

Statement of Financial Information

City of Salmon Arm, British Columbia
For the fiscal period ending December 31, 2023

Statement of Financial Information
Table of Contents
For the Year Ended December 31, 2023

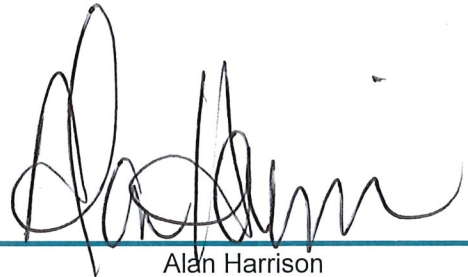
Statement of Financial Information Approval	i
Financial Statements	
Financial Statement Table of Contents	1
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets (Debt)	7
Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 13
Notes to Financial Statements	14 - 35
Schedule 1 - Covid-19 Safe Restart Grant	36
Schedule 2 - Growing Communities Fund	37
Statement of Council Indemnities & Expenses	38
Statement of Employee Remuneration and Expenses	39
Reconciliation of Remuneration	40
Statement of Payments Made for the Provision of Goods and Services	41 - 43
Statement of Payments for the Purpose of Grants or Contributions	44
Reconciliation of Payments Made for the Provision of Remuneration, Expenses, Goods and Services	45
Statement of Guarantee and Indemnity Agreements	46
Statement of Severance Agreements	47

Statement of Financial Information Approval For the Year Ended December 31, 2023

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Chelsea Van de Cappelle
Chief Financial Officer
May 30, 2023



Alan Harrison
Mayor
May 30, 2023

The City of Salmon Arm
Financial Statements
For the Year Ended December 31, 2023

	Contents
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 35
Schedules to Financial Statements (Unaudited)	
Schedule 1 - COVID-19 Safe Restart Grant	36
Schedule 2 - Growing Community Funds Grant	37

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 fulfill 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.

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Chief Financial Officer

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Alan Harrison

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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, 2023, 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, 2023, 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.

Emphasis of Matter - Restated Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that certain comparative information presented for the year ended December 31, 2022 has been restated.

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 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:

- 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.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
April 29, 2024

The City of Salmon Arm
Statement of Financial Position

As at December 31	Actual 2023	Restated 2022
Financial Assets		
Cash	\$ 2,513,927	\$ 819,278
Investments (Note 4)	83,969,856	73,854,610
Accounts Receivable		
Property Taxes	851,551	696,127
Trade	1,575,343	4,088,381
Water and Sewer Levies	398,912	362,950
Land Held for Sale	500,798	-
Inventories for Resale	114,537	87,264
M.F.A Debt Reserve (Note 5)	1,430,976	1,578,235
Loan Receivable (Note 6)	168,000	168,000
	91,523,900	81,654,845
Liabilities		
Accounts Payable and Accrued Liabilities	5,203,548	5,781,488
Assets Retirement Obligation (Note 7)	5,804,764	5,644,308
Deposits and Performance Bonds	1,935,502	2,331,351
Prepaid Property Taxes and Levies	3,867,491	3,590,627
Deferred Revenues (Note 8)	798,904	1,172,719
Deferred Development Cost Charges (Note 9)	13,934,150	13,076,954
M.F.A. Debt Reserve (Note 5)	1,430,976	1,578,235
Long Term Liability	161,512	184,585
Long-Term Debt (Note 10)	21,547,117	21,634,358
	54,683,964	54,994,625
Net Financial Assets	36,839,936	26,660,220
Non-Financial Assets		
Tangible Capital Assets (Note 11)	249,288,052	240,275,661
Inventories of Supplies	582,285	627,317
Prepaid Expenses	30,888	75,657
	249,901,225	240,978,635
Accumulated surplus (Note 12)	\$286,741,160	\$267,638,855

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Chelsea Van de Cappelle, CPA

Chief Financial Officer

The City of Salmon Arm
Statement of Operations

For The Year Ended December 31	Budget 2023	Actual 2023	Restated Actual 2022
Revenues			
Taxation - Net (Note 13)	\$ 21,357,835	\$21,346,010	\$ 20,391,047
Transportation Parcel Tax (Note 13)	1,234,000	1,165,800	1,234,350
Frontage Tax (Note 13)	2,483,695	2,493,894	2,470,163
Government Transfers (Note 14)	10,915,505	9,669,318	9,241,931
Grants - Other	189,423	162,534	198,422
Sales of services	7,889,565	8,760,135	8,301,926
Licenses, Permits and Fines	825,300	941,083	930,887
Rentals, Leases and Franchises	734,935	1,042,709	1,056,610
Return on Investments	851,735	4,172,174	1,988,555
Penalties and Interest	202,500	260,748	235,473
Other Revenue	42,600	102,736	75,615
Development and Other Contributions	1,621,950	6,831,862	3,451,779
Gain on Disposal of Tangible Capital Assets	-	35,863	272,535
Loss on Asset Retirement Obligation Settlements	-	(14,028)	-
	<u>48,349,043</u>	<u>56,970,838</u>	<u>49,849,293</u>
Expenses			
General Government Services	4,941,795	5,884,312	5,441,992
Protective Services	7,151,435	6,401,453	6,044,078
Transportation Services	5,981,595	11,324,687	10,700,437
Environmental, Health and Development Services	3,423,975	3,351,517	2,686,337
Recreation and Cultural Services	4,195,065	4,071,576	4,134,749
Water and Sewer Services	5,100,535	6,834,988	6,360,666
	<u>30,794,400</u>	<u>37,868,533</u>	<u>35,368,259</u>
Annual Surplus	<u>17,554,643</u>	<u>19,102,305</u>	<u>14,481,034</u>
Accumulated Surplus, Beginning of Year	267,638,855	267,638,855	258,060,410
Adjustment on adoption of asset retirement obligations (Note 3)	-	-	(4,902,589)
Accumulated Surplus, Beginning of Year, As Restated	<u>267,638,855</u>	<u>267,638,855</u>	<u>253,157,821</u>
Accumulated Surplus, End of Year	<u>\$285,193,498</u>	<u>\$286,741,160</u>	<u>\$267,638,855</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 2023	Actual 2023	Restated Actual 2022
Annual surplus	\$ 17,554,643	\$19,102,305	\$ 14,481,034
Acquisition of Tangible Capital Assets	(28,779,695)	(18,773,703)	(21,104,812)
Amortization of Tangible Capital Assets	-	9,260,517	8,639,516
Land Held for Resale	-	500,798	-
Disposal of Tangible Capital Assets	-	-	83,829
	(11,225,052)	10,089,917	2,099,567
Acquisition of Inventories of Supplies	-	(582,285)	(627,317)
Acquisition of Prepaid Expenses	-	(30,887)	(75,654)
Usage of Inventories of Supplies	-	627,317	661,777
Usage of Prepaid Expenses	-	75,654	305,491
Net Change in Net Financial Assets	(11,225,052)	10,179,716	2,363,864
Net Financial Assets, Beginning of Year	26,660,220	26,660,220	29,198,945
Adjustment on adoption of asset retirement obligations (Note 3)	-	-	(4,902,589)
Net Financial Assets, Beginning of Year as Restated	26,660,220	\$26,660,220	24,296,356
Net Financial Assets, End of Year	\$ 15,435,168	36,839,936	\$ 26,660,220

