

The City of Salmon Arm
Financial Statements
For the Year Ended December 31, 2024

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Management's Responsibility for Financial Reporting

The accompanying financial statements of The City of Salmon Arm are the responsibility of management and have been approved by the Chief Financial Officer and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgments. Actual results could differ as additional information becomes available in the future. 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 of Salmon Arm 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 of Salmon Arm's assets are appropriately accounted for and adequately safeguarded.

The City of Salmon Arm's Chief Financial Officer and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements.

Chief Financial Officer and Council members meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The independent auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records and the Chief Financial Officer and Council of the The City of Salmon Arm.

Chief Financial Officer

Mayor



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BDO Canada LLP
574 6th Street NE
Salmon Arm, BC
V1E 1R6

Independent Auditor's Report

To the Mayor and Council of City of Salmon Arm,

Opinion

We have audited the financial statements of City of Salmon Arm (the "City"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2024, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with the 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 Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Matter - Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the attached Schedules to the City's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Regional District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants

Salmon Arm, British Columbia
May 5, 2025

The City of Salmon Arm
Financial Statements
For the Year Ended December 31, 2024

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Management's Responsibility for Financial Reporting

The accompanying financial statements of The City of Salmon Arm are the responsibility of management and have been approved by the Chief Financial Officer and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgments. Actual results could differ as additional information becomes available in the future. 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 of Salmon Arm 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 of Salmon Arm's assets are appropriately accounted for and adequately safeguarded.

The City of Salmon Arm's Chief Financial Officer and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements.

Chief Financial Officer and Council members meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The independent auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records and the Chief Financial Officer and Council of the The City of Salmon Arm.

Chief Financial Officer

Mayor

Independent Auditor's Report

To the Mayor and Council of The City of Salmon Arm

Opinion

We have audited the financial statements of the The City of Salmon Arm (the "City"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations, change in net financial assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2024, and its results of operations, its change in net financial assets, and its 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 Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements of 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.

Other Matter - Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the attached Schedules to the City's financial statements.

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Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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- 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants

Salmon Arm, British Columbia

The City of Salmon Arm
Statement of Financial Position

As at December 31	2024	2023
Financial Assets		
Cash	\$ 3,964,360	\$ 2,513,927
Investments (Note 3)	90,302,839	83,969,856
Accounts Receivable		
Property Taxes	977,090	851,551
Trade	2,213,147	1,575,343
Water and Sewer Levies	616,399	398,912
Land Held for Sale	500,798	500,798
Inventories for Resale	98,140	114,537
M.F.A Debt Reserve (Note 4)	1,449,934	1,430,976
Loan Receivable (Note 5)	161,000	168,000
	<u>100,283,707</u>	<u>91,523,900</u>
Liabilities		
Accounts Payable and Accrued Liabilities	8,737,736	5,203,548
Assets Retirement Obligation (Note 6)	5,955,689	5,804,764
Deposits and Performance Bonds	1,801,579	1,935,502
Prepaid Property Taxes and Levies	3,380,588	3,867,491
Deferred Revenues (Note 7)	832,721	798,904
Deferred Development Cost Charges (Note 8)	16,113,359	13,934,150
M.F.A. Debt Reserve (Note 4)	1,449,934	1,430,976
Long Term Liability	138,439	161,512
Long-Term Debt (Note 9)	19,931,587	21,547,117
	<u>58,341,632</u>	<u>54,683,964</u>
Net Financial Assets	<u>41,942,075</u>	<u>36,839,936</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	312,283,624	249,288,049
Inventories of Supplies	928,997	582,285
Prepaid Expenses	32,794	30,888
	<u>313,245,415</u>	<u>249,901,222</u>
Accumulated surplus (Note 11)	<u>\$293,248,579</u>	<u>\$286,741,160</u>

Patrick Gramiak, CPA, CA Chief Financial Officer

The City of Salmon Arm
Statement of Operations

For The Year Ended December 31	Budget 2024 (Note 16)	Actual 2024	Actual 2023
Revenues			
Taxation - Net (Note 12)	\$ 22,755,855	\$ 22,667,107	\$ 21,346,010
Transportation Parcel Tax (Note 12)	1,165,800	1,171,050	1,165,800
Frontage Tax (Note 12)	2,510,695	2,507,054	2,493,894
Government Transfers (Note 13)	8,026,270	3,793,783	9,669,318
Grants - Other	171,570	123,627	162,534
Sales of services	9,344,900	9,070,216	8,190,135
Licenses, Permits and Fines	894,950	946,960	941,083
Rentals, Leases and Franchises	1,011,020	1,004,654	1,042,709
Return on Investments	1,875,230	4,412,594	4,172,174
Penalties and Interest	238,800	312,784	260,748
Other Revenue	48,300	47,654	102,736
Development and Other Contributions	1,149,260	917,929	6,831,862
Gain on Disposal of Tangible Capital Assets	-	-	35,863
Loss on Asset Retirement Obligation Settlements	-	-	(14,028)
	<u>49,192,650</u>	<u>46,975,412</u>	<u>56,400,838</u>
Expenses			
General Government Services	7,526,622	5,957,073	5,884,312
Protective Services	7,626,580	7,672,886	6,401,453
Transportation Services	6,582,310	11,293,948	10,754,687
Environmental, Health and Development Services	3,785,760	3,754,195	3,351,517
Recreation and Cultural Services	4,936,915	4,652,794	4,071,576
Water and Sewer Services	5,389,435	7,137,097	6,834,988
	<u>35,847,622</u>	<u>40,467,993</u>	<u>37,298,533</u>
Annual Surplus	13,345,028	6,507,419	19,102,305
Accumulated Surplus, Beginning of Year	<u>286,741,160</u>	<u>286,741,160</u>	<u>267,638,855</u>
Accumulated Surplus, End of Year	<u>\$300,086,188</u>	<u>\$293,248,579</u>	<u>\$286,741,160</u>

The accompanying notes to the financial statements and schedules are an integral part of these financial statements.

The City of Salmon Arm
Statement of Change in Net Financial Assets

For The Year Ended December 31	Budget 2024 (Note 16)	Actual 2024	Actual 2023
Annual surplus	\$ 13,345,028	\$ 6,507,419	\$ 19,102,305
Acquisition of Tangible Capital Assets	(28,779,695)	(10,815,230)	(18,773,703)
Amortization of Tangible Capital Assets	-	9,758,926	9,260,517
Land Held for Resale	-	-	500,798
	(15,434,667)	5,451,115	10,089,917
Acquisition of Inventories of Supplies	-	(929,355)	(582,285)
Acquisition of Prepaid Expenses	-	(32,795)	(30,887)
Usage of Inventories of Supplies	-	582,285	627,317
Usage of Prepaid Expenses	-	30,889	75,654
Net Change in Net Financial Assets	(15,434,667)	5,102,139	10,179,716
Net Financial Assets, Beginning of Year	36,839,936	36,839,936	26,660,220
Net Financial Assets, End of Year	\$ 21,405,269	41,942,075	\$ 36,839,936

The accompanying notes to the financial statements and schedules are an integral part of these financial statements.

The City of Salmon Arm

Statement of Cash Flows

For the Year Ended December 31

2024

2023

Cash Flows from Operating Activities

Annual Surplus	\$ 6,507,419	19,102,305
Items Not Involving Cash		
Actuarial Adjustments	(692,109)	(775,708)
Amortization Expense	9,758,926	9,260,517
Accretion Expense	150,924	147,099
Developer Contributed Tangible Capital Assets	(397,806)	(5,891,657)
Gain on Disposal of Tangible Capital Assets	-	(35,863)
Loss on Settlement of Asset Retirement Obligation	-	14,028

Changes in Non-Cash Operating Items

Accounts Receivable	(980,829)	2,321,652
Accounts Payable	3,534,187	(577,937)
Deferred Revenues	33,817	(373,815)
Deferred Development Cost Charges	2,179,209	857,196
Deposits and Performance Bonds	(133,923)	(395,849)
Inventories for Resale	16,397	(27,273)
Inventories of Supplies	(347,072)	45,033
Loan Receivable	7,000	-
Long Term Liability	(23,073)	(23,073)
Prepaid Expense	(1,906)	32,697
Prepaid Property Taxes and Levies	(486,903)	276,865

	19,124,258	23,956,217
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Cash Flows From Investing Activity

Increase in Investments	(6,332,984)	(10,115,247)
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Cash Flows From Capital Activity

Acquisition of Tangible Capital Assets	(10,417,420)	(12,882,046)
Proceeds on Disposal of Tangible Capital Assets	-	35,864
Tangible Capital Asset Additions due to Asset Retirement Obligation	-	59,995
Retirement of Asset Retirement Obligations	-	(48,601)

	(10,417,420)	(12,834,788)
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Cash Flows from Financing Activities

Issuance of Long Term Debt	125,000	2,000,000
Repayment of Long Term Debt	(1,048,421)	(1,311,533)

	(923,421)	688,467
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Increase In Cash During Year

	1,450,433	1,694,649
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Cash, Beginning of Year	2,513,927	819,278
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Cash, End of Year

	\$ 3,964,360	\$ 2,513,927
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The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies

Nature of Business	The City of Salmon Arm (the "City") is incorporated under the laws of British Columbia and is engaged in the operation of a municipality.
Basis of Presentation	The financial statements include the accounts of all funds of the City. All inter fund transactions have been eliminated. The statements have been prepared in accordance with Canadian Public Sector Accounting Standards.
Accrual Accounting	The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or creation of a legal obligation to pay.

Revenue Recognition

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

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

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

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

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

Taxes are recorded at estimated amounts when they meet the definition of an asset, have 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.

Government grants and transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria has been met and reasonable estimates on the amount can be made.

The accounts are maintained on an accrual basis except for temporary borrowing of the City. Grants in lieu of taxes are also recorded on a cash basis because it is not possible to estimate the amounts receivable.

Restricted Revenue

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one - quoted market prices). All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. For investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

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

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

Government Transfers

When the City is the recipient, government transfers are recognized as revenue 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.

When the City is the transferor, government transfers are recognized as an expense when they are authorized and all eligibility criteria have been met by the recipient.

Development Cost Charges

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

Deferred Revenue

The City recognizes deferred revenue for amounts received in advance for services that will be provided or obligations that will be fulfilled in future periods. Deferred revenue includes amounts collected for business licenses, recycling fees, and conditional grants received from government and non-government entities. Various fees collected in advance for these services are recognized as revenue over the period in which the related service or regulatory oversight is provided. Any amounts received for multi-year licenses or permits are recognized on a performance basis over the applicable license or permit period. Conditional grants are recognized as revenue when all criteria have been met.

Non-Financial Assets

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

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all cost directly attributable to the acquisition or construction of the tangible capital asset, including transportation, site preparation, design, engineering, and legal fees. Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	10 to 50 years
Information Technology infrastructure	3 to 10 years
Machinery and Equipment	5 to 25 years
Parks Infrastructure	10 to 100 years
Transportation infrastructure	10 to 75 years
Utility infrastructure	20 to 70 years
Vehicles	10 to 25 years

Inventories

Inventories for resale are classified as financial assets and are measured at the lower of cost and net realizable value. Inventories of supplies are classified as non-financial assets and are measured at the lower of cost and replacement cost.

Intangible Assets

Intangible assets include works of art and historic assets located throughout City Hall. They are not reflected in these financial statements.

Reserves

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures represent amounts set aside to finance future projects and accumulations for specific purposes.

Statutory reserve funds are restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and investments.

Long Term Debt

Long term debt is recorded net of any sinking fund balances. Debt charges, including interest, are charged to current operations. Interest charges are accrued for the period from the date of the last interest payment to the end of the year.

Employee Future Benefits

The City participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the City accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the City's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Surplus and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability was recognized as at December 31, 2024.

Budget Figures

The budget figures are from the Annual Budget Bylaw adopted on or before May 15 of each year. They have been reallocated to conform to PSAS financial statement presentation. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include the valuation of accounts receivable, useful life and amortization of tangible capital assets, asset retirement obligations, and contingent liabilities.

Loan Guarantees

The City has guaranteed a loan to assist the Salmon Arm Tennis Club in the financing and construction of an Indoor Tennis Facility. When it is determined that a loss is likely, a provision for loss is recorded. The provision is determined using the best estimates available and taking into consideration the principal amount outstanding, any guaranteed accrued and unpaid interest, any amounts recoverable from the borrower and from the sale of assets pledged as security, and all known circumstances. The provision for loan losses is reviewed by management on an annual basis

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

2. Change in Accounting Policy

Effective January 1, 2024, the City adopted new Public Sector Accounting Handbook Standard PS 3400 - Revenue. The standard provides guidance on accounting for certain types of revenue transactions. For transactions with performance obligations, revenue is recognized when (or as) the City satisfies the performance obligation. This change in accounting policy has been applied prospectively with no restatement of prior periods.

3. Investments

	2024	2023
Guaranteed Investment Certificate	\$ 3,000,000	\$ 2,000,000
MFA Pooled Investment Funds	87,707,072	82,301,031
Debenture Bonds	300,000	300,000
Less amounts held in trust (Note 17)	(704,233)	(631,175)
	<u>\$ 90,302,839</u>	<u>\$ 83,969,856</u>

Investments are carried at cost or amortized cost.

