

**City of Kamloops**

**Consolidated Financial Statements  
For the year ended December 31, 2019**

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**For the year ended December 31, 2019**

Page #

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<b>Management's Responsibility for Financial Reporting</b>	2
<b>Independent Auditor's Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets (Net Debt)	6
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 25

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## Management's Responsibility for Financial Reporting

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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 Audit Committee.

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



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Ken Christian  
Mayor



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Kathy Humphrey  
Corporate Services Director



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## Independent Auditor's Report

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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, 2018, 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, 2018, 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.

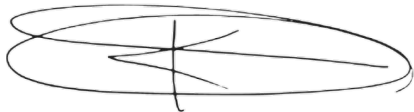
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## City of Kamloops

### Consolidated Statement of Financial Position as at December 31, 2019 (in thousands of dollars)

	2019	2018
<b>Assets</b>		
Cash (Note 4)	39,813	35,148
Short term investments (Note 4)	140,861	137,206
Accounts receivable (Note 5)	24,525	23,376
Long-term investments (Note 6)	2,007	1,987
	<b>207,206</b>	197,717
<b>Liabilities</b>		
Accounts payable (Note 7)	23,627	18,145
Payroll benefits payable	5,045	4,465
Post-employment benefits payable (Note 8)	8,359	7,747
Landfill post-closure costs (Note 9)	4,634	4,288
Restricted deposits	7,231	8,324
Deferred revenue (Note 11)	43,304	36,497
Long-term debt (Note 12)	90,303	105,714
	<b>182,503</b>	185,180
<b>Net Financial Assets (Debt)</b>	<b>24,703</b>	12,537
<b>Non-Financial Assets</b>		
Inventory	1,771	1,727
Prepaid expenses	1,105	1,537
Tangible capital assets (Note 13)	1,231,291	1,216,087
	<b>1,234,167</b>	1,219,351
<b>Accumulated Surplus (Note 14)</b>	<b>1,258,870</b>	1,231,888

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, 2019 (in thousands of dollars)

	Financial Plan 2019 (Note 22)	2019	2018
<b>Revenue (Note 15)</b>			
Taxation (Note 18)	116,698	116,818	110,629
Developer contributed assets	88	9,477	21,075
Fees, rates and sales of service	65,989	73,966	67,700
Government transfers (Note 19)	19,186	24,549	23,236
Investment income	5,748	6,084	5,877
Gain (Loss) capital asset disposal	50	526	(146)
	<b>\$ 207,759</b>	<b>\$ 231,420</b>	<b>\$ 228,371</b>
<b>Expenses (Note 16)</b>			
Cemetery	594	\$ 771	\$ 710
Civic operations	25,572	30,546	29,331
Community services	34,226	37,448	38,513
Corporate administration	15,587	17,466	13,771
Development, engineering, sustainability	5,596	5,483	6,333
Protective services-Bylaws	2,945	3,457	3,407
Protective services-Fire	19,714	20,149	19,677
Protective services-Police	31,706	30,109	28,818
Public transit	17,913	17,975	17,416
Utilities-Sewer	10,378	11,625	9,738
Utilities-Solid waste	13,313	11,066	11,125
Utilities-Water	15,381	15,348	14,748
Kamloops Airport	2,410	2,285	2,244
Venture Kamloops	716	710	675
	<b>196,051</b>	<b>204,438</b>	<b>196,506</b>
<b>Annual Surplus</b>	11,708	26,982	31,865
<b>Accumulated Surplus, beginning of year</b>		<b>1,231,888</b>	1,200,023
<b>Accumulated Surplus, end of year</b>		<b>\$ 1,258,870</b>	<b>\$ 1,231,888</b>

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 (Debt) For the year ended December 31, 2019 (in thousands of dollars)

	Financial Plan 2019 (Note 22)	2019	2018
<b>Annual surplus</b>	\$ 11,708	\$ 26,982	\$ 31,865
Acquisition of tangible capital assets (Note 13)	-	(46,721)	(50,572)
Amortization of tangible capital assets (Note 13)	-	30,950	30,119
Net book value of tangible capital assets disposed (Note 13)	-	567	(1)
Decr (Incr) in prepaid expenses	-	432	244
Decr (Incr) in inventory	-	(43)	(365)
<b>Change in net financial assets (debt)</b>	11,708	12,167	11,290
<b>Net financial assets (debt), beginning of year</b>	12,537	12,536	1,247
<b>Net financial assets (debt), end of year</b>	\$ 24,245	24,703	12,537

