,262	-	**7,262**

(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.

13. Tangible Capital Assets

(a) 2020	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	$ 104,421	$ 82,412	$ 226,511	$ 88,806	$ 918,256	$ 184,093	$ 108,157	$ 47,737	**$ 1,760,393**
Additions	733	4,416	5,149	12,655	39,514	16,264	8,390	(23,434)	**63,687**
Disposals	(8)	-	-	(370)	-	-	-	-	**(378)**
End of year	105,146	86,828	231,660	101,091	957,770	200,357	116,547	24,303	**1,823,702**
Accumulated amortization									
Beginning of year	-	(52,497)	(108,855)	(61,978)	(197,932)	(76,539)	(31,299)	-	**(529,100)**
Amortization	-	(3,730)	(6,928)	(6,258)	(10,354)	(3,959)	(1,813)	-	**(33,042)**
Disposals	-	-	-	370	-	-	-	-	**370**
End of year	-	(56,227)	(115,783)	(67,866)	(208,286)	(80,498)	(33,112)	-	**(561,772)**
Net carrying amount, end of year	$ 105,146	$ 30,601	$ 115,877	$ 33,225	$ 749,484	$ 119,859	$ 83,435	$ 24,303	**$ 1,261,930**

During the year the City received $4.235 million (2019 - $6.594 million) in land and infrastructure from developers. These contributed tangible capital assets were recorded at fair value at the date of contribution. No interest was capitalized during the year. There were no write-downs of capital assets during the year.

(b) 2019	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	$ 104,311	$ 79,135	$ 217,932	$ 85,780	$ 900,217	$ 180,857	$ 101,202	$ 45,282	**$ 1,714,716**
Additions	675	3,277	8,579	3,505	18,039	3,236	6,955	2,455	**46,721**
Disposals	(567)	-	-	(479)	-	-	-	-	**(1,046)**
End of year	104,419	82,412	226,511	88,806	918,256	184,093	108,157	47,737	**1,760,391**
Accumulated amortization									
Beginning of year	-	(48,953)	(102,260)	(56,562)	(188,619)	(72,667)	(29,568)	-	**(498,629)**
Amortization	-	(3,544)	(6,595)	(5,895)	(9,313)	(3,872)	(1,731)	-	**(30,950)**
Disposals	-	-	-	479	-	-	-	-	**479**
End of year	-	(52,497)	(108,855)	(61,978)	(197,932)	(76,539)	(31,299)	-	**(529,100)**
Net carrying amount, end of year	$ 104,419	$ 29,915	$ 117,656	$ 26,828	$ 720,324	$ 107,554	$ 76,858	47,737	**$ 1,231,291**

14. Accumulated surplus

(a) General fund

	Balance at December 31, 2019	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2020**
Affordable Housing	$ 1,496	$ 103	$ (262)	**$ 1,337**
Canada Games Legacy	-	$ -	$ 568	**568**
Climate Action	1,210	$ 247	$ (566)	**891**
Community Arts	8	-	-	**8**
Community Safety	242	982	(59)	**1,165**
Downtown Parking	23	-	-	**23**
Deferred Operating	1,653	2,416	(874)	**3,195**
General Building	131	601	-	**732**
Heritage	330	20	-	**350**
Oak Hills Dyke	13	-	-	**13**
Risk reserve	1,368	25	(13)	**1,380**
Safe Restart	-	6,680	-	**6,680**
Safe Restart (Transit)	-	3,303	-	**3,303**
Sports Legacy	-	-	-	**-**
Working Capital	2,100	-	(2,100)	**-**
Youth Legacy	4	-	-	**4**
	$ 8,578	$ 14,377	$ (3,306)	**$ 19,649**
Solid Waste				
Reserve	$ 13,875	$ 2,920	$ (5,587)	**$ 11,208**
BC Interior Community Foundation				
In trust	$ 1,439	$ 21	$ -	**$ 1,460**
Venture Kamloops Business Development Society				
Reserve fund	$ 64	$ -	$ -	**$ 64**
Total reserves	$ 23,956	$ 17,318	$ (8,893)	**$ 32,381**