The guaranteed investment certificate earns interest at a fixed rate of 5.73% with a maturity date of February 2025.

MFA pooled investment funds earn rates of return that are based on the market performance of a basket of securities with no fixed rate of return. The 2024 annual rate of return was 4.82% (2023 - 5.07%).

Debenture bonds have a floating interest rate of interest per annum, with a maturity date of October 2083.

4. Reserves - Municipal Finance Authority

The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld as cash deposits by the Municipal Finance Authority as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

The details of the cash deposits and demand notes at the year end are as follows:

	Demand Notes	Cash Deposits	Total
General Fund	\$ 478,582	\$ 338,637	\$ 817,219
Water Fund	369,407	202,259	571,666
Sewer Fund	38,575	22,474	61,049
Total Long Term Debt	<u>\$ 886,564</u>	<u>\$ 563,370</u>	<u>\$ 1,449,934</u>

December 31, 2024

5. Loan Receivable

The City has entered into a loan agreement with the Salmon Arm Tennis Club to assist in the financing of an Indoor Tennis Facility at 3440 Okanagan Avenue SE, Salmon Arm, BC. The outstanding balance at December 31, 2024 was \$161,000 (2023 - \$168,000). The loan is non-interest bearing with monthly payments of \$583, and is scheduled to mature in December 2047.

6. Asset Retirement Obligations

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

a) Buildings

The City owns and operates several buildings that are known to have asbestos and lead paint which represents a health hazard upon remediation, that creates a legal obligation to remove it. The buildings all have an estimated useful life of 10 to 50 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

b) Leases

The City has entered into various lease agreements for land use for parks, IT, and transportation infrastructure. The lease terms create legal obligations for the City to remove structures upon termination of the agreements. The lease terms range from 3 to 100 years. Estimated costs have been discounted to present value using a discount rate of 2.6% per annum (2023 - 2.6%).

c) Utility Infrastructure

The City owns underground pipes used for utility delivery that contain asbestos. There is a legal obligation to remove any portions of the pipes that are exposed. The pipes all have an estimated useful life of 20 to 70 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

d) Other Hazardous Assets

The City owns several other assets that have a legal obligation to remediate due to hazardous substances. These assets include fuel tanks and transformers containing PCBs. The assets all have an estimated useful life of 40 to 55 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

6. Asset Retirement Obligations (continued)

Changes in the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	General	Sewer	Water	2024
Opening Balance	\$ 3,585,879	\$ 1,355,925	\$ 862,961	\$ 5,804,765
Accretion Expense	93,233	35,254	22,437	150,924
Closing Balance	<u>\$ 3,679,112</u>	<u>\$ 1,391,179</u>	<u>\$ 885,398</u>	<u>\$ 5,955,689</u>

Asset Retirement Obligation	General	Sewer	Water	2023
Opening Balance	\$ 3,481,651	\$ 1,321,564	\$ 841,092	\$ 5,644,307
Additions	59,995	-	-	59,995
Settlements	(46,637)	-	-	(46,637)
Accretion Expense	90,870	34,361	21,868	147,099
Closing Balance	<u>\$ 3,585,879</u>	<u>\$ 1,355,925</u>	<u>\$ 862,960</u>	<u>\$ 5,804,764</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

7. Deferred Revenue

Deferred revenue consists primarily of business licenses, prepaid recycling fees, and conditional grants received from government and non-government sources. Business licenses are recognized in the year in which they are valid. Recycling fees are recognized when recycling services are provided. Conditional grants are recognized as revenue when all criteria have been met.

	2023	Received	Recognized in Revenue	2024
Recycling User Fee Rebate	\$ 266,120	\$ 268,215	\$ (266,120)	\$ 268,215
Grants	264,214	406,265	(476,548)	193,931
Other	268,570	621,320	(519,315)	370,575
Total Deferred Revenue	<u>\$ 798,904</u>	<u>\$ 1,295,800</u>	<u>\$ (1,261,983)</u>	<u>\$ 832,721</u>

8. Development Cost Charges

Development cost charges ("DCC's") are imposed by the City for the purposes of providing funds to pay the capital costs of providing, constructing, altering or expanding infrastructure, as well as acquiring and improving parkland. The funds are recorded as restricted revenues when received and are recognized as revenue when the related expenses are incurred.

	2023	Interest	Contribution from Developers	Transfers	2024
Drainage	\$2,199,197	\$112,704	\$210,924	\$ -	\$ 2,522,825
Parks	759,805	43,546	215,290	-	1,018,641
Water	4,439,902	230,246	508,349	(204,794)	4,973,703
Sewer	4,134,030	215,600	505,031	-	4,854,661
Highways	2,401,216	124,545	276,518	(58,750)	2,743,529
	<u>\$13,934,150</u>	<u>\$726,641</u>	<u>\$1,716,112</u>	<u>\$ (263,544)</u>	<u>\$ 16,113,359</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

9. Long Term Debt

	Bylaw	Maturity Date	Interest Rate	Balance Outstanding 2024	Balance Outstanding 2023
General Fund					
City Hall and Law Courts	3334	2034	5.950	\$ 4,972,868	\$ 5,349,407
City Hall and Law Courts	3479	2035	0.973	379,485	403,768
Blackburn Park	3569	2027	3.900	64,167	84,126
Underpass 20/21 Street	3758	2029	2.250	818,932	964,314
New Cemetery	4048	2040	2.750	748,475	782,959
Blackburn Park Improvement	4072	2035	2.750	316,679	339,961
Airport Taxiway Charlie	4289	2040	1.990	701,661	738,567
Ross Street Underpass	4500	2049	2.240	4,708,551	4,833,935
Property Acquisition	4549	2026	4.050	318,000	424,000
				<u>\$ 13,028,818</u>	<u>\$ 13,921,037</u>
Water Fund					
Water	3458	2025	1.530	\$ 72,167	\$ 106,182
Water	3551	2026	1.530	147,802	217,469
Water	3576	2028	3.790	2,403,846	2,948,156
Water	3816	2030	1.280	780,068	895,132
Water	3793	2041	1.470	33,840	35,280
Water	4644	2028	4.050	100,000	-
Water	4543	2026	4.050	2,225,000	2,200,000
				<u>\$ 5,762,723</u>	<u>\$ 6,402,219</u>
Sewer Fund					
Sewer	4051	2035	2.750	1,140,046	1,223,861
				<u>1,140,046</u>	<u>1,223,861</u>
				<u>\$ 19,931,587</u>	<u>\$ 21,547,117</u>

The gross interest paid relating to the above noted debt was \$1,436,285 (2023 - \$1,341,830).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

9. Long Term Debt (Continued)

Future principle requirements, not including sinking fund additions, on existing debt:

	General Fund	Water Fund	Sewer Fund	Total
2025	\$ 553,332	\$ 2,656,438	\$ 63,650	\$ 3,273,420
2026	553,332	531,439	63,650	1,148,421
2027	553,332	378,212	63,650	995,194
2028	435,478	378,212	63,650	877,340
2029	435,478	75,976	63,650	575,104
2030 and thereafter	3,837,053	86,774	381,899	4,305,726
	6,368,005	4,107,051	700,149	11,175,205
Actuarial Adjustment	6,660,813	1,655,672	439,897	8,756,382
Total Long Term Debt	\$ 13,028,818	\$ 5,762,723	\$ 1,140,046	\$ 19,931,587

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

10. Tangible Capital Assets

For the Year Ended December 31	Land	Buildings	Machinery and Equipment	Vehicles	Information Technology Infrastructure	Parks Infrastructure	Utility Infrastructure	Transportation Infrastructure	Work In Progress	2024 Total
Cost, Beginning of Year	\$40,060,338	\$ 78,413,411	\$13,806,442	\$ 6,096,691	\$ 2,271,887	\$ 13,136,759	\$ 81,248,765	\$ 166,885,410	\$ 5,763,548	\$ 407,683,251
Additions	-	67,294	645,307	644,049	244,812	19,810	315,049	2,331,550	6,547,359	10,815,230
Work In Progress Completed	-	3,285,751	78,814	-	23,069	-	1,750,626	2,396,771	(7,535,031)	-
Disposals	-	-	(11,973)	(28,015)	-	-	-	-	-	(39,988)
Assets Held for Resale	(500,798)	-	-	-	-	-	-	-	-	(500,798)
Balance, End of Year	39,559,540	81,766,456	14,518,590	6,712,725	2,539,768	13,156,569	83,314,440	171,613,731	4,775,876	417,957,695
Accumulated Amortization										
Balance, Beginning of Year	-	(31,220,036)	5,694,369	3,751,600	1,762,813	7,088,161	32,080,527	76,797,699	-	95,955,133
Amortization	-	1,723,390	816,271	331,916	129,029	351,510	1,409,047	4,997,763	-	9,758,926
Disposals	-	-	(11,973)	(28,015)	-	-	-	-	-	(39,988)
Balance, End of Year	-	(29,496,646)	6,498,667	4,055,501	1,891,842	7,439,671	33,489,574	81,795,462	-	105,674,071
Net Book Value, End of Year	39,559,540	111,263,102	8,019,923	2,657,224	647,926	5,716,898	49,824,866	89,818,269	4,775,876	312,283,624

For the Year Ended December 31	Land	Buildings	Machinery and Equipment	Vehicles	Information Technology Infrastructure	Parks Infrastructure	Utility Infrastructure	Transportation Infrastructure	Work In Progress	2023 Total
Cost, Beginning of Year	\$40,127,936	\$ 75,999,495	\$13,016,014	\$ 5,880,340	\$ 2,237,562	\$ 12,864,330	\$ 78,313,488	\$ 141,262,077	\$ 19,876,089	\$ 389,577,331
Additions	433,200	967,469	839,745	301,680	34,325	54,824	1,885,596	5,869,964	8,386,900	18,773,703
Assets Held for Resale	(500,798)	-	-	-	-	-	-	-	-	(500,798)
Work In Progress Completed	-	1,446,448	32,336	-	-	217,605	1,049,680	19,753,372	(22,499,441)	-
Disposals	-	-	(81,653)	(85,329)	-	-	-	-	-	(166,982)
Balance, End of Year	40,060,338	78,413,412	13,806,442	6,096,691	2,271,887	13,136,759	81,248,764	166,885,413	5,763,548	407,683,254
Accumulated Amortization										
Balance, Beginning of Year	-	29,171,060	4,982,372	3,509,491	1,645,224	6,526,510	30,300,310	72,152,963	-	148,287,930
Amortization	-	1,655,912	793,650	327,438	117,589	358,990	1,365,445	4,641,493	-	9,260,517
Asset Retirement Obligations	-	393,064	-	-	-	202,661	414,772	3,243	-	1,013,740
Disposals	-	-	(81,653)	(85,329)	-	-	-	-	-	(166,982)
Balance, End of Year	-	31,220,036	5,694,369	3,751,600	1,762,813	7,088,161	32,080,527	76,797,699	-	158,395,205
Net Book Value, End of Year	40,060,338	47,193,376	8,112,073	2,345,091	509,074	6,048,598	49,168,237	90,087,714	5,763,548	249,288,049

Tangible capital assets that were contributed by developers for various infrastructure projects were \$397,806 (2023 - \$5,891,657).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

11. Accumulated Surplus

	2024	2023
Surplus		
Invested in Tangible Capital Assets	\$ 224,957,870	\$ 222,436,965
Accumulated General Surplus	38,728,095	35,367,367
Accumulated Water Surplus	3,311,741	3,631,331
Accumulated Sewer Surplus	3,945,096	2,883,919
	<u>270,942,802</u>	<u>264,319,582</u>
Unexpended Capital		
General Operating	1,205,109	1,198,665
Water Operating	1,332,941	1,704,331
Sewer Operating	1,659,800	1,470,651
	<u>4,197,850</u>	<u>4,373,647</u>
Statutory Reserves		
Cemetery Columbarium	83,081	79,261
Cemetery Development	164,696	172,818
Community Centre Major Maintenance	1,360,238	952,039
Emergency Apparatus	758,009	779,157
Equipment Replacement	2,689,707	2,245,973
Fire Department Building and Equipment	193,535	241,243
General Capital	1,337,978	1,237,476
Growing Communities Fund	4,740,352	5,522,684
Landfill Site Repurchase	256,621	244,822
Parks Development	587,292	560,289
Police Vehicle Replacement	276,043	259,678
Sewer Major Maintenance	3,899,919	3,710,109
Water Major Maintenance	1,760,456	2,042,382
	<u>18,107,927</u>	<u>18,047,931</u>
	<u><u>\$ 293,248,579</u></u>	<u><u>\$ 286,741,160</u></u>

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

12. Taxation

Taxation revenue comprises the following amounts raised less transfers to other governments:

	2024	2023
Taxes Collected:		
Property Taxes	\$ 37,381,370	\$ 35,225,116
Transportation Parcel Tax	1,171,050	1,165,800
Frontage Tax - Water	1,502,432	1,495,776
Frontage Tax - Sewer	1,004,622	998,118
1% Utility Tax	354,553	343,414
	<u>41,414,027</u>	<u>39,228,224</u>
Collections for Other Governments		
Province of BC (School Taxes)	10,698,214	10,152,228
BC Assessment Authority	259,371	246,463
Regional Hospital District	1,615,296	1,605,781
Columbia Shuswap Regional District	1,428,982	1,202,187
Okanagan Regional Library	845,344	802,766
Municipal Finance Authority	1,408	1,362
Downtown Improvement Area	220,201	211,733
	<u>15,068,816</u>	<u>14,222,520</u>
Net Taxes Available for Municipal Purposes	<u><u>\$ 26,345,211</u></u>	<u><u>\$ 25,005,704</u></u>
As presented for financial statement purposes:		
Taxation - Net	\$ 22,667,107	\$ 21,346,010
Transportation parcel tax	1,171,050	1,165,800
Frontage tax	<u>2,507,054</u>	<u>2,493,894</u>
	<u><u>\$ 26,345,211</u></u>	<u><u>\$ 25,005,704</u></u>

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

13. Government Transfers

	Budget 2024	Actual 2024	Actual 2023
General Fund - Grants in Lieu of Taxes			
Federal Government	\$ 19,000	\$ 18,598	\$ 18,586
Province of British Columbia	30,000	29,763	29,649
Provincial Government Agencies	137,300	170,180	137,861
	<u>\$ 186,300</u>	<u>\$ 218,541</u>	<u>\$ 186,096</u>
General Fund - Operating Grants			
Federal Government and Province of British Columbia			
Arterial Street Lighting	\$ 3,100	\$ 3,076	\$ 3,076
Municipal Regional District Tax	280,000	379,063	337,994
Small Communities Protection	150,000	172,500	173,000
Traffic Fine Revenue Sharing	160,000	155,000	163,000
Destination BC	15,000	21,456	15,000
Poverty Reduction Grant	-	-	39,778
CRI FireSmart Community Funding	194,935	62,128	37,551
Canada Summer Jobs	-	9,682	7,040
Local Government Climate Action	147,000	-	147,082
Public Safety Canada - BSCF	290,100	303,326	230,179
Growing Communities Fund	-	-	6,089,000
UBCM Complete Communities	150,000	147,836	2,164
Community Works Fund	835,000	-	873,549
Local Government Housing Initiative	-	241,158	-
Next Generation 911 Grant	-	445	-
Community Emergency Preparedness Fund	-	27,940	-
Plan H Grant - Anti-Racism Strategy	-	5,760	-
	<u>\$ 2,225,135</u>	<u>\$ 1,529,370</u>	<u>\$ 8,118,413</u>
General Fund - Capital Grants			
Federal Government and Province of British Columbia			
Community Works Fund	\$ 2,660,835	\$ 948,226	\$ -
BC Active Transportation Infrastructure	411,000	411,000	-
ICBC - Road Improvement Program	-	-	111,800
BC Rural Dividend	100,000	100,000	-
Canada Community Revitalization Fund	84,000	68,491	15,509
BC Air Access Program	-	-	1,237,500
Clean BC Communities	309,000	36,787	-
Local Government Climate Action Plan	50,000	430,960	-
Adams Lake Indian Band	-	50,408	-
	<u>\$ 3,614,835</u>	<u>\$ 2,045,872</u>	<u>\$ 1,364,809</u>
Total Operating Grants	\$ 2,411,435	\$ 1,747,911	\$ 8,304,509
Total Capital Grants	3,614,835	2,045,872	1,364,809
Total Grants	<u>\$ 6,026,270</u>	<u>\$ 3,793,783</u>	<u>\$ 9,669,318</u>
Total Federal Grants	\$ 3,888,935	\$ 1,348,323	\$ 1,144,863
Total Provincial Grants	2,137,335	2,445,460	8,524,455
Total Grants	<u>\$ 6,026,270</u>	<u>\$ 3,793,783</u>	<u>\$ 9,669,318</u>

December 31, 2024

14. Contingent Liabilities and Commitments

Pension Liabilities

The City of Salmon Arm 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 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 at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of 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 actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The City of Salmon Arm paid \$729,579 (2023 - \$678,847) for employer contributions while employees contributed \$657,028 (2023 - \$619,459) to the plan in fiscal 2024.

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

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

Columbia Shuswap Regional District

Columbia Shuswap Regional District (the "Regional District") debt is, under the provisions of the Local Government Act, a joint and several liability of the Regional District and each member municipality within the Regional District, including the City of Salmon Arm. The loan agreements with the Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations with respect to such borrowing, the resulting deficiency becomes a liability of the member municipalities.

December 31, 2024

14. Contingencies Liabilities and Commitments - (continued)

Contractual Obligation

The City has entered into a contract with the Shuswap Recreation Society to manage the Recreation and Shaw Centres and is contingently liable for deficits incurred when expenses exceed revenues. The City provides an annual provision for the operation and maintenance of these facilities.

Other

The City is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the consolidated financial statements. Settlement, if any, made with respect to these actions, would be expected to be accounted for as a charge to expenditures in the period in which realization is known.

Guarantor Agreement

The City has entered into an agreement to act as a loan guarantor to assist the Salmon Arm Tennis Club in the financing of an Indoor Tennis Facility at 3440 Okanagan Avenue SE, Salmon Arm, BC. The outstanding balance at December 31, 2024 was \$690,991 (2023 - \$712,133). The loan bears interest at 4.47% (2023 - 4.47%) repayable in monthly installments of \$4,156. The loan has a term of 25 years and is secured by the assets of the Tennis Club and an indemnity agreement from the City.

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

15. Commitments

The City has entered into various agreements and contracts for services for periods ranging from one to five years.

16. Budget

The City of Salmon Arm 2024 to 2028 Financial Plan Bylaw No. 4616 (Financial Plan Bylaw) was adopted by Council on January 8, 2024. The Financial Plan Bylaw was prepared utilizing a budget method consistent with Local Governments while the actual operating results have been prepared in accordance with the requirements of PSAS. The Financial Plan Bylaw was prepared on a modified accrual basis while the actual operating results utilizing PSAS requirements were prepared on a full accrual basis. The Financial Plan Bylaw projected the use of Reserve Fund transfers and prior year surpluses to balance the Financial Plan. PSAS requires that the actual operating results capitalize all tangible capital expenditures and that an amortization expense for tangible capital assets be included. The Financial Plan Bylaw expenses all tangible capital expenditures as opposed to including an amortization expense. As a result, the Financial Plan Bylaw figures presented in the Statements of Operations and Change in Net Financial Debt represent the Financial Plan Bylaw adopted by Council on January 8, 2024 with adjustments as follows:

Financial Plan Bylaw	\$ -
Add:	
Capital Grants	3,614,835
Capital Expenditures	36,922,020
Debt Repayment	1,101,645
Transfer to Reserve Accounts	4,218,540
Transfer to Reserve Funds	1,271,700
Transfer from DCC Reserve Funds	350,750
Other Development Contributions	798,510
Less:	
Transfer from Prior Year Surplus	(573,890)
Transfer from Reserve Accounts	(4,144,342)
Transfer to Capital Reserves Accounts	(30,214,740)
Budget Surplus as per Statement of Operations	<u><u>\$ 13,345,028</u></u>

December 31, 2024

17. Trust Funds

Trust funds are not included in the City's Financial Statements. The City administers a Cemetery Maintenance Fund for the perpetual care and maintenance of the City owned and operated cemeteries. As at December 31, 2024, the Trust Fund balance is \$601,957 (2023 - \$540,951). The City holds investments on behalf of the Fire Training Centre. As at December 31, 2024, the Fire Training Centre investment balance is \$102,276 (2023 - \$90,224).

18. Comparative Figures

Certain comparative figures have been updated to conform to current year presentation.

19. Financial Instrument Risk

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

Credit risk

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

The City manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The City measures its exposure to credit risk based on how long amounts have been outstanding, and historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable arise primarily as a result of trade, taxes and utilities receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments in the Municipal Finance Authority (MFA) which meets the investment requirements of Section 183 of the *Community Charter* of the Province of BC. As a result, the City has reduced exposure to market or value risk. The maximum exposure to credit risk on portfolio investments is outlined in Note 3.

Liquidity risk

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

December 31, 2024

19. Financial Instrument Risk (Continued)

The City manages this risk by maintaining highly liquid investments, staggering maturity dates of investments, and by closely monitoring cash flow activities. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments. The City measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Interest rate risk

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

The City manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the five or ten year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 10 for interest rates and maturity dates for long term debt.

Investments that are subject to interest rate risk are MFA pooled investment funds (see Note 4). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds notes decrease and, as interest rates fall, the fair value of these investments increase.

As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk. As at December 31, 2023 the amount of the investment portfolio exposed was \$82,301,031 (2022 - \$70,973,018) per Note 4. To mitigate interest rate risk and market risk on its investments, the City holds its MFA long term pooled investment funds for 10 years or longer.

20. Segment Reporting

The City of Salmon Arm is a municipal government that provides a range of services to its citizens. The City is governed by an elected Council comprised of a Mayor and six (6) Councilors whose authority is set out in the Community Charter and Local Government Act. For management reporting purposes, the City's operations and activities are organized and reported by Fund. The General Fund has been further segmented for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

December 31, 2024

20. Segment Reporting (Continued)

General Government Services

Legislative Services, Information Services, Customer Service, Financial Services and Human Resources. Legislative Services is responsible for the statutory obligations under the Community Charter and Local Government Act and provides the legal and administrative support to City Council. It is responsible for recording resolutions, decisions and minutes of Council to allow the direction and policies of Council to be carried out. Legislative Services manages the City's property and liability insurance portfolio, freedom of information inquiries, municipal elections and referendums, the corporate document management system, City Policy Manual and completion of the City's Annual Report and Civic Calendar. The role of the Information Services is to provide reliable, stable and current technology systems to all City departments. Information Services maintains all servers, workstations, firewalls, printers, digital cameras, scanners, telephones, cellular phones, pagers, security systems, Geographic Information Systems (GIS) and the corporate website. Customer Service recognizes the importance of its customers and endeavours to provide quality services in a timely and efficient manner to reflect the growing and changing needs of our citizens. Customer Service representatives provide information and service in building inspection, cash payments, taxation, transit, pet and business licensing, etc. Financial Services provides financial expertise, information, guidance and advice on day-to-day operational matters to internal and external customers. Financial Services develops financial policies and procedures which assist Council and guide staff in shaping the direction of the City.

Financial Services provides accurate and full disclosure on the financial affairs of the City as set out in the Community Charter and Local Government Act. This information includes annual municipal reporting forms, operational and capital budgets, setting of annual property tax and water and sewer rates, annual financial statements, long term financial plan, investments, public bodies report, etc. Long term growth management strategies such as the Long Term Financial Plan, Five (5) Year Capital Plan, and the Long Term Equipment and Infrastructure Replacement Plans are developed and implemented to better plan for our community. Human Resources is responsible for all issues surrounding the employees of the City of Salmon Arm. It represents the City in union negotiations and is key in setting human resource policies and procedures. Human Resources encourages and coordinates staff development, training and recognition programs to better and more efficiently deliver services to the community and plays a major role in recruiting, transferring, promoting and retaining the best people for the job.

December 31, 2024

20. Segment Reporting (Continued)

Protective Services

Fire Prevention and Suppression, Police Protection, Bylaw Enforcement, Building Inspection, Business Licensing and Animal Control Services. The City provides community-based fire prevention and suppression services and responds to a geographical area of 183 square kilometres. It provides fire protection services to approximately 6,573 properties (residential, commercial, etc.) and inspection services to approximately 1,050 buildings. Fire Prevention and Suppression encompasses a Rescue Team designed, pursuant to WorkSafe BC, to provide rescue services to municipal employees who work in areas where identifiable hazards are present and manages the City Safety Program. The Police Department strives to provide a quality service to the community which includes calls for service, proactive enforcement and interaction with the community to gain insight into community concerns so that policing priorities may be set. Salmon Arm is policed by the Royal Canadian Mounted Police. Bylaw Enforcement encompasses all matters relating to the enforcement of City bylaws, and for the maintenance and accuracy of all files on matters relating to court actions on behalf of the City of Salmon Arm. Building Inspection addresses residential, commercial, institutional and industrial building construction within the City. The focus is to provide the public and the building industry with high quality service such that the structural integrity of the buildings constructed conform to the requirements of the BC Building Code and zoning, building and servicing bylaws and are safe for their intended purpose. Business Licensing is responsible for reviewing and issuing business licenses within the City. Business applications and premises are inspected to ensure that they are safe for the public and that they meet zoning bylaw requirements. Animal Control enforces the Animal Control regulations within the City and the issuance of dog licenses.

Transportation Services

This function is comprised of engineering, public works (transit, roadway systems, bridge repair, storm drainage, sidewalks, boulevards, street lighting, airport, downtown parking, etc.) utilities, parks, municipal facilities, marina/wharf, garage, vehicle and equipment fleet and cemeteries and provides a broad spectrum of services to the community. These services are provided in a participative fashion between City Council, the public, management and employees in a safe, effective, efficient and financially responsible manner. Transportation Services is responsible for the maintenance of over 224 kilometres (excluding the Trans Canada Highway and Highway 97B) of roadway, 80 kilometres of sidewalk, as well as, 112 kilometres of storm sewer complete with retention ponds and currently operates a +/- 145 unit municipal fleet of major vehicles and equipment.