### Consolidated Statement of Cash Flows for the year ending December 31, 2019 (in thousands of dollars)

	2019	2018
<b>Cash provided by (used for)</b>		
<b>Operating transactions</b>		
Annual surplus	26,982	31,865
<b>Non-cash items included in annual surplus</b>		
Amortization expense	30,950	30,119
Incr (decr) in post-employment benefits payable	612	(226)
Incr (decr) in landfill post-closure costs	345	949
Loss (gain) on disposal of tangible capital assets	527	(143)
Private contributions	(6,594)	(18,889)
<b>Changes in non-cash operating items:</b>		
Decr (incr) in accounts receivable	(1,149)	1,813
Decr (incr) in inventory	(44)	(365)
Decr (incr) in prepaid expenses	432	244
Incr (decr) in accounts payable	5,482	(2,045)
Incr (decr) in payroll benefits payable	580	77
Incr (decr) in deferred income	6,807	6,593
Incr (decr) in restricted deposits	(1,093)	294
	<b>63,837</b>	<b>50,286</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(40,127)	(31,683)
Proceeds from sale of tangible capital assets	40	143
	<b>(40,087)</b>	<b>(31,540)</b>
<b>Investing transactions</b>		
Decr (incr) in short-term investments	(3,655)	(5,980)
Decr (incr) in long-term investments	(20)	(21)
	<b>(3,675)</b>	<b>(6,001)</b>
<b>Financing transactions</b>		
Principal repayments on long-term debt	(15,410)	(10,273)
	<b>(15,410)</b>	<b>(10,273)</b>
<b>Increase in cash</b>	4,665	2,472
<b>Cash, beginning of year</b>	35,148	32,676
<b>Cash, end of year</b>	39,813	35,148

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

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**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**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.



**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**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

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contaminated exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate 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.

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**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**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**

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. 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. To date the City has not experienced a decline in the fair value of its investments since December 31, 2019. However, the City may need 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 understands the possibility of late payments of property tax and utility revenue. This action would reduce expected interest 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.

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**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**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 services 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.

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**4. Cash and Short-Term Investments**

	2019	2018
<b>Consolidated cash</b>	<b>\$ 39,813</b>	\$ 35,148
<b>Consolidated short-term investments</b>	<b>140,861</b>	137,206
	<b><u>\$ 180,674</u></b>	<b><u>\$ 172,354</u></b>
<b>Restricted cash and short term investments:</b>		
Statutory reserves (Note 14b)	\$ 41,632	\$ 39,115
Development cost charges (Note 11)	21,837	15,690
Kamloops Airport Authority Society	4,425	4,330
Venture Kamloops Business Development Society	167	222
<b>Total restricted cash and short term investments</b>	<b><u>68,061</u></b>	<b><u>59,357</u></b>
<b>Unrestricted cash and short term investments</b>	<b>112,613</b>	112,997
	<b><u><u>\$ 180,674</u></u></b>	<b><u><u>\$ 172,354</u></u></b>

The maturity dates of the short-term investments held directly by the City range from January 3, 2020 to June 1, 2033. The interest rates earned on these investments range from 1.69% to 5.25%. The market value of short-term investments is \$141 million (2018 - \$140 million).

**5. Accounts Receivable**

	2019	2018
<b>General fund</b>		
Taxes	\$ 3,523	\$ 3,270
Utilities	1,979	1,886
Trade	8,711	8,638
Accrued interest	1,266	1,058
Province of British Columbia	802	871
Government of Canada	560	498
	<b><u>\$ 16,841</u></b>	<b><u>\$ 16,221</u></b>
<b>Water fund</b>		
Trade	\$ 3,607	\$ 3,471
Province of British Columbia	-	449
	<b><u>\$ 3,607</u></b>	<b><u>\$ 3,920</u></b>
<b>Sewer fund</b>		
Trade	\$ 3,608	\$ 2,970
	<b><u>\$ 3,608</u></b>	<b><u>\$ 2,970</u></b>
<b>Kamloops Airport Authority Society</b>		
Trade	\$ 466	\$ 260
	<b><u>\$ 466</u></b>	<b><u>\$ 260</u></b>
<b>Venture Kamloops Business Development Society</b>		
Accounts receivable	\$ 3	\$ 5
	<b><u>\$ 3</u></b>	<b><u>\$ 5</u></b>
	<b><u><u>\$ 24,525</u></u></b>	<b><u><u>\$ 23,376</u></u></b>