(b) Reserves for capital purposes

	Balance at December 31, 2019	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2020**
Statutory reserves				
Tax sale property fund	$ 8,495	$ 179	$ (226)	**$ 8,448**
Local improvement fund	901	101	(45)	**957**
Debt retirement fund	184	2	-	**186**
Parking facility reserve	821	9	(374)	**456**
Land sale reserve fund	4,304	204	(1,106)	**3,402**
Equipment replacement fund	26,927	5,237	(6,824)	**25,340**
	41,632	5,732	(8,575)	**38,789**
Non-statutory reserves				
General fund	5,946	7,205	(7,758)	**5,393**
Community Works fund	10,118	3,966	(7,884)	**6,200**
Water fund	9,165	2,384	(5,088)	**6,461**
Sewer fund	5,353	4,689	(3,665)	**6,377**
	30,582	18,244	(24,395)	**24,431**
Airport capital fund	4,704	-	(665)	**4,039**
	$ 76,918	$ 23,976	$ (33,635)	**$ 67,259**

14. Accumulated surplus (continued)

(c) Current Funds

	2020	2019
General fund		
Balance beginning of year	**$ 13,620**	$ 15,462
Operating surplus for the year	**1,373**	(1,843)
	14,993	13,619
Water fund		
Balance beginning of year	**5,172**	8,723
Operating surplus for the year	**323**	(3,551)
	5,495	5,172
Sewer fund		
Balance beginning of year	**11,072**	10,365
Operating surplus for the year	**(1,626)**	708
	9,446	11,073
Kamloops Airport Authority Society		
Balance beginning of year	**100**	100
Operating surplus for the year	**-**	-
	100	100
Venture Kamloops Business Improvement Society		
Balance beginning of year	**56**	99
Operating surplus for the year	**(14)**	(43)
	42	56
	$ 30,076	$ 30,020

(d) Capital equity

	2020	2019
General fund		
Balance beginning of year	**$ 872,931**	$ 866,197
Net capital equity addition for the year	**22,556**	6,734
	895,487	872,931
Water fund		
Balance beginning of year	**108,333**	102,636
Net capital equity addition for the year	**4,194**	5,697
	112,527	108,333
Sewer fund		
Balance beginning of year	**90,242**	85,583
Net capital equity addition for the year	**6,131**	4,659
	96,373	90,242
Kamloops Airport Authority Society		
Balance beginning of year	**56,457**	55,760
Net capital equity addition for the year	**2,050**	697
	58,507	56,457
Venture Kamloops Business Improvement Society		
Balance beginning of year	**13**	8
Net capital equity addition for the year	**(5)**	5
	8	13
Capital equity	**$ 1,162,902**	$ 1,127,976

Total Accumulated Surplus

	2020	2019
General fund	**$ 954,390**	$ 926,506
Water fund	**124,483**	122,670
Sewer fund	**112,196**	106,668
Statutory reserves	**38,789**	41,632
Kamloops Airport Authority Society	**62,646**	61,261
Venture Kamloops Business Development Society	**114**	133
	$ 1,292,618	$ 1,258,870

15. Operating revenues by segment

2020 actual revenue with 2020 fiscal plan revenue and 2019 actual revenue comparibles