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	Actual 2023	Restated 2022
Cash Flows from Operating Activities		
Annual Surplus	\$19,102,305	14,481,035
Items Not Involving Cash		
Actuarial Adjustments	(775,708)	(704,466)
Amortization Expense	9,260,517	8,639,516
Accretion Expense	147,099	143,033
Developer Contributed Tangible Capital Assets	(5,891,657)	(1,284,769)
(Gain) Loss on Disposal of Tangible Capital Assets	(35,863)	(272,535)
(Gain) Loss on Settlement of Asset Retirement Obligation	14,028	-
 Changes in Non-Cash Operating Items		
Accounts Receivable	2,321,652	(1,480,937)
Accounts Payable	(577,937)	168,281
Deferred Revenues	(373,815)	(7,206,197)
Deferred Development Cost Charges	857,196	901,629
Deposits and Performance Bonds	(395,849)	188,226
Inventories for Resale	(27,273)	4,901
Inventories of Supplies	45,033	34,462
Long Term Liability	(23,073)	(23,074)
Prepaid Expense	32,697	229,837
Prepaid Property Taxes and Levies	276,865	281,603
	23,956,217	14,100,545
 Cash Flows From Investing Activity		
(Increase) Decrease in Investments	(10,115,247)	3,489,509
 Cash Flows From Capital Activity		
Acquisition of Tangible Capital Assets	(12,882,046)	(19,283,649)
Proceeds on Disposal of Tangible Capital Assets	35,864	356,364
Tangible Capital Asset Additions due to Asset Retirement Obligation	59,995	62,293
Retirement of Asset Retirement Obligations	(48,601)	-
	(12,834,788)	(18,864,992)
 Cash Flows from Financing Activities		
Issuance of Long Term Debt	2,000,000	730,000
Repayment of Long Term Debt	(1,311,533)	(1,204,278)
	688,467	(474,278)
 (Decrease) Increase In Cash During Year	1,694,649	(1,749,216)
Cash, Beginning of Year	819,278	2,568,494
 Cash, End of Year	\$ 2,513,927	\$ 819,278

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, 2023

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	It is the City's policy to follow Canadian generally accepted accounting principles. 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 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	<p>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. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.</p> <p>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. Sale of services and user fee revenues are recognized when the service or product is provided by the City.</p>

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.

Grants and 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 Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

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 fair value at the time of contribution, with a corresponding amount recorded as revenue. 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 are stated at cost. Cost is generally determined on a first-in, first-out basis. Inventories for resale are classified as financial assets. Inventories of supplies are classified as non-financial assets.

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, 2023.

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, 2023

2. Restatement of Prior Year Figures

During the current year, the City determined that revenues deferred from the Community Works Fund as at December 31, 2022, did not meet the eligibility criteria to be deferred. Previously, the City had publicly committed to spending the funds on specific projects, resulting in deferral until the project was fully spent and deferred funds were utilized. At December 31, 2022, all of the project spending was completed and no other commitments have been made for the funds. As a result, the deferred revenue was overstated and revenue was understated in fiscal 2022. This error has been corrected retroactively with restatement of prior periods. This correction had the following effect on the financial statements.

	2022
(Decrease) in Deferred Revenues	\$ (2,130,021)
Increase in Investment Revenues	130,031
Increase in Grant Revenues	1,999,990
Increase in Accumulated Surplus	2,130,021

3. Asset Retirement Obligations

Effective January 1, 2023, the City adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard including the restatement described in Note 2 was as follows:

	2022 as Originally Presented	Restatement from Note 2	Restatement due to PS 3280 Transition	2022 Restated
Tangible capital assets - cost \$	\$ 387,995,449	\$ -	\$ 1,581,882	\$ 389,577,331
Accumulated amortization - tangible capital assets	148,287,926	-	1,013,744	149,301,670
Asset retirement obligation	-	-	5,644,308	5,644,308
Amortization of tangible capital assets	8,608,968	-	30,548	8,639,516
Accretion expense	-	-	143,033	143,033
Grant Revenue	7,241,941	1,999,990	-	9,241,931
Return on Investments	1,858,524	130,031	-	1,988,555
Deferred Revenue	3,302,740	(2,130,021)	-	1,172,719
Annual Surplus	12,524,594	2,130,021	(173,581)	14,481,034
Opening Accumulated Surplus	258,060,410	-	(4,902,589)	253,157,821

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

4. Investments

	2023	2022
Guaranteed Investment Certificate	\$ 2,000,000	\$ 3,140,534
MFA Pooled Investment Funds	82,301,031	70,973,018
Debenture Bonds	300,000	300,000
Less amounts held in trust (Note 18)	(631,175)	(558,942)
	\$83,969,856	\$ 73,854,610

Investments are carried at cost or amortized cost.