**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.

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**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**

	2019	2018
<b>General fund</b>		
Trade	\$ 12,045	\$ 9,181
Payroll and benefits	2,491	1,976
Province of British Columbia	1	1
Government of Canada	8,514	6,521
	<u>\$ 23,051</u>	<u>\$ 17,679</u>
<b>Kamloops Airport Authority Society</b>		
Accounts payable	<u>\$ 514</u>	<u>\$ 388</u>
<b>Venture Kamloops Business Development Society</b>		
Accounts payable	<u>\$ 62</u>	<u>\$ 78</u>
	<u><u>\$ 23,627</u></u>	<u><u>\$ 18,145</u></u>

**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 \$523 thousand (2018 - \$659 thousand). The plan does not require any contribution from employees. The retirement benefit liability at December 31, 2019 includes the following components:

	2019	2018
<b>Accrued benefit obligation, beginning of year</b>	<u>\$ 7,747</u>	<u>\$ 7,973</u>
Current service cost	669	663
Interest cost	250	236
Benefits paid	(523)	(659)
Actuarial gain (loss) - current	<u>216</u>	<u>(466)</u>
<b>Accrued benefit obligation, end of year</b>	<u><u>\$ 8,359</u></u>	<u><u>\$ 7,747</u></u>

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The most recent actuarial report was prepared on February 7, 2018 using data as of December 31, 2019. The accrued benefit obligation shown for 2019 is based on amounts included in the 2017 valuation.

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**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**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 3.25% (2018 - 3.25%). The discount rate used to determine the accrued benefit obligation is 2.50% (2018 - 3.10%).

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 (2019) dollars. The aggregate liability for closure and post-closure costs for the three landfills is \$4.634 million (2018 - \$4.288 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 \$4.97 million has been spent on progressive closure costs.

The City anticipates that the Barnhartvale site will serve until 2021 with 25 years needed for post-closure care. The remaining capacity of the landfill site is estimated at 37,903 cubic meters, which is approximately 7% of the site's total capacity.

The purchase of the Kamloops Resource Recovery Centre occurred in 2016 and is expected to serve until 2062 with 30 additional years needed for post-closure care based on the independent assessment. The remaining capacity of the landfill site is estimated at 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 (2019) dollars, is \$21.942 million (2018 - \$21.942 million) with \$14.565 million (2018 - \$15.277 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, 2019. 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.

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**11. Deferred Revenue**

	Balance at December 31, 2018	Collected	Interest	Recognized	Balance at December 31, 2019
<b>General fund</b>					
Taxes	\$ 19,268	\$ 33,027	\$ -	\$ (32,845)	\$ 19,450
Leases	29	1	-	(1)	29
Business	1,089	1,128	-	(1,089)	1,128
Licenses					
Other	422	859	-	(420)	861
	<u>\$ 20,808</u>	<u>\$ 35,015</u>	<u>\$ -</u>	<u>\$ (34,355)</u>	<u>\$ 21,468</u>
<b>Development cost charges</b>					
	<u>\$ 15,689</u>	<u>\$ 6,851</u>	<u>\$ 401</u>	<u>\$ (1,105)</u>	<u>\$ 21,836</u>
	<u><u>\$ 36,497</u></u>	<u><u>\$ 41,866</u></u>	<u><u>\$ 401</u></u>	<u><u>\$ (35,460)</u></u>	<u><u>\$ 43,304</u></u>

**12. Long-term debt**

(a) Long-term debt outstanding:

	General fund	Water fund	Sewer fund	Total
Balance at December 31, 2018	\$ 63,777	\$ 13,622	\$ 28,315	\$ 105,714
Principal repayments	(3,823)	(1,644)	(7,992)	(13,459)
Actuarial adjustments	(1,317)	(483)	(151)	(1,951)
Debt acquired	-	-	-	-
<b>Balance at December 31, 2019</b>	<u><u>\$ 58,637</u></u>	<u><u>\$ 11,495</u></u>	<u><u>\$ 20,171</u></u>	<u><u>\$ 90,303</u></u>