Environmental, Health and Development Services

Development Services, Community Development Services and Public Health and Welfare Services. Development Services provides community planning, subdivision and development application facilitation. Taking into account various Council approved policies, bylaws, and procedures, it provides Council with professional advice on land use planning issues and is the coordinating department for the processing and approval of development applications to meet the community's objectives. It also provides advice to other City departments, community and business groups, developers, property owners, and citizens. It is responsible for the creation and recommendation of bylaws, policies and procedures to maintain the community's quality of life. Community Development Services provides services regarding environmental concerns, heritage matters, etc. Public Health and Welfare Services provides cemetery services to the citizens of the City.

December 31, 2024

20. Segment Reporting (Continued)

Recreational and Cultural Services

Recreational and Leisure Services (Multi-Use Facility, Auditorium and Pool), and Park and Wharf Services. Recreational and Leisure Services' mandate is to provide diverse family and adult oriented recreational activities with a view of promoting active living and quality of life in the community. The City strives to maximize the productivity of resources, to provide good cost recovery of the taxpayers' dollars and provide affordable recreational opportunities for the citizens of Salmon Arm. The Multi-Use Facility promotes community events and concerts, in addition to, hockey, ringette, speed skating, and figure skating. The Recreation Centre provides a wide range of services from pool and facility rentals, racquetball and squash, weight training, programming, etc. to promote the health and wellness of our citizens. Recreational programming such as scuba diving, summer French and music lessons, canoeing, babysitter courses, and summer soccer camps are all components of this function. The Parks and Wharf Services is proud to promote community pride in parks through the use and enjoyment of our many green spaces and natural amenities through carefully managed maintenance and improvement of park facilities. It projects a positive impression for citizens and visitors by ensuring that facilities, parks and playing fields are safe, clean and well-maintained while at the same time protecting the environment for future generations.

The City maintains five hundred seventy one (571) hectares of park land; this includes developed, natural, and passive parks, marinas, wharves, beaches, walking trails, lawn bowling, horseshoes and playing fields. Parks receive ongoing maintenance such as turf management, hanging flower baskets, downtown flower planters, irrigation systems, general park maintenance (bathrooms, garbage control), parkland design and construction, special events and sports field construction. The City works closely with community groups to achieve localized objectives such as neighbourhood parks where the efforts and contributions of local business owners, property owners, volunteers and the City come together to enhance and build new parks.

Utilities

The Utilities function, through a schedule of systematic new improvements, upgrades and replacements, strives to maintain and improve the efficient delivery and the high quality of water and sanitary sewer services to the community. It plays an integral role in maintaining the health, safety and well-being of the community. The Water and Sewer Utilities are self-liquidating funds which must provide for their own revenues through fees, taxes and other charges to support the expenditures required to operate and maintain infrastructure into the future.

December 31, 2024

20. Segment Reporting (Continued)

Water Utility Services

This Utility function provides for the delivery of safe drinking water to the citizens of Salmon Arm. The municipal water system consists of two main raw water sources, chlorine treatment systems for the water sources and an extensive water pumping, distribution and storage system. The City's water supply is by way of three (3) sources: East Canoe Creek at Metford Dam, Shuswap Lake at Canoe Beach and a minor water supply from Rumball Creek for irrigation at the Mt. Ida Cemetery. Treatment of the water sources (except Rumball Creek) is by primary disinfection with chlorine. The distribution system includes approximately 205 km of watermain varying in diameter from 100mm to 1000mm. The City waterworks system provides quality water through a gravity and pump system. The primary water sources are from Shuswap Lake - 97% and the Metford Dam - 3%. The waterworks system is relatively complex and is comprised of eight (8) zones, eight hundred sixty four (864) hydrants, eight (8) pumping stations, fourteen (14) reservoirs, and one (1) dam with a total storage capacity of 33,199 cubic metres and over 6,300 connections. The treatment process utilizes chlorination for the purposes of disinfection. The water supply consistently meets the Canadian Drinking Water Guidelines, BC Drinking Water Protection Act and the Safe Drinking Water Regulations.

Sewer Utility Services

The City provides effective collection and treatment of waste water to meet the guidelines set by the Ministry of Environment to protect the public and the environment. It operates both the treatment plant and seven (7) lift stations safely and at optimum efficiency. The sanitary sewer system has approximately 130 kilometres of mainline and 5,415 service connections.

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

20. Segmented Reporting (Continued)

For the Year Ended December 31	General Government Services	Protective Services	Transportation Services	Environmental, Health, and Development Services	Recreation and Cultural Services	Sewer Utility Services	Water Utility Services	2024 Total
Revenue								
Taxation - Net	\$ 22,667,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,667,107
Transportation Parcel Tax	-	-	1,171,050	-	-	-	-	1,171,050
Frontage Tax	-	-	-	-	-	1,004,622	1,502,432	2,507,054
Grants	2,900,688	217,572	414,076	5,760	255,685	-	-	3,793,781
Grants - Other	-	-	60,777	2,250	60,600	-	-	123,627
Sales of Services	68,385	173,197	1,165,823	1,192,842	6,829	2,716,923	3,746,217	9,070,216
Licenses, Permits and Fines	79,995	749,488	-	117,478	-	-	-	946,961
Rentals, Leases and Franchises	834,280	54,756	35,009	-	44,459	24,000	12,150	1,004,654
Return on Investments	2,999,739	69,358	198,720	32,244	87,778	411,797	612,956	4,412,592
Penalties and Interest	270,908	-	-	-	-	18,193	23,683	312,784
Other Revenue	4,628	1,140	30,692	-	11,198	-	-	47,658
Developer and Other Contributions	37,950	-	355,757	-	154,700	-	369,521	917,928
Gains on Disposal of Tangible Capital Assets	-	-	-	-	-	-	-	-
Loss on Disposal on ARO Settlement	-	-	-	-	-	-	-	-
Total Revenue	29,863,680	1,265,511	3,431,904	1,350,574	621,249	4,175,535	6,266,959	46,975,412
Expenses								
Wages and Benefits	2,373,191	1,981,546	2,115,621	1,049,803	2,553,436	954,712	1,185,010	12,213,319
Insurance	273,902	46,450	93,840	133	67,717	52,877	42,140	577,059
Community Grants	257,384	-	-	-	-	-	-	257,384
Professional and Legal Fees	99,707	-	-	15,531	-	-	-	115,238
Utilities and Property Taxes	62,630	70,994	201,230	910	35,183	268,598	384,682	1,024,227
Repairs and Maintenance	-	109,699	819,160	20,845	639,457	89,780	162,533	1,841,474
Contracts	578,315	4,932,234	1,059,614	2,065,919	449,156	174,397	299,810	9,559,445
Operating Expenses	464,970	289,240	849,707	573,004	409,428	484,119	356,099	3,426,567
Collections for Other Governments	13,696	-	-	-	-	-	-	13,696
Amortization	1,063,559	242,723	5,944,055	-	440,808	907,236	1,160,547	9,758,928
Interest and Debt Issue Expenses	709,770	-	201,796	28,050	33,250	49,500	507,366	1,529,732
Accretion Expenses	59,949	-	8,925	-	24,359	35,254	22,437	150,924
Total Expenses	5,957,073	7,672,886	11,293,948	3,754,195	4,652,794	3,016,473	4,120,624	40,467,993
Net Surplus (Deficit)	\$ 23,906,607	\$ (6,407,375)	\$ (7,862,044)	\$ (2,403,621)	\$ (4,031,545)	\$ 1,159,062	\$ 2,146,335	\$ 6,507,419

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

20. Segmented Reporting (Continued)

For the Year Ended December 31	General Government Services	Protective Services	Transportation Services	Environmental, Health, and Development Services	Recreation and Cultural Services	Sewer Utility Services	Water Utility Services	2023 Total
Revenue								
Taxation - Net	\$ 21,346,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,346,010
Transportation Parcel Tax	-	-	1,165,800	-	-	-	-	1,165,800
Frontage Tax	-	-	-	-	-	998,118	1,495,776	2,493,894
Grants	8,100,882	200,551	1,352,376	-	15,509	-	-	9,669,318
Grants - Other	-	-	92,184	2,250	68,100	-	-	162,534
Sales of Services	90,296	210,011	1,171,570	1,201,631	3,036	2,516,319	2,997,272	8,190,135
Licenses, Permits and Fines	13,884	816,104	-	111,095	-	-	-	941,083
Rentals, Leases and Franchises	873,580	45,320	34,554	-	43,655	24,000	21,600	1,042,709
Return on Investments	2,628,499	83,749	179,323	30,540	86,205	567,951	595,907	4,172,174
Penalties and Interest	219,793	-	-	-	-	18,514	22,441	260,748
Other Revenue	-	1,910	91,864	60	8,902	-	-	102,736
Developer and Other Contributions	201,590	-	4,468,555	-	60,670	922,945	1,178,102	6,831,862
Gains (loss) on Disposal of Tangible Capital Assets	9,648	-	26,215	-	-	-	-	35,863
Loss on Disposal on ARO Settlement	-	-	(14,028)	-	-	-	-	(14,028)
Total Revenue	33,484,182	1,357,645	8,568,413	1,345,576	286,077	5,047,847	6,311,098	56,400,838
Expenses								
Wages and Benefits	2,430,911	1,905,148	2,087,758	1,032,057	2,222,901	953,220	1,133,310	11,765,305
Insurance	244,775	45,540	99,191	120	61,297	47,505	38,016	536,444
Community Grants	332,542	-	-	-	-	-	-	332,542
Professional and Legal Fees	147,041	-	-	10,887	-	1,393	-	159,321
Utilities and Property Taxes	64,503	72,197	226,466	1,029	32,265	269,957	406,374	1,072,791
Repairs and Maintenance	-	78,952	773,088	26,662	604,695	104,071	150,045	1,737,513
Contracts	460,187	3,698,904	1,011,056	1,812,068	217,773	169,331	222,521	7,591,840
Operating Expenses	388,601	372,488	778,755	440,644	437,062	475,661	367,863	3,261,074
Collections for Other Governments	12,753	-	-	-	-	-	-	12,753
Amortization	1,042,621	228,224	5,577,155	-	435,734	870,353	1,106,430	9,260,517
Interest and Debt Issue Expenses	701,948	-	192,520	28,050	36,107	76,910	385,799	1,421,334
Accretion Expenses	58,430	-	8,698	-	23,742	34,361	21,868	147,099
Total Expenses	5,884,312	6,401,453	10,754,687	3,351,517	4,071,576	3,002,762	3,832,226	37,298,533
Net Surplus (Deficit)	\$ 27,599,870	\$ (5,043,808)	\$ (2,186,274)	\$ (2,005,941)	\$ (3,785,499)	\$ 2,045,085	\$ 2,478,872	\$ 19,102,305

The City of Salmon Arm
Schedule 1 - COVID-19 Safe Restart Grant
(Unaudited)

For the Year Ended December 31

In response to COVID-19, the Province of British Columbia provided COVID-19 Safe Restart Grants to support local governments with increased operating costs, lower revenues and fiscal pressures related to COVID-19. The City received \$3,598,000 in 2020.

The COVID-19 Safe Restart Grant is unconditional and has been accounted for as an unrestricted government transfer; recognized as revenue in the year received. The following schedule outlines how the City has utilized the grant funding.

	2024	2023
Interest Income	\$ 35,924	\$ 76,365
Revenue Shortfalls:		
General Government Services	-	(37,000)
Protective Services	-	(160,000)
Recreation and Cultural Services	-	(53,500)
Transportation Services	(45,000)	(322,900)
Expenditures:		
Community Grants	-	(23,200)
Recreation and Cultural Services	(51,040)	(169,136)
Transportation Services	(45,000)	(109,845)
Net (Deficit)	(105,116)	(799,216)
Balance, Beginning of Year	745,404	1,544,620
Balance, End of Year	\$ 640,288	\$ 745,404

The City of Salmon Arm
Schedule 2 - Growing Communities Fund
(Unaudited)

For the Year Ended December 31

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The City received \$6,089,000 in 2023.

The GCF Grant has been accounted for as an unrestricted government transfer; recognized in the year received. The grant has been placed to the credit of a dedicated reserve fund. The following schedule outlines how the City has utilized the grant funding.

	<u>2024</u>
Interest Income	\$ 266,163
Expenditures:	
Local Road Improvements and Upgrades	(807,367)
Sidewalks, Curbing, and Lighting	<u>(241,128)</u>
Net Deficit	(782,332)
Balance, Beginning of Year	<u>5,522,684</u>
Balance, End of Year	<u><u>\$ 4,740,352</u></u>

Work related to Housing Needs Reports and pre-zoning requirements:

2023 GCF Investments	Project Highlights
Property Acquisition - Local Road Improvements	Housing Needs Report - Re-routing of the intersection at 9 Ave NE and 30 St NE to support expansion of student housing at Okanagan College and existing lots at a higher density.