The guaranteed investment certificate earns interest at a fixed rate of 5.51% with a maturity date of February 2024.

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 2023 annual rate of return was 5.07% (2022 - 1.93%).

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

5. 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	\$ 327,241	\$ 805,823
Water Fund	369,407	195,453	564,860
Sewer Fund	38,575	21,718	60,293
Total Long Term Debt	\$ 886,564	\$ 544,412	\$ 1,430,976

6. 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, 2023 was \$168,000 (2022 - \$168,000). The loan bears interest at 0%, with monthly payments of \$583 re-commencing January 15, 2024 until December 2047.

December 31, 2023

7. 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. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos and lead paint in these buildings as estimated at January 1, 2023. 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 (2022 - 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. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal structures as estimated at January 1, 2023. Estimated costs have been discounted to present value using a discount rate of 2.6% per annum (2022 - 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. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos pipes as estimated at January 1, 2023. 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 (2022 - 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. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos pipes as estimated at January 1, 2023. 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 (2022 - 2.6%).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

7. Asset Retirement Obligations (continued)

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

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>

Asset Retirement Obligation	General	Sewer	Water	2022
Opening Balance	3,331,129	1,288,074	819,778	5,438,981
Additions	62,294	-	-	62,294
Settlements	-	-	-	-
Accretion Expense	88,229	33,490	21,314	143,033
Closing Balance	<u>3,481,652</u>	<u>1,321,564</u>	<u>841,092</u>	<u>5,644,308</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

8. Deferred Revenue

	(Restated) 2022	Received	Recognized in Revenue	2023
BC Buildings Corporation	290,325	-	(290,325)	-
Recycling User Fee Rebate	256,193	266,120	(256,193)	266,120
Grants	295,378	158,714	(189,878)	264,214
Other	330,823	506,790	(569,043)	268,570
Total Deferred Revenue	1,172,719	931,624	(1,305,439)	798,904

Included in deferred revenue is a prepayment amount of \$Nil (2022 - \$290,325) received from British Columbia Buildings Corporation for future rental of the Law Courts facility to be used for annual rent payments.

9. 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.

	2022	Interest	Contribution from Developers	Transfers	2023
Drainage	\$2,216,604	\$111,187	\$71,406	\$ (200,000)	\$ 2,199,197
Parks	693,356	34,908	31,541	-	759,805
Water	4,160,566	209,515	169,821	(100,000)	4,439,902
Sewer	3,809,505	191,346	133,179	-	4,134,030
Highways	2,196,923	110,684	93,609	-	2,401,216
	\$13,076,954	\$657,640	\$499,556	\$ (300,000)	\$13,934,150

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

10. Long Term Debt

	Bylaw	Maturity Date	Interest Rate	Balance Outstanding 2023	Balance Outstanding 2022
General Fund					
Fire Hall and Little Mountain	3184	2023	2.250	\$ -	\$ 22,926
City Hall and Law Courts	3334	2034	5.950	5,349,407	5,708,016
City Hall and Law Courts	3479	2035	0.973	403,768	427,118
Blackburn Park	3569	2027	1.421	84,126	103,411
Underpass 20/21 Street	3758	2029	2.250	964,314	1,104,104
New Cemetery	4048	2040	2.750	782,959	816,277
Blackburn Park Improvement	4072	2035	2.750	339,961	362,456
Drainage Improvements	4244	2023	P - 1.0	-	167,000
Airport Taxiway Charlie	4289	2040	1.990	738,567	774,750
Ross Street Underpass	4500	2049	2.240	4,833,935	4,955,667
Property Acquisition	4249	2026	P - 1.0	424,000	530,000
				<u>\$ 13,921,037</u>	<u>\$ 14,971,725</u>
Water Fund					
Water	3458	2025	1.530	\$ 106,182	\$ 138,889
Water	3551	2026	1.530	217,469	284,455
Water	3576	2028	2.650	2,948,156	3,471,531
Water	3816	2030	1.280	895,132	1,006,305
Water	3793	2041	1.470	35,280	36,671
Water	4502	2026	P - 1.0	2,200,000	200,000
				<u>\$ 6,402,219</u>	<u>\$ 5,137,851</u>
Sewer Fund					
Sewer	3207	2023	2.250	\$ -	\$ 219,941
Sewer	4051	2035	2.750	1,223,861	1,304,841
				<u>1,223,861</u>	<u>1,524,782</u>
				<u>\$ 21,547,117</u>	<u>\$ 21,634,358</u>

The gross interest paid relating to the above noted debt was \$1,341,830 (2022 - \$1,261,464).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

10. Long Term Debt (Continued)

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

	General Fund	Water Fund	Sewer Fund	Total
2024	\$ 553,332	\$ 981,439	\$ 63,650	\$ 1,598,421
2025	553,332	981,439	63,650	1,598,421
2026	553,332	981,439	63,650	1,598,421
2027	553,332	928,212	63,650	1,545,194
2028	435,478	378,212	63,650	877,340
2029 and thereafter	4,272,531	162,750	445,550	4,880,831
	<u>6,921,337</u>	<u>4,413,491</u>	<u>763,800</u>	<u>12,098,628</u>
Actuarial Adjustment	6,999,700	1,988,728	460,061	9,448,489
Total Long Term Debt	<u><u>\$ 13,921,037</u></u>	<u><u>\$ 6,402,219</u></u>	<u><u>\$ 1,223,861</u></u>	<u><u>\$ 21,547,117</u></u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