Kamloops Airport Authority Society debt is included in the General Fund balance. The amount outstanding on December 31, 2019 was \$4.525 million (2018 - \$5.194 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
<b>Principal repayment:</b>				
2020	\$ 3,823	\$ 1,659	\$ 1,981	\$ 7,463
2021	3,796	1,461	1,948	7,205
2022	3,796	1,097	1,948	6,841
2023	3,587	1,043	1,948	6,578
2024	3,341	1,059	1,948	6,348
Thereafter:	15,932	2,710	6,320	24,962
	<u>34,275</u>	<u>9,029</u>	<u>16,093</u>	<u>59,397</u>
Sinking fund	24,364	2,466	4,076	30,906
	<u><u>\$ 58,639</u></u>	<u><u>\$ 11,495</u></u>	<u><u>\$ 20,169</u></u>	<u><u>\$ 90,303</u></u>

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

The weighted average interest rate on long-term debt in 2019 was 2.29% (2018 - 2.39%). Consolidated interest expense on long-term debt was \$3.621 million (2018 - \$3.784 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.

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**12. Long-term debt (continued)**

(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, 2018	Capital assets purchased pending debt	Debt acquired	<b>Balance at December 31, 2019</b>
General fund	5,989	(5,989)	-	-
Water fund	117	(117)	-	-
Sewer fund	911	(911)	-	-
	<u>7,017</u>	<u>(7,017)</u>	-	-

(d) Unused credit facility:

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



**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**13. Tangible Capital Assets**

(a) 2019	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	<b>Total</b>
<b>Cost</b>									
Beginning of year	\$ 104,311	\$ 79,136	\$ 217,931	\$ 85,780	\$ 900,217	\$ 180,858	\$ 101,202	\$ 45,282	\$ 1,714,717
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	82,413	226,510	88,806	918,256	184,094	108,157	47,737	1,760,392
<b>Accumulated amortization</b>									
Beginning of year	-	(48,953)	(102,260)	(56,562)	(188,619)	(72,668)	(29,568)	-	(498,630)
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)	(76,540)	(31,299)	-	(529,101)
<b>Net carrying amount, end of year</b>	<b>\$ 104,419</b>	<b>\$ 29,916</b>	<b>\$ 117,655</b>	<b>\$ 26,828</b>	<b>\$ 720,324</b>	<b>\$ 107,554</b>	<b>\$ 76,858</b>	<b>\$ 47,737</b>	<b>\$ 1,231,291</b>

During the year the City received \$6.594 million (2018 - \$18.889 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) 2018	Land	Site improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water infrastructure	Sewer infrastructure	Assets under construction	<b>Total</b>
<b>Cost</b>									
Beginning of year	\$ 103,577	\$ 78,409	\$ 211,178	\$ 79,980	\$ 879,882	\$ 177,413	\$ 98,919	\$ 35,921	\$ 1,665,279
Additions	734	727	6,753	6,934	20,335	3,445	2,283	9,361	50,572
Disposals	-	-	-	(1,134)	-	-	-	-	(1,134)
End of year	104,311	79,136	217,931	85,780	900,217	180,858	101,202	45,282	1,714,717
<b>Accumulated amortization</b>									
Beginning of year	-	(45,469)	(95,921)	(52,005)	(179,515)	(68,828)	(27,907)	-	(469,645)
Amortization	-	(3,484)	(6,339)	(5,691)	(9,104)	(3,840)	(1,661)	-	(30,119)
Disposals	-	-	-	1,134	-	-	-	-	1,134
End of year	-	(48,953)	(102,260)	(56,562)	(188,619)	(72,668)	(29,568)	-	(498,630)
<b>Net carrying amount, end of year</b>	<b>\$ 104,311</b>	<b>\$ 30,183</b>	<b>\$ 115,671</b>	<b>\$ 29,218</b>	<b>\$ 711,598</b>	<b>\$ 108,190</b>	<b>\$ 71,634</b>	<b>\$ 45,282</b>	<b>\$ 1,216,087</b>