	Taxation	Fees, rates and sales of service	Contributed assets	Government transfers	Investment income	Gain (Loss) capital asset disposal	**2020 total revenue**	2020 Fiscal Plan revenue	2019 total revenue
Cemetery	$ -	$ 773	$ -	$ -	$ 85	$ -	**$ 858**	$ 610	$ 691
Civic operations	16,596	315	-	-	-	(72)	**16,839**	13,979	14,705
Community services	22,668	2,743	74	2,723	80	-	**28,288**	28,940	29,547
Corporate administration	17,936	2,487	-	11,387	4,690	-	**36,500**	42,320	25,160
Development, engineering, sustainability	1,372	5,193	-	-	-	593	**7,158**	6,039	5,831
Protective services-Bylaws	1,336	1,618	-	-	-	-	**2,954**	3,889	3,920
Protective services-Fire	19,113	1,532	15	3	-	-	**20,663**	20,637	20,674
Protective services-Police	25,998	279	-	3,732	-	-	**30,009**	30,479	29,792
Public transit	4,312	4,050	-	11,830	-	-	**20,192**	18,382	17,950
Utilities-Sewer	-	13,349	-	-	102	-	**13,451**	16,108	9,593
Utilities-Solid waste	-	12,794	-	-	-	-	**12,794**	12,672	13,366
Utilities-Water	-	12,342	-	-	152	-	**12,494**	16,387	14,967
Kamloops Airport	-	1,244	-	2,186	241	-	**3,671**	6,564	3,242
Venture Kamloops	-	-	-	-	-	-	**-**	668	5
Non-operating	10,356	9,226	7,282	2,751	2,035	(1)	**31,649**	2,102	41,978
	$ 119,687	$ 67,945	$ 7,371	$ 34,612	$ 7,385	$ 520	**$ 237,520**	$ 219,776	$ 231,421
2020 Fiscal Plan revenue	120,977	70,640	88	22,789	5,233	50			
2019 total revenue	116,818	73,966	9,477	24,549	6,084	527			

16. Operating expenses by segment

2020 actual expenses with 2020 fiscal plan expenses and 2019 actual expense comparables

	Salaries and wages	Personnel expenses	Supplies, contracts and other services	Cross functional services	Debt servicing and capital costs	Amortization	**2020 total expenses**	2020 Fiscal Plan expenses	2019 total expenses
Cemetery	$ 314	$ -	$ 156	$ 176	$ -	$ 68	**$ 714**	$ 604	$ 771
Civic operations	12,870	138	13,765	(10,028)	(959)	15,451	**31,237**	28,779	30,546
Community services	12,351	69	10,936	4,503	775	6,525	**35,159**	34,521	37,448
Corporate administration	11,434	363	7,198	(2,865)	21	663	**16,814**	16,850	17,466
Development, engineering, sustainability	6,132	68	1,587	(77)	(1,288)	51	**6,473**	5,920	5,483
Protective services-Bylaws	1,896	28	1,002	(51)	81	35	**2,991**	2,882	3,457
Protective services-Fire	18,034	112	1,302	290	220	267	**20,225**	19,964	20,149
Protective services-Police	4,539	17	23,016	209	-	101	**27,882**	32,008	30,109
Public transit	85	-	16,597	207	-	23	**16,912**	18,405	17,975
Utilities-Sewer	1,934	11	6,243	2,247	636	2,684	**13,755**	11,760	11,625
Utilities-Solid waste	2,732	16	7,463	2,396	130	340	**13,077**	13,512	11,066
Utilities-Water	2,941	23	4,587	2,472	561	4,976	**15,560**	15,738	15,348
Kamloops Airport	-	-	127	(1)	309	1,851	**2,286**	2,435	2,285
Venture Kamloops	-	-	680	-	-	7	**687**	701	710
	$ 75,262	$ 845	$ 94,659	$ (522)	$ 486	$ 33,042	**$ 203,772**	$ 204,079	$ 204,438
2020 Fiscal Plan expenses	77,076	1,629	93,014	81	1,095	31,184			
2019 total expenses	75,593	1,257	96,233	(213)	619	30,950			