11. 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	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
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)
Assets Held for Resale	(500,798)	-	-	-	-	-	-	-	-	(500,798)
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	-	29,564,124	4,982,372	3,509,491	1,645,224	6,729,171	30,715,082	72,156,206	-	149,301,670
Amortization	-	1,655,912	793,650	327,438	117,589	358,990	1,365,445	4,641,493	-	9,260,517
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	249,288,052

For the Year Ended December 31	Land	Buildings	Machinery and Equipment	Vehicles	Information Technology Infrastructure	Parks Infrastructure	Utility Infrastructure	Transportation Infrastructure	Work In Progress	(Restated) 2022 Total
Cost, Beginning of Year	\$40,190,839	\$ 75,008,416	\$10,580,656	\$ 5,833,638	\$ 2,087,218	\$ 11,686,620	\$ 76,916,114	\$ 138,120,162	\$ 7,555,145	\$ 367,978,808
Additions	20,926	236,401	2,614,516	273,200	150,344	17,703	543,454	3,099,536	13,550,046	20,506,126
Asset Retirement Obligations (Note 3)	-	547,311	-	-	-	364,518	645,370	24,683	-	1,581,882
Work In Progress Completed	-	207,367	-	-	-	795,489	208,550	17,696	(1,229,102)	-
Disposals	(83,829)	-	(179,158)	(226,498)	-	-	-	-	-	(489,485)
Balance, End 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
Accumulated Amortization										
Balance, Beginning of Year	-	27,595,748	4,441,826	3,429,050	1,532,899	6,193,672	28,980,666	67,910,753	-	140,084,614
Amortization	-	1,587,700	719,704	306,939	112,325	341,620	1,328,534	4,242,694	-	8,639,516
Asset Retirement Obligations (Note 3)	-	380,676	-	-	-	193,879	405,882	2,759	-	983,196
Disposals	-	-	(179,158)	(226,498)	-	-	-	-	-	(405,656)
Balance, End of Year	-	29,564,124	4,982,372	3,509,491	1,645,224	6,729,171	30,715,082	72,156,206	-	149,301,670
Net Book Value, End of Year	40,127,936	46,435,371	8,033,642	2,370,849	592,338	6,135,159	47,598,406	69,105,871	19,876,089	240,275,661

Tangible capital assets that were contributed by developers for various infrastructure projects were \$5,891,657 (2022 - \$1,284,769).

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

12. Accumulated Surplus

	2023	(Restated) 2022
Surplus		
Invested in Tangible Capital Assets	\$ 222,436,965	\$ 212,996,995
Accumulated General Surplus	35,367,367	34,271,019
Accumulated Water Surplus	3,631,331	2,589,246
Accumulated Sewer Surplus	2,883,919	3,317,811
	<u>264,319,582</u>	<u>253,175,071</u>
Unexpended Capital		
General Operating	1,198,665	1,465,062
Water Operating	1,704,331	927,523
Sewer Operating	1,470,651	872,716
	<u>4,373,647</u>	<u>3,265,301</u>
Statutory Reserves		
Cemetery Columbarium	79,261	75,527
Cemetery Development	172,818	164,677
Community Centre Major Maintenance	952,039	952,655
Emergency Apparatus	779,157	468,587
Equipment Replacement	2,245,973	1,959,917
Fire Department Building and Equipment	241,243	520,651
General Capital	1,237,476	1,068,153
Growing Communities Fund	5,522,684	-
Landfill Site Repurchase	244,822	233,288
Parks Development	560,289	517,529
Police Vehicle Replacement	259,678	247,919
Sewer Major Maintenance	3,710,109	3,351,893
Water Major Maintenance	2,042,382	1,637,687
	<u>18,047,931</u>	<u>11,198,483</u>
	<u>\$ 286,741,160</u>	<u>\$ 267,638,855</u>

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

13. Taxation

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

	2023	2022
Taxes Collected:		
Property Taxes	\$ 35,225,116	\$ 33,241,163
Transportation Parcel Tax	1,165,800	1,234,350
Frontage Tax - Water	1,495,776	1,484,444
Frontage Tax - Sewer	998,118	985,719
1% Utility Tax	343,414	316,974
	39,228,224	37,262,650
Collections for Other Governments		
Province of BC (School Taxes)	10,152,228	9,345,759
BC Assessment Authority	246,463	227,169
Regional Hospital District	1,605,781	1,533,230
Columbia Shuswap Regional District	1,202,187	1,089,786
Okanagan Regional Library	802,766	766,363
Municipal Finance Authority	1,362	1,194
Downtown Improvement Area	211,733	203,589
	14,222,520	13,167,090
 Net Taxes Available for Municipal Purposes	 \$ 25,005,704	 \$ 24,095,560