The City of Salmon Arm
Schedule 3 - Local Government Housing Initiative
(Unaudited)

For the Year Ended December 31

The Government of British Columbia has provided grant-based funding to help facilitate implementation and support local governments to meet new legislative requirements of Bill 44 Housing Statutes (Residential Development) Amendment Act and Bill 47 Housing Statutes (Transit-Oriented Areas) Amendment Act, and to adopt new authorities under Bill 46 Housing Statutes (Development Financing) Amendment Act and Bill 16 Housing Statutes Amendment Act.

A total of \$51 million has been distributed to 160 municipalities, 27 regional districts and the Islands Trust. The LGHI Grant has been accounted for as an unrestricted government transfer; recognized in the year received. The following schedule outlines how the City has utilized the grant funding:

	<u>2024</u>
Funding received	\$ 241,158
Expenditures:	
Contracted services	61,622
Salaries	7,266
Total expenditures	<u>68,888</u>
Balance, Beginning of Year	241,158
Balance, End of Year	<u><u>\$ 172,270</u></u>

The City of Salmon Arm
Statement of Financial Position

As at December 31	2024	2023
Financial Assets		
Cash	\$ 3,964,360	\$ 2,513,927
Investments (Note 3)	90,302,839	83,969,856
Accounts Receivable		
Property Taxes	977,090	851,551
Trade	2,213,147	1,575,343
Water and Sewer Levies	616,399	398,912
Land Held for Sale	500,798	500,798
Inventories for Resale	98,140	114,537
M.F.A Debt Reserve (Note 4)	1,449,934	1,430,976
Loan Receivable (Note 5)	161,000	168,000
	<u>100,283,707</u>	<u>91,523,900</u>
Liabilities		
Accounts Payable and Accrued Liabilities	8,737,736	5,203,548
Assets Retirement Obligation (Note 6)	5,955,689	5,804,764
Deposits and Performance Bonds	1,801,579	1,935,502
Prepaid Property Taxes and Levies	3,380,588	3,867,491
Deferred Revenues (Note 7)	832,721	798,904
Deferred Development Cost Charges (Note 8)	16,113,359	13,934,150
M.F.A. Debt Reserve (Note 4)	1,449,934	1,430,976
Long Term Liability	138,439	161,512
Long-Term Debt (Note 9)	19,931,587	21,547,117
	<u>58,341,632</u>	<u>54,683,964</u>
Net Financial Assets	<u>41,942,075</u>	<u>36,839,936</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	312,283,624	249,288,049
Inventories of Supplies	928,997	582,285
Prepaid Expenses	32,794	30,888
	<u>313,245,415</u>	<u>249,901,222</u>
Accumulated surplus (Note 11)	<u>\$293,248,579</u>	<u>\$286,741,160</u>

Patrick Gramiak, CPA, CA Chief Financial Officer

The City of Salmon Arm

Statement of Operations

For The Year Ended December 31	Budget 2024 (Note 16)	Actual 2024	Actual 2023
Revenues)			
Taxation - Net (Note 12)	\$ 22,755,855	\$ 22,667,107	\$ 21,346,010
Transportation Parcel Tax (Note 12)	1,165,800	1,171,050	1,165,800
Frontage Tax (Note 12)	2,510,695	2,507,054	2,493,894
Government Transfers (Note 13)	8,026,270	3,793,783	9,669,318
Grants - Other	171,570	123,627	162,534
Sales of services	9,344,900	9,070,216	8,190,135
Licenses, Permits and Fines	894,950	946,960	941,083
Rentals, Leases and Franchises	1,011,020	1,004,654	1,042,709
Return on Investments	1,875,230	4,412,594	4,172,174
Penalties and Interest	238,800	312,784	260,748
Other Revenue	48,300	47,654	102,736
Development and Other Contributions	1,149,260	917,929	6,831,862
Gain on Disposal of Tangible Capital Assets	-	-	35,863
Loss on Asset Retirement Obligation Settlements	-	-	(14,028)
	<u>49,192,650</u>	<u>46,975,412</u>	<u>56,400,838</u>
Expenses			
General Government Services	7,526,622	5,957,073	5,884,312
Protective Services	7,626,580	7,672,886	6,401,453
Transportation Services	6,582,310	11,293,948	10,754,687
Environmental, Health and Development Services	3,785,760	3,754,195	3,351,517
Recreation and Cultural Services	4,936,915	4,652,794	4,071,576
Water and Sewer Services	5,389,435	7,137,097	6,834,988
	<u>35,847,622</u>	<u>40,467,993</u>	<u>37,298,533</u>
Annual Surplus	13,345,028	6,507,419	19,102,305
Accumulated Surplus, Beginning of Year	<u>286,741,160</u>	<u>286,741,160</u>	<u>267,638,855</u>
Accumulated Surplus, End of Year	<u>\$300,086,188</u>	<u>\$293,248,579</u>	<u>\$286,741,160</u>

The accompanying notes to the financial statements and schedules are an integral part of these financial statements.

The City of Salmon Arm
Statement of Change in Net Financial Assets

For The Year Ended December 31	Budget 2024 (Note 16)	Actual 2024	Actual 2023
Annual surplus	\$ 13,345,028	\$ 6,507,419	\$ 19,102,305
Acquisition of Tangible Capital Assets	(28,779,695)	(10,815,230)	(18,773,703)
Amortization of Tangible Capital Assets	-	9,758,926	9,260,517
Land Held for Resale	-	-	500,798
	(15,434,667)	5,451,115	10,089,917
Acquisition of Inventories of Supplies	-	(929,355)	(582,285)
Acquisition of Prepaid Expenses	-	(32,795)	(30,887)
Usage of Inventories of Supplies	-	582,285	627,317
Usage of Prepaid Expenses	-	30,889	75,654
Net Change in Net Financial Assets	(15,434,667)	5,102,139	10,179,716
Net Financial Assets, Beginning of Year	36,839,936	36,839,936	26,660,220
Net Financial Assets, End of Year	\$ 21,405,269	41,942,075	\$ 36,839,936

The accompanying notes to the financial statements and schedules are an integral part of these financial statements.

The City of Salmon Arm

Statement of Cash Flows

For the Year Ended December 31

2024

2023

Cash Flows from Operating Activities

Annual Surplus	\$ 6,507,419	19,102,305
Items Not Involving Cash		
Actuarial Adjustments	(692,109)	(775,708)
Amortization Expense	9,758,926	9,260,517
Accretion Expense	150,924	147,099
Developer Contributed Tangible Capital Assets	(397,806)	(5,891,657)
Gain on Disposal of Tangible Capital Assets	-	(35,863)
Loss on Settlement of Asset Retirement Obligation	-	14,028

Changes in Non-Cash Operating Items

Accounts Receivable	(980,829)	2,321,652
Accounts Payable	3,534,187	(577,937)
Deferred Revenues	33,817	(373,815)
Deferred Development Cost Charges	2,179,209	857,196
Deposits and Performance Bonds	(133,923)	(395,849)
Inventories for Resale	16,397	(27,273)
Inventories of Supplies	(347,072)	45,033
Loan Receivable	7,000	-
Long Term Liability	(23,073)	(23,073)
Prepaid Expense	(1,906)	32,697
Prepaid Property Taxes and Levies	(486,903)	276,865

	19,124,258	23,956,217
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Cash Flows From Investing Activity

Increase in Investments	(6,332,984)	(10,115,247)
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Cash Flows From Capital Activity

Acquisition of Tangible Capital Assets	(10,417,420)	(12,882,046)
Proceeds on Disposal of Tangible Capital Assets	-	35,864
Tangible Capital Asset Additions due to Asset Retirement Obligation	-	59,995
Retirement of Asset Retirement Obligations	-	(48,601)

	(10,417,420)	(12,834,788)
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Cash Flows from Financing Activities

Issuance of Long Term Debt	125,000	2,000,000
Repayment of Long Term Debt	(1,048,421)	(1,311,533)

	(923,421)	688,467
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Increase In Cash During Year

	1,450,433	1,694,649
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Cash, Beginning of Year

	2,513,927	819,278
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Cash, End of Year

	\$ 3,964,360	\$ 2,513,927
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The accompanying notes to the financial statements and schedules are an integral part of these financial statements.

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

1. Summary of Significant Accounting Policies

Nature of Business	The City of Salmon Arm (the "City") is incorporated under the laws of British Columbia and is engaged in the operation of a municipality.
Basis of Presentation	The financial statements include the accounts of all funds of the City. All inter fund transactions have been eliminated. The statements have been prepared in accordance with Canadian Public Sector Accounting Standards.
Accrual Accounting	The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or creation of a legal obligation to pay.

Revenue Recognition

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

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

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

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

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

Taxes are recorded at estimated amounts when they meet the definition of an asset, have 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.

Government grants and transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria has been met and reasonable estimates on the amount can be made.

The accounts are maintained on an accrual basis except for temporary borrowing of the City. Grants in lieu of taxes are also recorded on a cash basis because it is not possible to estimate the amounts receivable.

Restricted Revenue

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one - quoted market prices). All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. For investments measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

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

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

Government Transfers

When the City is the recipient, government transfers are recognized as revenue 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.

When the City is the transferor, government transfers are recognized as an expense when they are authorized and all eligibility criteria have been met by the recipient.

Development Cost Charges

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

Deferred Revenue

The City recognizes deferred revenue for amounts received in advance for services that will be provided or obligations that will be fulfilled in future periods. Deferred revenue includes amounts collected for business licenses, recycling fees, and conditional grants received from government and non-government entities. Various fees collected in advance for these services are recognized as revenue over the period in which the related service or regulatory oversight is provided. Any amounts received for multi-year licenses or permits are recognized on a performance basis over the applicable license or permit period. Conditional grants are recognized as revenue when all criteria have been met.

Non-Financial Assets

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

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all cost directly attributable to the acquisition or construction of the tangible capital asset, including transportation, site preparation, design, engineering, and legal fees. Contributed tangible capital assets are recorded at their fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	10 to 50 years
Information Technology infrastructure	3 to 10 years
Machinery and Equipment	5 to 25 years
Parks Infrastructure	10 to 100 years
Transportation infrastructure	10 to 75 years
Utility infrastructure	20 to 70 years
Vehicles	10 to 25 years

Inventories

Inventories for resale are classified as financial assets and are measured at the lower of cost and net realizable value. Inventories of supplies are classified as non-financial assets and are measured at the lower of cost and replacement cost.

Intangible Assets

Intangible assets include works of art and historic assets located throughout City Hall. They are not reflected in these financial statements.

Reserves

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures represent amounts set aside to finance future projects and accumulations for specific purposes.

Statutory reserve funds are restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and investments.

Long Term Debt

Long term debt is recorded net of any sinking fund balances. Debt charges, including interest, are charged to current operations. Interest charges are accrued for the period from the date of the last interest payment to the end of the year.

Employee Future Benefits

The City participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the City accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the City's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Surplus and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability was recognized as at December 31, 2024.

Budget Figures

The budget figures are from the Annual Budget Bylaw adopted on or before May 15 of each year. They have been reallocated to conform to PSAS financial statement presentation. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include the valuation of accounts receivable, useful life and amortization of tangible capital assets, asset retirement obligations, and contingent liabilities.

Loan Guarantees

The City has guaranteed a loan to assist the Salmon Arm Tennis Club in the financing and construction of an Indoor Tennis Facility. When it is determined that a loss is likely, a provision for loss is recorded. The provision is determined using the best estimates available and taking into consideration the principal amount outstanding, any guaranteed accrued and unpaid interest, any amounts recoverable from the borrower and from the sale of assets pledged as security, and all known circumstances. The provision for loan losses is reviewed by management on an annual basis

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

2. Change in Accounting Policy

Effective January 1, 2024, the City adopted new Public Sector Accounting Handbook Standard PS 3400 - Revenue. The standard provides guidance on accounting for certain types of revenue transactions. For transactions with performance obligations, revenue is recognized when (or as) the City satisfies the performance obligation. This change in accounting policy has been applied prospectively with no restatement of prior periods.

3. Investments

	2024	2023
Guaranteed Investment Certificate	\$ 3,000,000	\$ 2,000,000
MFA Pooled Investment Funds	87,707,072	82,301,031
Debenture Bonds	300,000	300,000
Less amounts held in trust (Note 17)	(704,233)	(631,175)
	<u>\$ 90,302,839</u>	<u>\$ 83,969,856</u>

Investments are carried at cost or amortized cost.

The guaranteed investment certificate earns interest at a fixed rate of 5.73% with a maturity date of February 2025.

MFA pooled investment funds earn rates of return that are based on the market performance of a basket of securities with no fixed rate of return. The 2024 annual rate of return was 4.82% (2023 - 5.07%).

Debenture bonds have a floating interest rate of interest per annum, with a maturity date of October 2083.

4. Reserves - Municipal Finance Authority

The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld as cash deposits by the Municipal Finance Authority as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

The details of the cash deposits and demand notes at the year end are as follows:

	Demand Notes	Cash Deposits	Total
General Fund	\$ 478,582	\$ 338,637	\$ 817,219
Water Fund	369,407	202,259	571,666
Sewer Fund	38,575	22,474	61,049
Total Long Term Debt	<u>\$ 886,564</u>	<u>\$ 563,370</u>	<u>\$ 1,449,934</u>

December 31, 2024

5. Loan Receivable

The City has entered into a loan agreement with the Salmon Arm Tennis Club to assist in the financing of an Indoor Tennis Facility at 3440 Okanagan Avenue SE, Salmon Arm, BC. The outstanding balance at December 31, 2024 was \$161,000 (2023 - \$168,000). The loan is non-interest bearing with monthly payments of \$583, and is scheduled to mature in December 2047.