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**14. Accumulated surplus**

**(a) General fund**

	Balance at December 31, 2018	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2019
Affordable Housing	\$ 1,385	\$ 116	\$ (5)	\$ 1,496
Arts Gallery	464	-	-	464
Arts Legacy	237	2	-	239
Bi-centennial Legacy	415	15	-	430
Canada Games Legacy	568	-	(568)	-
Climate Action	1,199	562	(551)	1,210
Community Arts	8	-	-	8
Downtown Parking	345	248	(570)	23
Deferred Operating	1,431	248	(26)	1,653
Environmental Grant	30	-	(30)	-
General Building	131	1	-	132
Heritage Foundation	310	20	-	330
Insurance	657	19	(86)	590
Oak Hills Dyke	13	-	-	13
Police Contract	2,487	134	(2,379)	242
Return to Work	-	237	-	237
Health Benefits Premium	754	369	(581)	542
Solid Waste	8,713	12,085	(6,922)	13,876
Sports Legacy	199	2	-	201
Working Capital	1,531	569	-	2,100
Youth Legacy	4	-	-	4
2006 BC Summer Games	101	1	-	102
	<u>\$ 20,982</u>	<u>\$ 14,628</u>	<u>\$ (11,718)</u>	<u>\$ 23,892</u>
<b>Water fund</b>				
Deferred operating	\$ -	\$ -	\$ -	\$ -
<b>Sewer fund</b>				
Deferred operating	\$ -	\$ -	\$ -	\$ -
<b>Venture Kamloops Business Development Society</b>				
Reserve fund	\$ 62	\$ 2	\$ -	\$ 64
	<u>\$ 21,044</u>	<u>\$ 14,630</u>	<u>\$ (11,718)</u>	<u>\$ 23,956</u>

**(b) Reserves for capital purposes**

	Balance at December 31, 2018	Interest income and contributions	Transfers to operations and capital	Balance at December 31, 2019
<b>Statutory reserves</b>				
Tax sale property fund	\$ 8,469	\$ 197	\$ (172)	\$ 8,494
Local improvement fund	1,243	157	(500)	900
Debt retirement fund	181	4	-	185
Parking facility reserve	472	462	(113)	821
Land sale reserve fund	4,679	152	(528)	4,303
Equipment replacement fund	24,071	6,142	(3,285)	26,928
	<u>39,115</u>	<u>7,114</u>	<u>(4,598)</u>	<u>41,631</u>
<b>Non-statutory reserves</b>				
General fund	5,505	16,639	(16,197)	5,947
Community Works fund	7,399	7,868	(5,149)	10,118
Water fund	7,018	7,792	(5,646)	9,164
Sewer fund	2,417	5,087	(2,151)	5,353
	<u>22,339</u>	<u>37,386</u>	<u>(29,143)</u>	<u>30,582</u>
<b>Airport capital fund</b>	4,443	-	261	4,704
	<u>\$ 65,897</u>	<u>\$ 44,500</u>	<u>\$ (33,480)</u>	<u>\$ 76,917</u>

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**14. Accumulated surplus (continued)**

**(c) Current Funds**

	2019	2018
<b>General fund</b>		
Balance beginning of year	\$ 15,462	\$ 14,406
Operating surplus for the year	<u>(1,842)</u>	<u>1,058</u>
	13,620	15,464
<b>Water fund</b>		
Balance beginning of year	8,723	6,346
Operating surplus for the year	<u>(3,551)</u>	<u>2,376</u>
	5,172	8,722
<b>Sewer fund</b>		
Balance beginning of year	10,365	6,367
Operating surplus for the year	<u>708</u>	<u>3,998</u>
	11,073	10,365
<b>Kamloops Airport Authority Society</b>		
Balance beginning of year	100	100
Operating surplus for the year	<u>-</u>	<u>-</u>
	100	100
<b>Venture Kamloops Business Improvement Society</b>		
Balance beginning of year	99	117
Operating surplus for the year	<u>(43)</u>	<u>(17)</u>
	56	100
	<u>\$ 30,021</u>	<u>\$ 34,751</u>