The City of Salmon Arm
Notes to the Financial Statements

December 31, 2023

14. Government Transfers

	Budget 2023	Actual 2023	(Restated) Actual 2022
General Fund - Grants in Lieu of Taxes			
Federal Government	\$ 19,200	\$ 18,586	\$ 19,109
Province of British Columbia	35,000	29,649	35,176
Provincial Government Agencies	120,600	137,861	122,176
	<u>\$ 174,800</u>	<u>\$ 186,096</u>	<u>\$ 176,461</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	240,000	337,994	323,189
Small Communities Protection	170,000	173,000	236,000
Traffic Fine Revenue Sharing	150,000	163,000	147,209
Destination BC	21,750	15,000	15,000
Poverty Reduction Grant	35,000	39,778	10,122
BC Active Transportation Planning	-	-	49,777
CRI FireSmart Community Funding	198,935	37,551	6,781
Canada Summer Jobs	-	7,040	6,577
Local Government Climate Action	147,000	147,082	149,921
Public Safety Canada - BSCF	253,120	230,179	17,685
Growing Communities Fund	6,089,000	6,089,000	-
UBCM Complete Communities	-	2,164	-
Community Works Fund	5,000	873,549	1,999,990
	<u>\$ 7,312,905</u>	<u>\$ 8,118,413</u>	<u>\$ 2,965,327</u>
General Fund - Capital Grants			
Federal Government and Province of British Columbia			
Community Works Fund	\$ 1,562,000	\$ -	\$ 5,574,516
BC Active Transportation Infrastructure	-	-	518,627
ICBC - Road Improvement Program	88,300	111,800	7,000
BC Rural Dividend	100,000	-	-
Canada Community Revitalization Fund	84,000	15,509	-
BC Air Access Program	1,237,500	1,237,500	-
Clean BC Communities	309,000	-	-
Local Government Climate Action Plan	47,000	-	-
	<u>\$ 3,427,800</u>	<u>\$ 1,364,809</u>	<u>\$ 6,100,143</u>
Total Operating Grants	7,487,705	8,304,509	3,141,788
Total Capital Grants	3,427,800	1,364,809	6,100,143
Total Grants	<u>\$ 10,915,505</u>	<u>\$ 9,669,318</u>	<u>\$ 9,241,931</u>
Total Federal Grants	\$ 1,923,320	\$ 1,144,863	\$ 7,617,877
Total Provincial Grants	8,992,185	8,524,455	1,624,054
Total Grants	<u>\$ 10,915,505</u>	<u>\$ 9,669,318</u>	<u>\$ 9,241,931</u>

December 31, 2023

15. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of 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 \$678,847 (2022 - \$623,409) for employer contributions while employees contributed \$619,459 (2022 - \$571,317) to the plan in fiscal 2023.

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, 2023

15. 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.

Equipment Leases

The City is the lessee of a postage machine valued at approximately \$14,363 excluding taxes. The lease terms are March 2019 to February 2024. The City has no equity in the leased equipment, and the lease payments are disclosed as operating expenses of the year in which they are paid.

Future annual lease payments are as follows:

2024 \$ 478

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, 2023 was \$712,133 (2022 - \$729,929). The loan bears interest at 4.47% (2022 - 4.47%) repayable in monthly instalments 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, 2023

16. Commitments

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

17. Budget

The City of Salmon Arm 2023 to 2027 Financial Plan Bylaw No. 4586 (Financial Plan Bylaw) was adopted by Council on May 1, 2023. 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 May 1, 2023 with adjustments as follows:

Financial Plan Bylaw	\$	-
Add:		
Capital Grants		3,427,800
Capital Expenditures		28,779,695
Debt Repayment		1,364,760
Transfer to Reserve Accounts		3,300,588
Transfer to Reserve Funds		7,260,520
Transfer from DCC Reserve Funds		785,750
Other Development Contributions		836,200
Less:		
Transfer from Prior Year Surplus		(407,975)
Transfer from Reserve Accounts		(2,738,325)
Transfer to Capital Reserves Accounts		(25,054,370)
Budget Surplus as per Statement of Operations	<u>\$</u>	<u>17,554,643</u>

December 31, 2023

18. 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, 2023, the Trust Fund balance is \$540,951 (2022 - \$479,900). The City holds investments on behalf of the Fire Training Centre. As at December 31, 2023, the Fire Training Centre investment balance is \$90,224 (2022 - \$79,043).

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 4.

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, 2023

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) Councillors 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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	1,741,570	1,201,631	3,036	2,516,319	2,997,272	8,760,135
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 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	9,138,413	1,345,576	286,077	5,047,847	6,311,098	56,970,838
Expenses								
Wages and Benefits	2,430,911	1,921,371	2,087,758	1,032,056	2,222,901	901,539	1,133,310	11,729,846
Insurance	251,767	29,317	99,191	120	61,297	47,505	38,016	527,213
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	267,452	405,461	1,069,373
Repairs and Maintenance	-	78,952	1,348,701	26,662	702,801	373,116	529,126	3,059,358
Contracts	336,978	3,597,038	959,386	1,671,373	506,436	20,640	30,986	7,122,837
Operating Expenses	504,818	474,354	824,812	581,340	50,293	409,493	181,230	3,026,340
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	11,324,687	3,351,517	4,071,576	3,002,762	3,832,226	37,868,533
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
Notes to the Financial Statements