17. Operating transfers by segment

2020 actual transfers with 2019 actual transfer comparables

	Transfer to (from) reserves	Transfer to (from) other funds	Transfer to (from) current funds	Transfer to (from) capital equity	2020 total transfers	2019 total transfers
Cemetery	$ -	$ 246	$ -	$ (102)	$ 144	$ (80)
Civic operations	737	2,292	-	(17,426)	(14,397)	(15,841)
Community services	1,314	275	-	(8,459)	(6,870)	(7,902)
Corporate administration	18,829	1,550	-	(694)	19,685	7,026
Development, engineering, sustainability	716	112	-	(144)	684	348
Protective services-Bylaws	(40)	75	-	(71)	(36)	463
Protective services-Fire	(10)	800	-	(351)	439	524
Protective services-Police	2,182	60	-	(115)	2,127	(317)
Public transit	3,303	-	-	(23)	3,280	(25)
Utilities-Sewer	2,735	11	-	(3,049)	(303)	(2,032)
Utilities-Solid waste	2,240	-	-	(2,523)	(283)	2,301
Utilities-Water	2,352	469	-	(5,887)	(3,066)	(380)
Kamloops Airport	(665)	-	-	2,050	1,385	958
Venture Kamloops	(680)	-	-	(7)	(687)	(37)
Non-operating	(23,308)	(7,659)	(14,299)	76,912	31,646	41,976
	$ 9,705	$ (1,769)	$ (14,299)	$ 40,111	$ 33,748	$ 26,982
2019 total transfers	2,190	(32,029)	(20,254)	45,078		

18. Taxation

	Fiscal Plan	**2020**	2019
Property taxes	$ 116,054	**$ 114,529**	$ 111,794
Special assessments	775	**880**	878
Utilities	1,565	**1,533**	1,564
GILTs	2,583	**2,745**	2,582
	$ 120,977	**$ 119,687**	$ 116,818
Collections for other taxing authorities			
Province of British Columbia - school taxes	$ 40,222	**$ 34,891**	$ 38,625
Thompson Regional Hospital District	9,840	**9,600**	9,600
Thompson-Nicola Regional District	6,638	**6,578**	6,472
British Columbia Assessment Authority	912	**1,039**	910
	57,612	**52,108**	55,607
Other taxing authorities	(57,612)	**(52,108)**	(55,607)
	$ 120,977	**$ 119,687**	$ 116,818

19. Government transfers

	Fiscal Plan	**2020**	2019
General fund			
Federal government			
Policing	$ 2,667	**$ 2,287**	$ 2,481
Community Works Fund	3,800	**3,857**	7,696
Provincial government			
Transit			
- Operating	7,679	**7,724**	7,485
- Safe Restart		**4,106**	-
Gaming revenue	2,700	**539**	2,752
Victims assistance	75	**89**	85
Traffic fines	1,000	**1,266**	1,071
Capital infrastructure	-	**2,750**	1,326
Other	1,373	**3,079**	1,396
Covid Restart		**6,729**	-
	19,294	**32,426**	24,292
Sewer fund			
Provincial government			
Capital infrastructure	-	**-**	32
Kamloops Airport Authority Society			
Federal government			
Government transfers	3,495	**2,186**	225
Venture Kamloops Business Development Society			
Provincial government			
Government transfers	-	**-**	-
	$ 22,789	**$ 34,612**	$ 24,549

20. 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 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, 2020, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 40,000 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, 2018 indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The City of Kamloops paid $6.416 million (2019 - $6.348 million) for employer contributions while employees contributed $5.368 million (2019 - $5.292 million) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021 with results available in 2022.

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	**2020**	2019
General fund	$ 1,169	$ 2,381	**$ 3,550**	$ 3,556
Water utility fund	415	888	**1,303**	1,522
Sewer utility fund	325	1,002	**1,327**	1,356
	$ 1,909	$ 4,271	**$ 6,180**	$ 6,434

20. 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.

21. 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.