6. Asset Retirement Obligations

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

a) Buildings

The City owns and operates several buildings that are known to have asbestos and lead paint which represents a health hazard upon remediation, that creates a legal obligation to remove it. The buildings all have an estimated useful life of 10 to 50 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

b) Leases

The City has entered into various lease agreements for land use for parks, IT, and transportation infrastructure. The lease terms create legal obligations for the City to remove structures upon termination of the agreements. The lease terms range from 3 to 100 years. Estimated costs have been discounted to present value using a discount rate of 2.6% per annum (2023 - 2.6%).

c) Utility Infrastructure

The City owns underground pipes used for utility delivery that contain asbestos. There is a legal obligation to remove any portions of the pipes that are exposed. The pipes all have an estimated useful life of 20 to 70 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

d) Other Hazardous Assets

The City owns several other assets that have a legal obligation to remediate due to hazardous substances. These assets include fuel tanks and transformers containing PCBs. The assets all have an estimated useful life of 40 to 55 years from the date of completion of construction, of which various numbers of years remain. Estimated costs have been discounted to the present value using a discount rate of 2.6% per annum (2023 - 2.6%).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

6. Asset Retirement Obligations (continued)

Changes in the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	General	Sewer	Water	2024
Opening Balance	\$ 3,585,879	\$ 1,355,925	\$ 862,961	\$ 5,804,765
Accretion Expense	93,233	35,254	22,437	150,924
Closing Balance	<u>\$ 3,679,112</u>	<u>\$ 1,391,179</u>	<u>\$ 885,398</u>	<u>\$ 5,955,689</u>

Asset Retirement Obligation	General	Sewer	Water	2023
Opening Balance	\$ 3,481,651	\$ 1,321,564	\$ 841,092	\$ 5,644,307
Additions	59,995	-	-	59,995
Settlements	(46,637)	-	-	(46,637)
Accretion Expense	90,870	34,361	21,868	147,099
Closing Balance	<u>\$ 3,585,879</u>	<u>\$ 1,355,925</u>	<u>\$ 862,960</u>	<u>\$ 5,804,764</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

7. Deferred Revenue

Deferred revenue consists primarily of business licenses, prepaid recycling fees, and conditional grants received from government and non-government sources. Business licenses are recognized in the year in which they are valid. Recycling fees are recognized when recycling services are provided. Conditional grants are recognized as revenue when all criteria have been met.

	2023	Received	Recognized in Revenue	2024
Recycling User Fee Rebate	\$ 266,120	\$ 268,215	\$ (266,120)	\$ 268,215
Grants	264,214	406,265	(476,548)	193,931
Other	268,570	621,320	(519,315)	370,575
Total Deferred Revenue	<u>\$ 798,904</u>	<u>\$ 1,295,800</u>	<u>\$ (1,261,983)</u>	<u>\$ 832,721</u>

8. Development Cost Charges

Development cost charges ("DCC's") are imposed by the City for the purposes of providing funds to pay the capital costs of providing, constructing, altering or expanding infrastructure, as well as acquiring and improving parkland. The funds are recorded as restricted revenues when received and are recognized as revenue when the related expenses are incurred.

	2023	Interest	Contribution from Developers	Transfers	2024
Drainage	\$2,199,197	\$112,704	\$210,924	\$ -	\$ 2,522,825
Parks	759,805	43,546	215,290	-	1,018,641
Water	4,439,902	230,246	508,349	(204,794)	4,973,703
Sewer	4,134,030	215,600	505,031	-	4,854,661
Highways	2,401,216	124,545	276,518	(58,750)	2,743,529
	<u>\$13,934,150</u>	<u>\$726,641</u>	<u>\$1,716,112</u>	<u>\$ (263,544)</u>	<u>\$ 16,113,359</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

9. Long Term Debt

	Bylaw	Maturity Date	Interest Rate	Balance Outstanding 2024	Balance Outstanding 2023
General Fund					
City Hall and Law Courts	3334	2034	5.950	\$ 4,972,868	\$ 5,349,407
City Hall and Law Courts	3479	2035	0.973	379,485	403,768
Blackburn Park	3569	2027	3.900	64,167	84,126
Underpass 20/21 Street	3758	2029	2.250	818,932	964,314
New Cemetery	4048	2040	2.750	748,475	782,959
Blackburn Park Improvement	4072	2035	2.750	316,679	339,961
Airport Taxiway Charlie	4289	2040	1.990	701,661	738,567
Ross Street Underpass	4500	2049	2.240	4,708,551	4,833,935
Property Acquisition	4549	2026	4.050	318,000	424,000
				<u>\$ 13,028,818</u>	<u>\$ 13,921,037</u>
Water Fund					
Water	3458	2025	1.530	\$ 72,167	\$ 106,182
Water	3551	2026	1.530	147,802	217,469
Water	3576	2028	3.790	2,403,846	2,948,156
Water	3816	2030	1.280	780,068	895,132
Water	3793	2041	1.470	33,840	35,280
Water	4644	2028	4.050	100,000	-
Water	4543	2026	4.050	2,225,000	2,200,000
				<u>\$ 5,762,723</u>	<u>\$ 6,402,219</u>
Sewer Fund					
Sewer	4051	2035	2.750	1,140,046	1,223,861
				<u>1,140,046</u>	<u>1,223,861</u>
				<u>\$ 19,931,587</u>	<u>\$ 21,547,117</u>

The gross interest paid relating to the above noted debt was \$1,436,285 (2023 - \$1,341,830).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

9. Long Term Debt (Continued)

Future principle requirements, not including sinking fund additions, on existing debt:

	General Fund	Water Fund	Sewer Fund	Total
2025	\$ 553,332	\$ 2,656,438	\$ 63,650	\$ 3,273,420
2026	553,332	531,439	63,650	1,148,421
2027	553,332	378,212	63,650	995,194
2028	435,478	378,212	63,650	877,340
2029	435,478	75,976	63,650	575,104
2030 and thereafter	3,837,053	86,774	381,899	4,305,726
	6,368,005	4,107,051	700,149	11,175,205
Actuarial Adjustment	6,660,813	1,655,672	439,897	8,756,382
Total Long Term Debt	\$ 13,028,818	\$ 5,762,723	\$ 1,140,046	\$ 19,931,587

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

10. Tangible Capital Assets

For the Year Ended December 31	Land	Buildings	Machinery and Equipment	Vehicles	Information Technology Infrastructure	Parks Infrastructure	Utility Infrastructure	Transportation Infrastructure	Work In Progress	2024 Total
Cost, Beginning of Year	\$40,060,338	\$ 78,413,411	\$13,806,442	\$ 6,096,691	\$ 2,271,887	\$ 13,136,759	\$ 81,248,765	\$ 166,885,410	\$ 5,763,548	\$ 407,683,251
Additions	-	67,294	645,307	644,049	244,812	19,810	315,049	2,331,550	6,547,359	10,815,230
Work In Progress Completed	-	3,285,751	78,814	-	23,069	-	1,750,626	2,396,771	(7,535,031)	-
Disposals	-	-	(11,973)	(28,015)	-	-	-	-	-	(39,988)
Assets Held for Resale	(500,798)	-	-	-	-	-	-	-	-	(500,798)
Balance, End of Year	39,559,540	81,766,456	14,518,590	6,712,725	2,539,768	13,156,569	83,314,440	171,613,731	4,775,876	417,957,695
Accumulated Amortization										
Balance, Beginning of Year	-	(31,220,036)	5,694,369	3,751,600	1,762,813	7,088,161	32,080,527	76,797,699	-	95,955,133
Amortization	-	1,723,390	816,271	331,916	129,029	351,510	1,409,047	4,997,763	-	9,758,926
Disposals	-	-	(11,973)	(28,015)	-	-	-	-	-	(39,988)
Balance, End of Year	-	(29,496,646)	6,498,667	4,055,501	1,891,842	7,439,671	33,489,574	81,795,462	-	105,674,071
Net Book Value, End of Year	39,559,540	111,263,102	8,019,923	2,657,224	647,926	5,716,898	49,824,866	89,818,269	4,775,876	312,283,624

For the Year Ended December 31	Land	Buildings	Machinery and Equipment	Vehicles	Information Technology Infrastructure	Parks Infrastructure	Utility Infrastructure	Transportation Infrastructure	Work In Progress	2023 Total
Cost, Beginning of Year	\$40,127,936	\$ 75,999,495	\$13,016,014	\$ 5,880,340	\$ 2,237,562	\$ 12,864,330	\$ 78,313,488	\$ 141,262,077	\$ 19,876,089	\$ 389,577,331
Additions	433,200	967,469	839,745	301,680	34,325	54,824	1,885,596	5,869,964	8,386,900	18,773,703
Assets Held for Resale	(500,798)	-	-	-	-	-	-	-	-	(500,798)
Work In Progress Completed	-	1,446,448	32,336	-	-	217,605	1,049,680	19,753,372	(22,499,441)	-
Disposals	-	-	(81,653)	(85,329)	-	-	-	-	-	(166,982)
Balance, End of Year	40,060,338	78,413,412	13,806,442	6,096,691	2,271,887	13,136,759	81,248,764	166,885,413	5,763,548	407,683,254
Accumulated Amortization										
Balance, Beginning of Year	-	29,171,060	4,982,372	3,509,491	1,645,224	6,526,510	30,300,310	72,152,963	-	148,287,930
Amortization	-	1,655,912	793,650	327,438	117,589	358,990	1,365,445	4,641,493	-	9,260,517
Asset Retirement Obligations	-	393,064	-	-	-	202,661	414,772	3,243	-	1,013,740
Disposals	-	-	(81,653)	(85,329)	-	-	-	-	-	(166,982)
Balance, End of Year	-	31,220,036	5,694,369	3,751,600	1,762,813	7,088,161	32,080,527	76,797,699	-	158,395,205
Net Book Value, End of Year	40,060,338	47,193,376	8,112,073	2,345,091	509,074	6,048,598	49,168,237	90,087,714	5,763,548	249,288,049

Tangible capital assets that were contributed by developers for various infrastructure projects were \$397,806 (2023 - \$5,891,657).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

11. Accumulated Surplus

	2024	2023
Surplus		
Invested in Tangible Capital Assets	\$ 224,957,870	\$ 222,436,965
Accumulated General Surplus	38,728,095	35,367,367
Accumulated Water Surplus	3,311,741	3,631,331
Accumulated Sewer Surplus	3,945,096	2,883,919
	<u>270,942,802</u>	<u>264,319,582</u>
Unexpended Capital		
General Operating	1,205,109	1,198,665
Water Operating	1,332,941	1,704,331
Sewer Operating	1,659,800	1,470,651
	<u>4,197,850</u>	<u>4,373,647</u>
Statutory Reserves		
Cemetery Columbarium	83,081	79,261
Cemetery Development	164,696	172,818
Community Centre Major Maintenance	1,360,238	952,039
Emergency Apparatus	758,009	779,157
Equipment Replacement	2,689,707	2,245,973
Fire Department Building and Equipment	193,535	241,243
General Capital	1,337,978	1,237,476
Growing Communities Fund	4,740,352	5,522,684
Landfill Site Repurchase	256,621	244,822
Parks Development	587,292	560,289
Police Vehicle Replacement	276,043	259,678
Sewer Major Maintenance	3,899,919	3,710,109
Water Major Maintenance	1,760,456	2,042,382
	<u>18,107,927</u>	<u>18,047,931</u>
	<u><u>\$ 293,248,579</u></u>	<u><u>\$ 286,741,160</u></u>

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

12. Taxation

Taxation revenue comprises the following amounts raised less transfers to other governments:

	2024	2023
Taxes Collected:		
Property Taxes	\$ 37,381,370	\$ 35,225,116
Transportation Parcel Tax	1,171,050	1,165,800
Frontage Tax - Water	1,502,432	1,495,776
Frontage Tax - Sewer	1,004,622	998,118
1% Utility Tax	354,553	343,414
	<u>41,414,027</u>	<u>39,228,224</u>
Collections for Other Governments		
Province of BC (School Taxes)	10,698,214	10,152,228
BC Assessment Authority	259,371	246,463
Regional Hospital District	1,615,296	1,605,781
Columbia Shuswap Regional District	1,428,982	1,202,187
Okanagan Regional Library	845,344	802,766
Municipal Finance Authority	1,408	1,362
Downtown Improvement Area	220,201	211,733
	<u>15,068,816</u>	<u>14,222,520</u>
Net Taxes Available for Municipal Purposes	<u><u>\$ 26,345,211</u></u>	<u><u>\$ 25,005,704</u></u>
As presented for financial statement purposes:		
Taxation - Net	\$ 22,667,107	\$ 21,346,010
Transportation parcel tax	1,171,050	1,165,800
Frontage tax	<u>2,507,054</u>	<u>2,493,894</u>
	<u><u>\$ 26,345,211</u></u>	<u><u>\$ 25,005,704</u></u>