December 31, 2023

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	Restated 2022 Total
Revenue								
Taxation - Net	\$ 20,391,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,391,047
Transportation Parcel Tax	-	-	1,234,350	-	-	-	-	1,234,350
Frontage Tax	-	-	-	-	-	985,719	1,484,444	2,470,163
Grants	2,934,945	153,990	6,152,996	-	-	-	-	9,241,931
Grants - Other	-	-	113,228	2,250	82,944	-	-	198,422
Sales of Services	55,070	92,214	1,637,206	1,142,626	187,219	2,363,413	2,824,178	8,301,926
Licenses, Permits and Fines	7,415	782,222	-	141,250	-	-	-	930,887
Rentals, Leases and Franchises	773,514	165,084	32,500	-	41,012	22,000	22,500	1,056,610
Return on Investments	1,113,561	66,573	112,350	15,185	37,967	272,736	370,183	1,988,555
Penalties and Interest	200,937	-	-	-	-	15,860	18,676	235,473
Other Revenue	20,000	1,190	52,951	56	1,418	-	-	75,615
Developer and Other Contributions	233,359	-	2,822,497	-	33,650	134,458	227,815	3,451,779
Gains (loss) on Disposal of Tangible Capital Assets	225,171	-	47,364	-	-	-	-	272,535
Total Revenue	25,955,019	1,261,273	12,205,442	1,301,367	384,210	3,794,186	4,947,796	49,849,293
Expenses								
Wages and Benefits	2,260,464	1,676,408	1,887,467	839,305	1,973,118	822,756	1,043,408	10,502,926
Insurance	232,905	26,617	82,528	131	58,134	43,703	35,288	479,306
Community Grants	276,671	-	-	-	-	-	-	276,671
Professional and Legal Fees	101,870	-	-	8,591	-	-	-	110,461
Utilities and Property Taxes	65,289	73,296	224,511	798	32,905	251,887	371,521	1,020,207
Repairs and Maintenance	-	64,081	1,473,932	28,061	929,461	265,920	481,108	3,242,563
Contracts	283,861	3,618,901	984,711	1,467,856	636,894	53,033	64,600	7,109,856
Operating Expenses	519,948	397,471	724,629	313,545	43,532	366,013	180,167	2,545,305
Collections for Other Governments	12,626	-	-	-	-	-	-	12,626
Amortization	1,005,287	187,304	5,116,862	-	408,943	842,688	1,078,432	8,639,516
Interest and Debt Issue Expenses	627,642	-	196,137	28,050	28,622	114,255	291,083	1,285,789
Accretion Expenses	55,429	-	9,660	-	23,140	33,490	21,314	143,033
Total Expenses	5,441,992	6,044,078	10,700,437	2,686,337	4,134,749	2,793,745	3,566,921	35,368,259
Net Surplus (Deficit)	\$ 20,513,027	\$ (4,782,805)	\$ 1,505,005	\$ (1,384,970)	\$ (3,750,539)	\$ 1,000,441	\$ 1,380,875	\$ 14,481,034

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.

	<u>2023</u>	<u>2022</u>
Interest Income	\$ 76,365	\$ 43,427
Revenue Shortfalls:		
General Government Services	(37,000)	(150,000)
Protective Services	(160,000)	-
Recreation and Cultural Services	(53,500)	-
Transportation Services	(322,900)	-
Expenditures:		
General Government Services	-	(82,838)
Community Grants	(23,200)	(90,046)
Recreation and Cultural Services	(169,136)	-
Protective Services	-	(125,000)
Transportation Services	(109,845)	(267,191)
Community Grant Returned	-	20,000
Net (Deficit)	<u>(799,216)</u>	<u>(651,648)</u>
Balance, Beginning of Year	<u>1,544,620</u>	<u>2,196,268</u>
Balance, End of Year	<u>\$ 745,404</u>	<u>\$ 1,544,620</u>

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 \$6,089,000.00 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>2023</u>
Interest Income	\$ 158,684
Expenditures:	
Eligible One-Off Costs: Property Acquisition - Local Road Improvements	(725,000)
	<hr/>
Net (Deficit)	<u>(566,316)</u>
Balance, Beginning of Year	<u>6,089,000</u>
Balance, End of Year (Note 12)	<u><u>\$ 5,522,684</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.

Statement of Council Indemnities & Expenses (Unaudited)
For the Year Ended December 31, 2023

A statement showing remuneration and expenses paid to each Elected Official during the Year 2023.

Name	Position	Remuneration	Expenses	Life & Health Benefit	Total
Harrison, Alan	Mayor	\$ 72,276	\$ 8,359	\$ 2,876	\$ 83,511
Cannon, Debbie	Councillor	28,824	6,966	2,866	38,656
Flynn, Kevin	Councillor	28,824	7,415	2,876	39,114
Gonnella, James	Councillor	28,626	6,325	3,110	38,061
Lavery, Timothy	Councillor	28,824	-	2,876	31,700
Lindgren, Sylvia	Councillor	28,843	7,376	2,904	39,124
Wallace-Richmond, Louise	Councillor	28,626	18,092	2,876	49,594
Total		\$ 244,844	\$ 54,533	\$ 20,382	\$ 319,759

Statement of Employee Remuneration and Expenses (Unaudited)
For the Year Ended December 31, 2023

A statement showing the gross remuneration, bonuses, gratuities and expenses paid to each employee whose total remuneration exceeded \$75,000.00 during the Year 2023.