	2020	2018
Financial assets		
Cash and short-term investments	**$ 2,218**	$ 2,003
Accounts receivable	**52**	21
	$ 2,270	$ 2,024
Accumulated surplus		
Balance, beginning of the year	**$ 2,024**	$ 2,002
Care fund contributions	**246**	22
Interest earned	**85**	37
Contribution to cemetery operations	**(85)**	(37)
Balance, end of the year	**$ 2,270**	$ 2,024

22. 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	$120,977	$ -	$ -	$120,977
Contributed assets	88	-	-	88
Fees, rates and sales of servicee	67,014	-	2,959	69,973
Government transfers	19,294	-	3,495	22,789
Investment income	5,122	-	111	5,233
Gain (Loss) capital asset disposal	50	-	-	50
	212,545	-	6,565	219,110
Expenses				
Cemetery	536	68	-	604
Civic operations	13,328	15,451	-	28,779
Community services	27,996	6,525	-	34,521
Corporate administration	16,187	663	-	16,850
Development, engineering, sustainability	5,869	51	-	5,920
Protective services-Bylaws	2,847	35	-	2,882
Protective services-Fire	19,697	267	-	19,964
Protective services-Police	31,907	101	-	32,008
Public transit	18,382	23	-	18,405
Utilities-Solid waste	11,420	340	-	11,760
Utilities-Sewer	10,828	2,684	-	13,512
Utilities-Water	10,762	4,976	-	15,738
Kamloops Airport	-	-	2,435	2,435
Venture Kamloops	-	-	701	701
	169,759	31,184	3,136	204,079
Annual surplus	$ 42,786	$ (31,184)	$ 3,429	$ 15,031

	Financial Plan Bylaw	Amortization and expenses not capitalized	Kamloops Airport & Venture Kamloops	Fiscal Plan
Annual surplus carry fwd	$	$ (31,184)	$ 3,429	$
Transf (to)/fr current funds	-	-	(3,429)	(3,429)
Transf (to)/fr capital equity	-	31,184	-	31,184
	$ 42,786	$ -	$ -	$ 42,786

23. Comparative Figures

The comparative figures have been reclassified to conform with the financial statement format adopted in the current year.

City of Kamloops

Schedule 1:
Kamloops Airport Authority Society

Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial Assets		
Cash	**$ 2,716**	$ 4,425
Accounts Receivable	**1,631**	466
	4,347	4,891
Liaibilities		
Accounts payable	**133**	514
Deferred revenue	**22**	-
Long-term debt	**3,836**	4,525
	3,991	5,039
Net financial assets (debt)	**356**	(148)
Non-financial assets		
Prepaid expenses	**97**	97
Tangible capital assets	**62,193**	61,313
	62,290	61,410
Accumulated surplus	**$ 62,646**	$ 61,262

Consolidated Statement of Operations
For the year ended December 31, 2020

	Financial Plan 2020	2020	2019
Revenue			
Kamloops Airport	2,959	**1,244**	2,740
Government transfers	3,495	**2,186**	225
Investment income	111	**241**	273
Gain (Loss) capital asset disposal	-	**-**	4
	6,565	**3,671**	3,242
Expenses			
Kamloops Airport	2,435	**2,286**	2,285
Increase in accumulated surplus	$ 4,130	**$ 1,385**	$ 957

City of Kamloops

Schedule 2:
Venture Kamloops Business Development Society

Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial Assets		
Cash	**$ 161**	$ 167
Accounts receivable	**1**	3
	162	170
Liaibilities		
Accounts payable	**64**	62
Net financial assets (debt)	**98**	108
Non-financial assets		
Prepaid expenses	**7**	11
Tangible capital assets	**8**	13
	15	24
Accumulated surplus	**$ 113**	$ 132

Consolidated Statement of Operations
For the year ended December 31, 2020

	Financial Plan 2020	2020	2019
Revenue			
Venture Kamloops	$ 668	**$ 673**	$ 5
	668	**673**	5
Expenses			
Venture Kamloops	701	**687**	710
	701	**687**	710
Increase in accumulated surplus	$ (33)	**$ (14)**	$ (705)

Schedule 3:

(Unaudited)

Safe Restart Funding

	General	Transit
Safe Restart Grant received	**$ 6,680**	**$ 4,353**
Eligible costs incurred	-	-
Replenishment of reserves used for COVID-19 expenses	-	-
Revenue shortfall	-	(1,050)
General government services	-	-
Community and protective services	-	-
Total eligible costs incurred	-	(1,050)
Balance, December 31, 2020	**6,680**	**3,303**