The City of Salmon Arm

Notes to the Financial Statements

December 31, 2024

13. Government Transfers

	Budget 2024	Actual 2024	Actual 2023
General Fund - Grants in Lieu of Taxes			
Federal Government	\$ 19,000	\$ 18,598	\$ 18,586
Province of British Columbia	30,000	29,763	29,649
Provincial Government Agencies	137,300	170,180	137,861
	<u>\$ 186,300</u>	<u>\$ 218,541</u>	<u>\$ 186,096</u>
General Fund - Operating Grants			
Federal Government and Province of British Columbia			
Arterial Street Lighting	\$ 3,100	\$ 3,076	\$ 3,076
Municipal Regional District Tax	280,000	379,063	337,994
Small Communities Protection	150,000	172,500	173,000
Traffic Fine Revenue Sharing	160,000	155,000	163,000
Destination BC	15,000	21,456	15,000
Poverty Reduction Grant	-	-	39,778
CRI FireSmart Community Funding	194,935	62,128	37,551
Canada Summer Jobs	-	9,682	7,040
Local Government Climate Action	147,000	-	147,082
Public Safety Canada - BSCF	290,100	303,326	230,179
Growing Communities Fund	-	-	6,089,000
UBCM Complete Communities	150,000	147,836	2,164
Community Works Fund	835,000	-	873,549
Local Government Housing Initiative	-	241,158	-
Next Generation 911 Grant	-	445	-
Community Emergency Preparedness Fund	-	27,940	-
Plan H Grant - Anti-Racism Strategy	-	5,760	-
	<u>\$ 2,225,135</u>	<u>\$ 1,529,370</u>	<u>\$ 8,118,413</u>
General Fund - Capital Grants			
Federal Government and Province of British Columbia			
Community Works Fund	\$ 2,660,835	\$ 948,226	\$ -
BC Active Transportation Infrastructure	411,000	411,000	-
ICBC - Road Improvement Program	-	-	111,800
BC Rural Dividend	100,000	100,000	-
Canada Community Revitalization Fund	84,000	68,491	15,509
BC Air Access Program	-	-	1,237,500
Clean BC Communities	309,000	36,787	-
Local Government Climate Action Plan	50,000	430,960	-
Adams Lake Indian Band	-	50,408	-
	<u>\$ 3,614,835</u>	<u>\$ 2,045,872</u>	<u>\$ 1,364,809</u>
Total Operating Grants	\$ 2,411,435	\$ 1,747,911	\$ 8,304,509
Total Capital Grants	3,614,835	2,045,872	1,364,809
Total Grants	<u>\$ 6,026,270</u>	<u>\$ 3,793,783</u>	<u>\$ 9,669,318</u>
Total Federal Grants	\$ 3,888,935	\$ 1,348,323	\$ 1,144,863
Total Provincial Grants	2,137,335	2,445,460	8,524,455
Total Grants	<u>\$ 6,026,270</u>	<u>\$ 3,793,783</u>	<u>\$ 9,669,318</u>

December 31, 2024

14. Contingent Liabilities and Commitments

Pension Liabilities

The City of Salmon Arm 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 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 at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of 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 actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The City of Salmon Arm paid \$729,579 (2023 - \$678,847) for employer contributions while employees contributed \$657,028 (2023 - \$619,459) to the plan in fiscal 2024.

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

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

Columbia Shuswap Regional District

Columbia Shuswap Regional District (the "Regional District") debt is, under the provisions of the Local Government Act, a joint and several liability of the Regional District and each member municipality within the Regional District, including the City of Salmon Arm. The loan agreements with the Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligations with respect to such borrowing, the resulting deficiency becomes a liability of the member municipalities.

December 31, 2024

14. Contingencies Liabilities and Commitments - (continued)

Contractual Obligation

The City has entered into a contract with the Shuswap Recreation Society to manage the Recreation and Shaw Centres and is contingently liable for deficits incurred when expenses exceed revenues. The City provides an annual provision for the operation and maintenance of these facilities.

Other

The City is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the consolidated financial statements. Settlement, if any, made with respect to these actions, would be expected to be accounted for as a charge to expenditures in the period in which realization is known.

Guarantor Agreement

The City has entered into an agreement to act as a loan guarantor to assist the Salmon Arm Tennis Club in the financing of an Indoor Tennis Facility at 3440 Okanagan Avenue SE, Salmon Arm, BC. The outstanding balance at December 31, 2024 was \$690,991 (2023 - \$712,133). The loan bears interest at 4.47% (2023 - 4.47%) repayable in monthly installments of \$4,156. The loan has a term of 25 years and is secured by the assets of the Tennis Club and an indemnity agreement from the City.

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

15. Commitments

The City has entered into various agreements and contracts for services for periods ranging from one to five years.

16. Budget

The City of Salmon Arm 2024 to 2028 Financial Plan Bylaw No. 4616 (Financial Plan Bylaw) was adopted by Council on January 8, 2024. The Financial Plan Bylaw was prepared utilizing a budget method consistent with Local Governments while the actual operating results have been prepared in accordance with the requirements of PSAS. The Financial Plan Bylaw was prepared on a modified accrual basis while the actual operating results utilizing PSAS requirements were prepared on a full accrual basis. The Financial Plan Bylaw projected the use of Reserve Fund transfers and prior year surpluses to balance the Financial Plan. PSAS requires that the actual operating results capitalize all tangible capital expenditures and that an amortization expense for tangible capital assets be included. The Financial Plan Bylaw expenses all tangible capital expenditures as opposed to including an amortization expense. As a result, the Financial Plan Bylaw figures presented in the Statements of Operations and Change in Net Financial Debt represent the Financial Plan Bylaw adopted by Council on January 8, 2024 with adjustments as follows:

Financial Plan Bylaw	\$ -
Add:	
Capital Grants	3,614,835
Capital Expenditures	36,922,020
Debt Repayment	1,101,645
Transfer to Reserve Accounts	4,218,540
Transfer to Reserve Funds	1,271,700
Transfer from DCC Reserve Funds	350,750
Other Development Contributions	798,510
Less:	
Transfer from Prior Year Surplus	(573,890)
Transfer from Reserve Accounts	(4,144,342)
Transfer to Capital Reserves Accounts	(30,214,740)
Budget Surplus as per Statement of Operations	<u><u>\$ 13,345,028</u></u>

December 31, 2024

17. Trust Funds

Trust funds are not included in the City's Financial Statements. The City administers a Cemetery Maintenance Fund for the perpetual care and maintenance of the City owned and operated cemeteries. As at December 31, 2024, the Trust Fund balance is \$601,957 (2023 - \$540,951). The City holds investments on behalf of the Fire Training Centre. As at December 31, 2024, the Fire Training Centre investment balance is \$102,276 (2023 - \$90,224).

18. Comparative Figures

Certain comparative figures have been updated to conform to current year presentation.

19. Financial Instrument Risk

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

Credit risk

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

The City manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The City measures its exposure to credit risk based on how long amounts have been outstanding, and historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable arise primarily as a result of trade, taxes and utilities receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments in the Municipal Finance Authority (MFA) which meets the investment requirements of Section 183 of the *Community Charter* of the Province of BC. As a result, the City has reduced exposure to market or value risk. The maximum exposure to credit risk on portfolio investments is outlined in Note 3.

Liquidity risk

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

December 31, 2024

19. Financial Instrument Risk (Continued)

The City manages this risk by maintaining highly liquid investments, staggering maturity dates of investments, and by closely monitoring cash flow activities. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments. The City measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Interest rate risk

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

The City manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the five or ten year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 10 for interest rates and maturity dates for long term debt.

Investments that are subject to interest rate risk are MFA pooled investment funds (see Note 4). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds notes decrease and, as interest rates fall, the fair value of these investments increase.

As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk. As at December 31, 2023 the amount of the investment portfolio exposed was \$82,301,031 (2022 - \$70,973,018) per Note 4. To mitigate interest rate risk and market risk on its investments, the City holds its MFA long term pooled investment funds for 10 years or longer.

20. Segment Reporting

The City of Salmon Arm is a municipal government that provides a range of services to its citizens. The City is governed by an elected Council comprised of a Mayor and six (6) Councilors whose authority is set out in the Community Charter and Local Government Act. For management reporting purposes, the City's operations and activities are organized and reported by Fund. The General Fund has been further segmented for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

December 31, 2024

20. Segment Reporting (Continued)

General Government Services

Legislative Services, Information Services, Customer Service, Financial Services and Human Resources. Legislative Services is responsible for the statutory obligations under the Community Charter and Local Government Act and provides the legal and administrative support to City Council. It is responsible for recording resolutions, decisions and minutes of Council to allow the direction and policies of Council to be carried out. Legislative Services manages the City's property and liability insurance portfolio, freedom of information inquiries, municipal elections and referendums, the corporate document management system, City Policy Manual and completion of the City's Annual Report and Civic Calendar. The role of the Information Services is to provide reliable, stable and current technology systems to all City departments. Information Services maintains all servers, workstations, firewalls, printers, digital cameras, scanners, telephones, cellular phones, pagers, security systems, Geographic Information Systems (GIS) and the corporate website. Customer Service recognizes the importance of its customers and endeavours to provide quality services in a timely and efficient manner to reflect the growing and changing needs of our citizens. Customer Service representatives provide information and service in building inspection, cash payments, taxation, transit, pet and business licensing, etc. Financial Services provides financial expertise, information, guidance and advice on day-to-day operational matters to internal and external customers. Financial Services develops financial policies and procedures which assist Council and guide staff in shaping the direction of the City.

Financial Services provides accurate and full disclosure on the financial affairs of the City as set out in the Community Charter and Local Government Act. This information includes annual municipal reporting forms, operational and capital budgets, setting of annual property tax and water and sewer rates, annual financial statements, long term financial plan, investments, public bodies report, etc. Long term growth management strategies such as the Long Term Financial Plan, Five (5) Year Capital Plan, and the Long Term Equipment and Infrastructure Replacement Plans are developed and implemented to better plan for our community. Human Resources is responsible for all issues surrounding the employees of the City of Salmon Arm. It represents the City in union negotiations and is key in setting human resource policies and procedures. Human Resources encourages and coordinates staff development, training and recognition programs to better and more efficiently deliver services to the community and plays a major role in recruiting, transferring, promoting and retaining the best people for the job.

December 31, 2024

20. Segment Reporting (Continued)

Protective Services

Fire Prevention and Suppression, Police Protection, Bylaw Enforcement, Building Inspection, Business Licensing and Animal Control Services. The City provides community-based fire prevention and suppression services and responds to a geographical area of 183 square kilometres. It provides fire protection services to approximately 6,573 properties (residential, commercial, etc.) and inspection services to approximately 1,050 buildings. Fire Prevention and Suppression encompasses a Rescue Team designed, pursuant to WorkSafe BC, to provide rescue services to municipal employees who work in areas where identifiable hazards are present and manages the City Safety Program. The Police Department strives to provide a quality service to the community which includes calls for service, proactive enforcement and interaction with the community to gain insight into community concerns so that policing priorities may be set. Salmon Arm is policed by the Royal Canadian Mounted Police. Bylaw Enforcement encompasses all matters relating to the enforcement of City bylaws, and for the maintenance and accuracy of all files on matters relating to court actions on behalf of the City of Salmon Arm. Building Inspection addresses residential, commercial, institutional and industrial building construction within the City. The focus is to provide the public and the building industry with high quality service such that the structural integrity of the buildings constructed conform to the requirements of the BC Building Code and zoning, building and servicing bylaws and are safe for their intended purpose. Business Licensing is responsible for reviewing and issuing business licenses within the City. Business applications and premises are inspected to ensure that they are safe for the public and that they meet zoning bylaw requirements. Animal Control enforces the Animal Control regulations within the City and the issuance of dog licenses.

Transportation Services

This function is comprised of engineering, public works (transit, roadway systems, bridge repair, storm drainage, sidewalks, boulevards, street lighting, airport, downtown parking, etc.) utilities, parks, municipal facilities, marina/wharf, garage, vehicle and equipment fleet and cemeteries and provides a broad spectrum of services to the community. These services are provided in a participative fashion between City Council, the public, management and employees in a safe, effective, efficient and financially responsible manner. Transportation Services is responsible for the maintenance of over 224 kilometres (excluding the Trans Canada Highway and Highway 97B) of roadway, 80 kilometres of sidewalk, as well as, 112 kilometres of storm sewer complete with retention ponds and currently operates a +/- 145 unit municipal fleet of major vehicles and equipment.

Environmental, Health and Development Services

Development Services, Community Development Services and Public Health and Welfare Services. Development Services provides community planning, subdivision and development application facilitation. Taking into account various Council approved policies, bylaws, and procedures, it provides Council with professional advice on land use planning issues and is the coordinating department for the processing and approval of development applications to meet the community's objectives. It also provides advice to other City departments, community and business groups, developers, property owners, and citizens. It is responsible for the creation and recommendation of bylaws, policies and procedures to maintain the community's quality of life. Community Development Services provides services regarding environmental concerns, heritage matters, etc. Public Health and Welfare Services provides cemetery services to the citizens of the City.