**(d) Capital equity**

	2019	2018
<b>General fund</b>		
Balance beginning of year	\$ 866,209	\$ 846,373
Net capital equity addition for the year	<u>6,722</u>	<u>19,836</u>
	872,931	866,209
<b>Water fund</b>		
Balance beginning of year	102,636	98,323
Net capital equity addition for the year	<u>5,697</u>	<u>4,313</u>
	108,333	102,636
<b>Sewer fund</b>		
Balance beginning of year	85,583	82,132
Net capital equity addition for the year	<u>4,659</u>	<u>3,451</u>
	90,242	85,583
<b>Kamloops Airport Authority Society</b>		
Balance beginning of year	55,760	55,113
Net capital equity addition for the year	<u>697</u>	<u>647</u>
	56,457	55,760
<b>Venture Kamloops Business Improvement Society</b>		
Balance beginning of year	8	7
Net capital equity addition for the year	<u>5</u>	<u>1</u>
	13	8
<b>Capital equity</b>	<u>\$ 1,127,976</u>	<u>\$ 1,110,196</u>

**Total Accumulated Surplus**

	2019	2018
General fund	\$ 926,508	\$ 915,559
Water fund	122,669	118,376
Sewer fund	106,668	98,365
Statutory reserves	41,631	39,115
Kamloops Airport Authority Society	61,261	60,303
Venture Kamloops Business Development Society	133	170
	<u>\$ 1,258,870</u>	<u>\$ 1,231,888</u>

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**15. Operating revenues by segment**

2019 actual revenue with 2019 fiscal plan revenue and 2018 actual revenue comparibles

	Taxation	Fees, rates and sales of service	Developer contributed assets	Government transfers	Investment income	Gain (Loss) capital asset disposal	2019 total revenue	2019 Fiscal Plan revenue	2018 total revenue
Cemetery	\$ -	\$ 654	\$ -	\$ -	\$ 37	\$ -	\$ 691	\$ 600	\$ 716
Civic operations	14,267	523	-	26	-	(111)	14,705	13,756	14,416
Community services	22,165	6,249	72	981	79	-	29,546	28,118	29,939
Corporate administration	7,436	3,345	-	10,720	3,660	-	25,161	40,354	21,222
Development, engineering, sustainability	1,211	3,981	-	5	-	634	5,831	5,660	5,711
Protective services-Bylaws	1,452	2,468	-	-	-	-	3,920	3,581	3,491
Protective services-Fire	19,189	1,470	15	-	-	-	20,674	20,471	20,075
Protective services-Police	25,733	311	-	3,748	-	-	29,792	30,080	28,082
Public transit	5,324	5,141	-	7,485	-	-	17,950	17,890	17,394
Utilities-Sewer	-	9,441	-	-	152	-	9,593	14,923	6,838
Utilities-Solid waste	-	13,366	-	-	-	-	13,366	11,490	12,880
Utilities-Water	-	14,851	-	-	116	-	14,967	16,079	10,188
Kamloops Airport	-	2,740	-	225	273	4	3,242	2,654	2,716
Venture Kamloops	-	5	-	-	-	-	5	-	6
Non-operating	20,041	9,421	9,390	1,359	1,767	(1)	41,977	2,102	54,697
	<b>\$ 116,818</b>	<b>\$ 73,966</b>	<b>\$ 9,477</b>	<b>\$ 24,549</b>	<b>\$ 6,084</b>	<b>\$ 526</b>	<b>\$ 231,420</b>	<b>\$ 207,758</b>	<b>\$ 228,371</b>
2019 Fiscal Plan revenue	116,698	65,988	88	19,185	5,748	50			
2018 total revenue	110,629	68,356	21,075	23,236	5,877	(143)			

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**16. Operating expenses by segment**

2019 actual expenses with 2019 fiscal plan expenses and 2018 actual expense comparables