Name	Position	Remuneration	Expense	Total
Adams, Kenneth	Mechanic	\$ 83,840	\$ 20	\$ 83,860
Anderson, Reece	Operator III of Waste Water Treatment Plant	76,823	-	76,823
Arvay, Mervin	Utility Supervisor	100,527	608	101,134
Baker, Jason	Utility Person III	75,808	2,106	77,914
Bau Baiges, Gabriel	City Engineer	118,585	1,755	120,340
Buxton, Michael	Director of Planning & Community Services	105,491	5,980	111,471
Clarkson, Mary	Health, Safety & Human Resources Coordinator	83,940	1,645	85,585
Collens, Joseph	Mechanic	83,432	20	83,452
Frese, Hart	Chief Operator of Waste Water Treatment Plant	98,701	340	99,041
Gerow, Darin	Manager of Roads & Parks	118,016	1,910	119,926
Graham, Kirk	Supervisor of Roads & Transportation	102,662	1,543	104,204
Greencorn, Jamie	Roads & Transportation Sub Foreman	78,198	-	78,198
Guidos, Carmen	Fire Fighter	80,484	-	80,484
Hansen, Kevin	Supervisor of Parks & Facilities	102,440	2,582	105,022
Hay, Jonathan	Parks Sub Foreman	78,589	975	79,563
Jackson, Erin	Chief Administrative Officer	195,132	6,521	201,653
Larson, Chris	Senior Planner	88,834	1,947	90,780
Lebeter, Gary	Deputy Fire Chief	98,358	2,323	100,681
Moore, Christopher	Engineering Assistant II	91,597	-	91,597
Morland, Dan	Equipment Operator II	77,637	-	77,637
Niewenhuizen, Robert	Director of Engineering & Public Works	143,525	1,635	145,160
Patterson, Gregg	GIS Coordinator/IT Coordinator	96,657	2,272	98,929
Philps, Jason	Utility Sub Foreman	77,094	965	78,059
Rasmuson, John	Manager of Utilities	113,369	507	113,876
Roy, Maurice	Manager of Permits & Licensing	75,565	692	76,256
Shirley, Brad	Fire Chief	126,866	2,916	129,782
Smyrl, Melinda	Planner III/Manager of Planning & Building	92,072	1,134	93,206
Stalker, Doug	Operator III of Waste Water Treatment Plant	87,884	99	87,983
Stefanyk, Kyle	Equipment Operator IV	76,613	-	76,613
Tomson, Richard	Tradesman Certified Fabricator Millwright	77,301	-	77,301
Tulak, Devon	Operator II of Water Treatment Plant	83,292	2,626	85,918
Tulak, Tracy	Manager Financial Services	107,836	1,417	109,253
Turley, Samuel	Carpenter II	79,014	-	79,014
Van De Cappelle, Chelsea	Chief Financial Officer	138,356	4,421	142,777
Webb, Rick	Chief Operator of Water Treatment Plant	109,744	99	109,843
West, Rhonda	Deputy Corporate Officer	86,283	2,239	88,522
Wilson, Jennifer	Service Delivery Management Coordinator/City Engineer	93,446	3,563	97,010
Wood, Susan	Director of Corporate Services	145,744	7,992	153,736
Employee Wages Over \$75,000.00		3,749,754	62,849	3,812,604
Employee Wages Under \$75,000.00		5,065,212	27,736	5,092,949
Volunteer Fire Department Wages		369,501	-	369,501
Total		\$ 9,184,468	\$ 90,585	\$ 9,275,053

Reconciliation of Remuneration (Unaudited)
For the Year Ended December 31, 2023

A reconciliation of the difference between wages and benefits listed on the Financial Statements and the total remuneration and expenses listed.

Page	Description	Amount
Page 38	Council Indemnity and Expenses	\$ 319,759
Page 39	Employees Wages	\$ 9,275,053
Page 42	Revenue Canada Agency (Employers CPP and EI)	\$ 549,337
Page 42	Pension	\$ 678,847
Page 43	Workers' Compensation	\$ 275,420
Page 41	Employer Health Tax	\$ 127,209
	Other (including accrual versus cash basis and labour capitalized)	\$ 504,221
	Wages and Benefits Per Note 20 (Page 34)	<u>\$ 11,729,846</u>

**Statement of Payments Made for the Provision of Goods and Services
(Unaudited)
For the Year Ended December 31, 2023**

A statement of supplier accounts paid \$25,000.00 or more during the Year 2023.

Name	Amount
1056875 Alberta Ltd	\$ 33,210.00
478868 BC Ltd. a/o McDiarmid Construction	284,183
A & D Asphalt Solutions	136,496
Acera Insurance Services Ltd	27,929
All Phase Electric Ltd.	67,026
Allnorth Consultants Limited	32,737
Alumichem Canada Inc.	278,769
Andrew Sheret Limited	50,404
Associated Engineering (BC) Limited	39,725
ATS Traffic British Columbia	36,995
Avenue Machinery Corp	138,916
Avex Architecture Inc	32,629
BC - Employer Health Tax	127,209
BC Hydro & Power Authority	962,144
BC Transit	655,926
BDO Canada LLP	40,163
Bedroc Greenhouses Inc	27,177
Bernd Hermanski Architect Inc.	25,554
Big Rock Construction Company Ltd	1,610,377
Black Press Group Ltd.	37,953
Braby Motors Ltd.	126,797
Brooke Downs Vennard LLP in Trust	41,229
Canadian Pacific Railway Company	537,203
Canoe Procurement Group of Canada	313,163
CB Process Instrumentation & Controls	41,889
Centralsquare Canada SoftwareInc.	45,621
Centrix Control Solutions LP.	126,899
Chance's Bulk Unloading Ltd.	252,564
Cheap Garbage Service Ltd	29,764
Clear Tech Industries Inc.	29,735
Columbia Shuswap Regional District	223,704
Commissionaires BC	40,019
Cool Creek Energy Ltd	37,107
D Webb Contracting	136,544
Electric Motor and Pump Service Ltd.	127,219
ESRI Canada	38,013
Fletcher Paine Associates Ltd.	29,709
Fortis BC - Natural Gas	168,635

**Statement of Payments Made for the Provision of Goods and Services
(Unaudited)
For the Year Ended December 31, 2023**

A statement of supplier accounts paid \$25,000.00 or more during the Year 2023.