December 31, 2024

20. Segment Reporting (Continued)

Recreational and Cultural Services

Recreational and Leisure Services (Multi-Use Facility, Auditorium and Pool), and Park and Wharf Services. Recreational and Leisure Services' mandate is to provide diverse family and adult oriented recreational activities with a view of promoting active living and quality of life in the community. The City strives to maximize the productivity of resources, to provide good cost recovery of the taxpayers' dollars and provide affordable recreational opportunities for the citizens of Salmon Arm. The Multi-Use Facility promotes community events and concerts, in addition to, hockey, ringette, speed skating, and figure skating. The Recreation Centre provides a wide range of services from pool and facility rentals, racquetball and squash, weight training, programming, etc. to promote the health and wellness of our citizens. Recreational programming such as scuba diving, summer French and music lessons, canoeing, babysitter courses, and summer soccer camps are all components of this function. The Parks and Wharf Services is proud to promote community pride in parks through the use and enjoyment of our many green spaces and natural amenities through carefully managed maintenance and improvement of park facilities. It projects a positive impression for citizens and visitors by ensuring that facilities, parks and playing fields are safe, clean and well-maintained while at the same time protecting the environment for future generations.

The City maintains five hundred seventy one (571) hectares of park land; this includes developed, natural, and passive parks, marinas, wharves, beaches, walking trails, lawn bowling, horseshoes and playing fields. Parks receive ongoing maintenance such as turf management, hanging flower baskets, downtown flower planters, irrigation systems, general park maintenance (bathrooms, garbage control), parkland design and construction, special events and sports field construction. The City works closely with community groups to achieve localized objectives such as neighbourhood parks where the efforts and contributions of local business owners, property owners, volunteers and the City come together to enhance and build new parks.

Utilities

The Utilities function, through a schedule of systematic new improvements, upgrades and replacements, strives to maintain and improve the efficient delivery and the high quality of water and sanitary sewer services to the community. It plays an integral role in maintaining the health, safety and well-being of the community. The Water and Sewer Utilities are self-liquidating funds which must provide for their own revenues through fees, taxes and other charges to support the expenditures required to operate and maintain infrastructure into the future.

December 31, 2024

20. Segment Reporting (Continued)

Water Utility Services

This Utility function provides for the delivery of safe drinking water to the citizens of Salmon Arm. The municipal water system consists of two main raw water sources, chlorine treatment systems for the water sources and an extensive water pumping, distribution and storage system. The City's water supply is by way of three (3) sources: East Canoe Creek at Metford Dam, Shuswap Lake at Canoe Beach and a minor water supply from Rumball Creek for irrigation at the Mt. Ida Cemetery. Treatment of the water sources (except Rumball Creek) is by primary disinfection with chlorine. The distribution system includes approximately 205 km of watermain varying in diameter from 100mm to 1000mm. The City waterworks system provides quality water through a gravity and pump system. The primary water sources are from Shuswap Lake - 97% and the Metford Dam - 3%. The waterworks system is relatively complex and is comprised of eight (8) zones, eight hundred sixty four (864) hydrants, eight (8) pumping stations, fourteen (14) reservoirs, and one (1) dam with a total storage capacity of 33,199 cubic metres and over 6,300 connections. The treatment process utilizes chlorination for the purposes of disinfection. The water supply consistently meets the Canadian Drinking Water Guidelines, BC Drinking Water Protection Act and the Safe Drinking Water Regulations.

Sewer Utility Services

The City provides effective collection and treatment of waste water to meet the guidelines set by the Ministry of Environment to protect the public and the environment. It operates both the treatment plant and seven (7) lift stations safely and at optimum efficiency. The sanitary sewer system has approximately 130 kilometres of mainline and 5,415 service connections.

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

20. Segmented Reporting (Continued)

For the Year Ended December 31	General Government Services	Protective Services	Transportation Services	Environmental, Health, and Development Services	Recreation and Cultural Services	Sewer Utility Services	Water Utility Services	2024 Total
Revenue								
Taxation - Net	\$ 22,667,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,667,107
Transportation Parcel Tax	-	-	1,171,050	-	-	-	-	1,171,050
Frontage Tax	-	-	-	-	-	1,004,622	1,502,432	2,507,054
Grants	2,900,688	217,572	414,076	5,760	255,685	-	-	3,793,781
Grants - Other	-	-	60,777	2,250	60,600	-	-	123,627
Sales of Services	68,385	173,197	1,165,823	1,192,842	6,829	2,716,923	3,746,217	9,070,216
Licenses, Permits and Fines	79,995	749,488	-	117,478	-	-	-	946,961
Rentals, Leases and Franchises	834,280	54,756	35,009	-	44,459	24,000	12,150	1,004,654
Return on Investments	2,999,739	69,358	198,720	32,244	87,778	411,797	612,956	4,412,592
Penalties and Interest	270,908	-	-	-	-	18,193	23,683	312,784
Other Revenue	4,628	1,140	30,692	-	11,198	-	-	47,658
Developer and Other Contributions	37,950	-	355,757	-	154,700	-	369,521	917,928
Gains on Disposal of Tangible Capital Assets	-	-	-	-	-	-	-	-
Loss on Disposal on ARO Settlement	-	-	-	-	-	-	-	-
Total Revenue	29,863,680	1,265,511	3,431,904	1,350,574	621,249	4,175,535	6,266,959	46,975,412
Expenses								
Wages and Benefits	2,373,191	1,981,546	2,115,621	1,049,803	2,553,436	954,712	1,185,010	12,213,319
Insurance	273,902	46,450	93,840	133	67,717	52,877	42,140	577,059
Community Grants	257,384	-	-	-	-	-	-	257,384
Professional and Legal Fees	99,707	-	-	15,531	-	-	-	115,238
Utilities and Property Taxes	62,630	70,994	201,230	910	35,183	268,598	384,682	1,024,227
Repairs and Maintenance	-	109,699	819,160	20,845	639,457	89,780	162,533	1,841,474
Contracts	578,315	4,932,234	1,059,614	2,065,919	449,156	174,397	299,810	9,559,445
Operating Expenses	464,970	289,240	849,707	573,004	409,428	484,119	356,099	3,426,567
Collections for Other Governments	13,696	-	-	-	-	-	-	13,696
Amortization	1,063,559	242,723	5,944,055	-	440,808	907,236	1,160,547	9,758,928
Interest and Debt Issue Expenses	709,770	-	201,796	28,050	33,250	49,500	507,366	1,529,732
Accretion Expenses	59,949	-	8,925	-	24,359	35,254	22,437	150,924
Total Expenses	5,957,073	7,672,886	11,293,948	3,754,195	4,652,794	3,016,473	4,120,624	40,467,993
Net Surplus (Deficit)	\$ 23,906,607	\$ (6,407,375)	\$ (7,862,044)	\$ (2,403,621)	\$ (4,031,545)	\$ 1,159,062	\$ 2,146,335	\$ 6,507,419

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2024

20. Segmented Reporting (Continued)

For the Year Ended December 31	General Government Services	Protective Services	Transportation Services	Environmental, Health, and Development Services	Recreation and Cultural Services	Sewer Utility Services	Water Utility Services	2023 Total
Revenue								
Taxation - Net	\$ 21,346,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,346,010
Transportation Parcel Tax	-	-	1,165,800	-	-	-	-	1,165,800
Frontage Tax	-	-	-	-	-	998,118	1,495,776	2,493,894
Grants	8,100,882	200,551	1,352,376	-	15,509	-	-	9,669,318
Grants - Other	-	-	92,184	2,250	68,100	-	-	162,534
Sales of Services	90,296	210,011	1,171,570	1,201,631	3,036	2,516,319	2,997,272	8,190,135
Licenses, Permits and Fines	13,884	816,104	-	111,095	-	-	-	941,083
Rentals, Leases and Franchises	873,580	45,320	34,554	-	43,655	24,000	21,600	1,042,709
Return on Investments	2,628,499	83,749	179,323	30,540	86,205	567,951	595,907	4,172,174
Penalties and Interest	219,793	-	-	-	-	18,514	22,441	260,748
Other Revenue	-	1,910	91,864	60	8,902	-	-	102,736
Developer and Other Contributions	201,590	-	4,468,555	-	60,670	922,945	1,178,102	6,831,862
Gains (loss) on Disposal of Tangible Capital Assets	9,648	-	26,215	-	-	-	-	35,863
Loss on Disposal on ARO Settlement	-	-	(14,028)	-	-	-	-	(14,028)
Total Revenue	33,484,182	1,357,645	8,568,413	1,345,576	286,077	5,047,847	6,311,098	56,400,838
Expenses								
Wages and Benefits	2,430,911	1,905,148	2,087,758	1,032,057	2,222,901	953,220	1,133,310	11,765,305
Insurance	244,775	45,540	99,191	120	61,297	47,505	38,016	536,444
Community Grants	332,542	-	-	-	-	-	-	332,542
Professional and Legal Fees	147,041	-	-	10,887	-	1,393	-	159,321
Utilities and Property Taxes	64,503	72,197	226,466	1,029	32,265	269,957	406,374	1,072,791
Repairs and Maintenance	-	78,952	773,088	26,662	604,695	104,071	150,045	1,737,513
Contracts	460,187	3,698,904	1,011,056	1,812,068	217,773	169,331	222,521	7,591,840
Operating Expenses	388,601	372,488	778,755	440,644	437,062	475,661	367,863	3,261,074
Collections for Other Governments	12,753	-	-	-	-	-	-	12,753
Amortization	1,042,621	228,224	5,577,155	-	435,734	870,353	1,106,430	9,260,517
Interest and Debt Issue Expenses	701,948	-	192,520	28,050	36,107	76,910	385,799	1,421,334
Accretion Expenses	58,430	-	8,698	-	23,742	34,361	21,868	147,099
Total Expenses	5,884,312	6,401,453	10,754,687	3,351,517	4,071,576	3,002,762	3,832,226	37,298,533
Net Surplus (Deficit)	\$ 27,599,870	\$ (5,043,808)	\$ (2,186,274)	\$ (2,005,941)	\$ (3,785,499)	\$ 2,045,085	\$ 2,478,872	\$ 19,102,305

The City of Salmon Arm
Schedule 1 - COVID-19 Safe Restart Grant
(Unaudited)

For the Year Ended December 31

In response to COVID-19, the Province of British Columbia provided COVID-19 Safe Restart Grants to support local governments with increased operating costs, lower revenues and fiscal pressures related to COVID-19. The City received \$3,598,000 in 2020.

The COVID-19 Safe Restart Grant is unconditional and has been accounted for as an unrestricted government transfer; recognized as revenue in the year received. The following schedule outlines how the City has utilized the grant funding.

	2024	2023
Interest Income	\$ 35,924	\$ 76,365
Revenue Shortfalls:		
General Government Services	-	(37,000)
Protective Services	-	(160,000)
Recreation and Cultural Services	-	(53,500)
Transportation Services	(45,000)	(322,900)
Expenditures:		
Community Grants	-	(23,200)
Recreation and Cultural Services	(51,040)	(169,136)
Transportation Services	(45,000)	(109,845)
Net (Deficit)	(105,116)	(799,216)
Balance, Beginning of Year	745,404	1,544,620
Balance, End of Year	\$ 640,288	\$ 745,404

The City of Salmon Arm
Schedule 2 - Growing Communities Fund
(Unaudited)

For the Year Ended December 31

The Province of British Columbia distributed conditional GCF grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The City received \$6,089,000 in 2023.

The GCF Grant has been accounted for as an unrestricted government transfer; recognized in the year received. The grant has been placed to the credit of a dedicated reserve fund. The following schedule outlines how the City has utilized the grant funding.

	<u>2024</u>
Interest Income	\$ 266,163
Expenditures:	
Local Road Improvements and Upgrades	(807,367)
Sidewalks, Curbing, and Lighting	<u>(241,128)</u>
Net Deficit	(782,332)
Balance, Beginning of Year	<u>5,522,684</u>
Balance, End of Year	<u><u>\$ 4,740,352</u></u>

Work related to Housing Needs Reports and pre-zoning requirements:

2023 GCF Investments	Project Highlights
Property Acquisition - Local Road Improvements	Housing Needs Report - Re-routing of the intersection at 9 Ave NE and 30 St NE to support expansion of student housing at Okanagan College and existing lots at a higher density.

The City of Salmon Arm
Schedule 3 - Local Government Housing Initiative
(Unaudited)

For the Year Ended December 31

The Government of British Columbia has provided grant-based funding to help facilitate implementation and support local governments to meet new legislative requirements of Bill 44 Housing Statutes (Residential Development) Amendment Act and Bill 47 Housing Statutes (Transit-Oriented Areas) Amendment Act, and to adopt new authorities under Bill 46 Housing Statutes (Development Financing) Amendment Act and Bill 16 Housing Statutes Amendment Act.

A total of \$51 million has been distributed to 160 municipalities, 27 regional districts and the Islands Trust. The LGHI Grant has been accounted for as an unrestricted government transfer; recognized in the year received. The following schedule outlines how the City has utilized the grant funding:

	<u>2024</u>
Funding received	\$ 241,158
Expenditures:	
Contracted services	61,622
Salaries	7,266
Total expenditures	<u>68,888</u>
Balance, Beginning of Year	241,158
Balance, End of Year	<u><u>\$ 172,270</u></u>