	Salaries and wages	Personnel expenses	Supplies, contracts and other services	Cross functional services	Debt servicing and capital costs	Amortization	2019 total expenses	2019 Fiscal Plan expenses	2018 total expenses
Cemetery	\$ 402	\$ -	\$ 146	\$ 155	\$ -	\$ 68	\$ 771	\$ 594	\$ 710
Civic operations	12,063	173	15,418	(10,027)	(1,008)	13,927	<b>30,546</b>	25,572	29,331
Community services	13,903	131	11,758	4,521	775	6,360	<b>37,448</b>	34,226	38,513
Corporate administration	11,020	507	7,952	(2,891)	170	708	<b>17,466</b>	15,587	13,771
Development, engineering, sustainability	5,870	142	845	(142)	(1,302)	70	<b>5,483</b>	5,596	6,333
Protective services-Bylaws	2,097	15	984	211	93	57	<b>3,457</b>	2,945	3,407
Protective services-Fire	18,108	180	1,176	282	220	183	<b>20,149</b>	19,714	19,677
Protective services-Police	4,376	37	25,480	118	-	98	<b>30,109</b>	31,706	28,818
Public transit	89	-	17,656	207	-	23	<b>17,975</b>	17,913	17,416
Utilities-Sewer	1,800	18	4,301	2,255	666	2,585	<b>11,625</b>	10,378	9,738
Utilities-Solid waste	2,747	10	5,298	2,752	-	259	<b>11,066</b>	13,313	11,125
Utilities-Water	3,116	42	4,457	2,346	640	4,747	<b>15,348</b>	15,381	14,748
Kamloops Airport	-	-	58	-	366	1,861	<b>2,285</b>	2,410	2,244
Venture Kamloops	-	-	703	-	-	7	<b>710</b>	716	675
	<b>\$ 75,591</b>	<b>\$ 1,255</b>	<b>\$ 96,232</b>	<b>\$ (213)</b>	<b>\$ 620</b>	<b>\$ 30,953</b>	<b>\$ 204,438</b>	<b>\$ 196,051</b>	<b>\$ 196,506</b>
2019 Fiscal Plan expenses	74,867	1,515	89,459	33	1,092	29,085			
2018 total expenses	73,082	1,344	91,663	(415)	1,376	30,119			

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**17. Operating transfers by segment**

**2019 actual transfers with 2018 actual transfer comparables**

	Transfer to (from) reserves	Transfer to (from) other funds	Transfer to (from) current funds	Transfer to (from) capital equity	2019 total transfers	2018 total transfers
Cemetery	\$ -	\$ 22	\$ -	\$ (102)	\$ (80)	\$ 5
Civic operations	-	2,181	-	(18,022)	(15,841)	(14,915)
Community services	209	275	-	(8,386)	(7,902)	(8,575)
Corporate administration	11,929	(4,125)	-	(778)	7,026	7,451
Development, engineering, sustainability	125	460	-	(237)	348	(622)
Protective services-Bylaws	248	272	-	(57)	463	83
Protective services-Fire	12	800	-	(288)	524	398
Protective services-Police	(279)	60	-	(98)	(317)	(736)
Public transit	-	-	-	(25)	(25)	(22)
Utilities-Sewer	1,037	-	-	(3,069)	(2,032)	(2,900)
Utilities-Solid waste	2,869	-	-	(568)	2,301	1,755
Utilities-Water	4,195	850	-	(5,425)	(380)	(4,560)
Kamloops Airport	261	-	-	697	958	471
Venture Kamloops	(30)	-	-	(7)	(37)	(670)
Non-operating	(18,385)	(825)	(19,428)	80,614	41,976	54,700
2018 total transfers	\$ 2,191	\$ (30)	\$ (19,428)	\$ 44,249	\$ 26,982	\$ 31,863
	(1,588)	4,518	1,605	26,873		

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**18. Taxation**

	Fiscal Plan	2019	2018
Property taxes	\$ 111,883	\$ 111,794	\$ 105,857
Special assessments	795	878	784
Utilities	1,562	1,564	1,466
GILTs	2,458	2,582	2,522
	<u>\$ 116,698</u>	<u>\$ 116,818</u>	<u>\$ 110,629</u>
<b>Collections for other taxing authorities</b>			
Province of British Columbia - school taxes	\$ 40,222	\$ 38,625	\$ 38,236
Thompson Regional Hospital District	7,968	9,600	9,229
Thompson-Nicola Regional District	6,233	6,472	6,393
British Columbia Assessment Authority	1,046	910	910
	<u>55,469</u>	<u>55,607</u>	<u>54,768</u>
<b>Other taxing authorities</b>	<u>(55,469)</u>	<u>(55,607)</u>	<u>(54,768)</u>
	<u>\$ 116,698</u>	<u>\$ 116,818</u>	<u>\$ 110,629</u>