Name	Amount
Fountain Tire	\$ 27,978.59
Fraser Basin Council	40,000
Fred Surridge Ltd.	70,695
Fulton & Company LLP	45,093
Gentech Engineering Inc	90,844
Great West Equipment	29,282
Grizzly Curb & Concrete Ltd.	39,855
Group Health Global - Trust	543,762
Hack Sales & Service Canada LP.	26,743
Home Building Centre	26,240
ICBC	107,329
Inskip Electric Ltd.	26,415
Ironman Directional Drilling Ltd	43,743
Kimco Controls Ltd.	122,245
Kingston Construction Ltd.	4,260,440
KS2 Management Ltd.	143,002
Kuster Michelle M	36,976
Lawson Engineering Ltd	25,833
Leko Precast Ltd	54,684
Letourneau Notary Corporation in Trust	1,239,369
Limb Master Tree Service	60,732
Line West Ltd	95,015
Lordco Parts Ltd.	40,646
MADA Contracting	122,727
Mcelhanney Ltd	81,692
Milestone Fabrication Ltd.	26,395
Mounce Construction Ltd	29,182
Municipal Insurance Association of BC	407,194
Municipal Pension Plan - Employers Portion	678,847
Okanagan Aggregates Ltd.	2,904,636
Okanagan Traffic Control Inc.	35,410
Onsite Engineering Ltd.	143,676
Petrovalue Products Canada Inc.	538,936
R.F. Binnie & Associates Ltd.	499,910
Ramtech Environmental Products	48,785
Receiver General for Canada	3,807,227
Receiver General for Canada - Employers CPP and EI	549,337
Rite-Way Fencing Inc.	32,221

**Statement of Payments Made for the Provision of Goods and Services
(Unaudited)
For the Year Ended December 31, 2023**

A statement of supplier accounts paid \$25,000.00 or more during the Year 2023.

Name	Amount
Rocky Mountain Phoenix	\$ 392,609.66
Salmon Arm Economic Development Society	663,100
Salmon Arm Gravel Products Ltd.	67,386
Salmon Arm Janitorial Ltd.	91,883
Salmon Arm Museum & Heritage Association	161,304
Salmon Arm Ready Mix Ltd.	32,944
SCV Contractors	816,736
Sealtec Industries Ltd.	49,935
Shaw Business A Division of Shaw Telecom GP	44,062
Shaws Enterprises Ltd.	35,407
Sherwin Williams Company	31,607
Shuwap Family Resource Centre	27,235
Shuswap Recreation Society	271,648
Siteone Landscape Supply Ltd	27,734
SkySail Technologies	167,600
Source Office Furnishings	38,028
Stewart McDannold Stuart Barristers & Solicitors	50,208
Sybertech Waste Reduction Ltd.	43,290
Syme Structural Engineering Ltd	25,200
Telus Communications and Services Ltd.	64,451
Titan Sport Systems Ltd	43,860
Total Office Supply Ltd	37,948
Total Power Limited	47,467
Urban Matters CCC	45,383
Vadium Security Inc	80,777
Western Road Distribution Inc	71,395
W.H. Laird Holdings Ltd.	58,839
Wolseley Canada Inc.	87,655
Worksafe BC	275,420
WSP Canada Group Limited	274,014
Zappone Aggregate Processors	100,760
	<hr/>
Supplier Accounts Over \$25,000.00	28,320,319
Supplier Accounts Under \$25,000.00	2,141,559
	<hr/>
Total	<u>\$ 30,461,878</u>

**Statement of Payments for the Purpose of Grants or Contributions
(Unaudited)
For the Year Ended December 31, 2023**

A statement of organizations paid grants or contributions of \$25,000.00 or more during the Year 2023.

Name	Funding	Amount
S.A.F.E. Society	Victims Assistance Program	\$ 27,000.00
Salmon Arm Folk Music Society	Operating	52,000
Salmon Arm 55+ BC Games Society	55+ BC Games Contribution	60,000
Shuswap Community Foundation	Endowment Fund	21,866
	Emergency Response Fund	5,000
	Unallocated Grant Funding	1,978
	Operating	2,875
	Annual Funding	52,647
Shuswap District Art Council/Shuswap Art Gallery Assoc.	Operating	46,427
	Pride Festival	5,000
Shuswap Hut and Trail Alliance	Operating	47,036
	Shuswap Roundtable	1,500
Grants or Contributions Over \$25,000.00		323,329
Grants or Contributions Under \$25,000.00		41,926
Total		<u>\$ 365,255</u>

**Reconciliation of Payments Made for the Provision of
Remuneration, Expenses, Goods and Services (Unaudited)
For the Year Ended December 31, 2023**

A reconciliation showing the gross remuneration and expenses paid to employees and suppliers during the Year 2023, compared to total expenses on the Financial Statements.

Page	Description	Amount
Page 38	Council Indemnity and Expenses	\$ 319,759
Page 39	Employees Wages and Expenses	9,275,053
Page 41 - 43	Payments Made for the Provision of Goods and Services	30,461,878
Page 44	Grants or Contributions	365,255
	Total Disbursements	40,421,946
	Total Expenses Per Note 20 (Page 34)	37,868,533
	Difference	2,553,413
	Accretion Per Note 20, Not a Cash Expense (Page 34)	147,099
	Amortization Per Note 20, Not a Cash Expense (Page 34)	9,260,517
	Capital Purchases (Page 8), Not Included in Expenses on Note 20 (Page 34)	(12,882,046)
	Decrease in Accounts Payable (Net of Taxes Payable)	(597,270)
	Interest and Debt Issuance Expense, Not Included in Payments to Suppliers (Page 34)	1,421,334
	Variance (-0.26%)	\$ (96,954)

The variance occurs for the following reasons:

- The financial statements are prepared on an accrual basis and this report is on a cash basis
- GST is included in the payments made to suppliers, but is net of rebate in the financial statement total

Statement of Guarantee and Indemnity Agreements (Unaudited) **For the Year Ended December 31, 2023**

The City of Salmon Arm has one (1) guarantee and indemnity agreement, outlined below.

The City has entered into an agreement to act as a loan gaurantor 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, 2023 was \$712,133 (2022 - \$729,929). The loan bears interest at 4.47% (2022 - 4.47%) repayable in monthly instalments 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.

Statement of Severance Agreements (Unaudited)
For the Year Ended December 31, 2023

There was one (1) severance agreement under which payment commenced between the City of Salmon Arm and its non-unionized employees during the fiscal year 2023. This agreement represents 4.5 weeks of salary and benefits.