**19. Government transfers**

	Fiscal Plan	2019	2018
<b>General fund</b>			
Federal government			
Policing	\$ 2,667	\$ 2,481	\$ 2,417
Community Works Fund	3,667	7,696	3,841
Provincial government			
Transit	7,395	7,485	7,215
Gaming revenue	2,700	2,752	2,615
Victims assistance	75	85	90
Traffic fines	900	1,071	990
Capital infrastructure	-	1,326	3,227
Other	1,354	1,396	1,555
	<u>18,758</u>	<u>24,292</u>	<u>21,950</u>
<b>Water fund</b>			
Federal government			
Capital infrastructure	-	-	1,088
<b>Sewer fund</b>			
Provincial government			
Capital infrastructure	-	32	179
<b>Kamloops Airport Authority Society</b>			
Federal government			
Government transfers	428	225	17
<b>Venture Kamloops Business Development Society</b>			
Provincial government			
Government transfers	-	-	2
	<u>\$ 19,186</u>	<u>\$ 24,549</u>	<u>\$ 23,236</u>

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**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 trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As of December 31, 2019, the plan has about 205,000 active members and approximately 101,000 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 \$6.348 million (2018 - \$6.100 million) for employer contributions while employees contributed \$5.292 million (2018 - \$5.129 million) to the plan in fiscal 2019.

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	2019	2018
General fund	\$ 1,154	\$ 2,402	\$ 3,556	\$ 3,530
Water utility fund	473	1,049	1,522	1,511
Sewer utility fund	329	1,027	1,356	1,349
	<u>\$ 1,956</u>	<u>\$ 4,478</u>	<u>\$ 6,434</u>	<u>\$ 6,390</u>



**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**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.

**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.

	<u>2019</u>	<u>2018</u>
<b>Financial assets</b>		
Cash and short-term investments	\$ 2,003	\$ 1,989
Accounts receivable	21	13
	<u>\$ 2,024</u>	<u>\$ 2,002</u>
<b>Accumulated surplus</b>		
Balance, beginning of the year	\$ 2,002	\$ 1,929
Care fund contributions	22	73
Interest earned	37	39
Contribution to cemetery operations	<u>(37)</u>	<u>(39)</u>
<b>Balance, end of the year</b>	<u>\$ 2,024</u>	<u>\$ 2,002</u>

**City of Kamloops**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**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		Financial Plan Bylaw	Amortization and expenses not capitalized	Kamloops Airport & Venture Kamloops	Fiscal Plan
<b>Revenue</b>					<b>Annual surplus carry fwd</b>	\$	\$ (29,085)	\$ (471)	\$
Taxation	\$116,698	\$ -	\$ -	\$116,698	Debt principal repayment	-	-	-	-
Developer contributed assets	88	-	-	88	Debt acquired	-	-	-	-
Fees, rates and sales of servicee	63,822	-	2,167	65,989	Transf (to)/fr reserves	-	-	-	-
Government transfers	18,758	-	428	19,186	Transf (to)/fr current funds	-	-	471	471
Investment income	5,688	-	60	5,748	Transf (to)/fr capital equity	-	29,085	-	29,085
Gain (Loss) capital asset disposal	50	-	-	50					
	<u>205,104</u>	<u>-</u>	<u>2,655</u>	<u>207,759</u>		<u>\$ 41,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,264</u>
<b>Expenses</b>									
Cemetery	526	68	-	594					
Civic operations	11,645	13,927	-	25,572					
Community services	27,866	6,360	-	34,226					
Corporate administration	14,879	708	-	15,587					
Development, engineering, sustainability	5,526	70	-	5,596					
Protective services-Bylaws	2,888	57	-	2,945					
Protective services-Fire	19,531	183	-	19,714					
Protective services-Police	31,608	98	-	31,706					
Public transit	17,890	23	-	17,913					
Utilities-Solid waste	10,119	259	-	10,378					
Utilities-Sewer	10,728	2,585	-	13,313					
Utilities-Water	10,634	4,747	-	15,381					
Kamloops Airport	-	-	2,410	2,410					
Venture Kamloops	-	-	716	716					
	<u>163,840</u>	<u>29,085</u>	<u>3,126</u>	<u>196,051</u>					
<b>Annual surplus</b>	<u>\$ 41,264</u>	<u>\$ (29,085)</u>	<u>\$ (471)</u>	<u>\$ 11,708</u>					

**23. Comparative Figures**

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