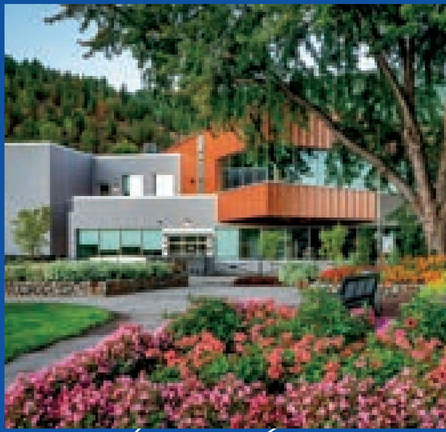
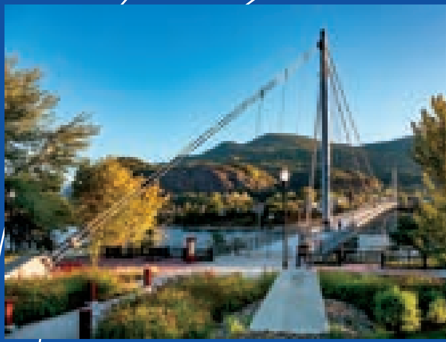
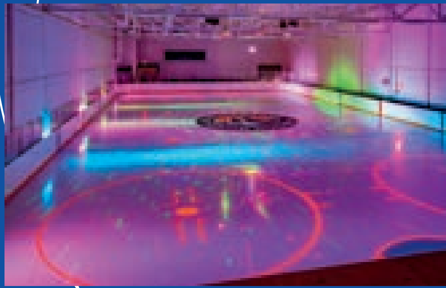
City of Trail Annual Report 2022







for the year ended
December 31, 2022.

Explore your TRAIL

Pursuant to Section 98 of the *Community Charter*, the City of Trail 2022 Annual Report has been prepared the Departments of Finance and Administration.

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I. INTRODUCTION

II. FINANCIAL STATEMENTS

Message from the Mayor Colleen Jones

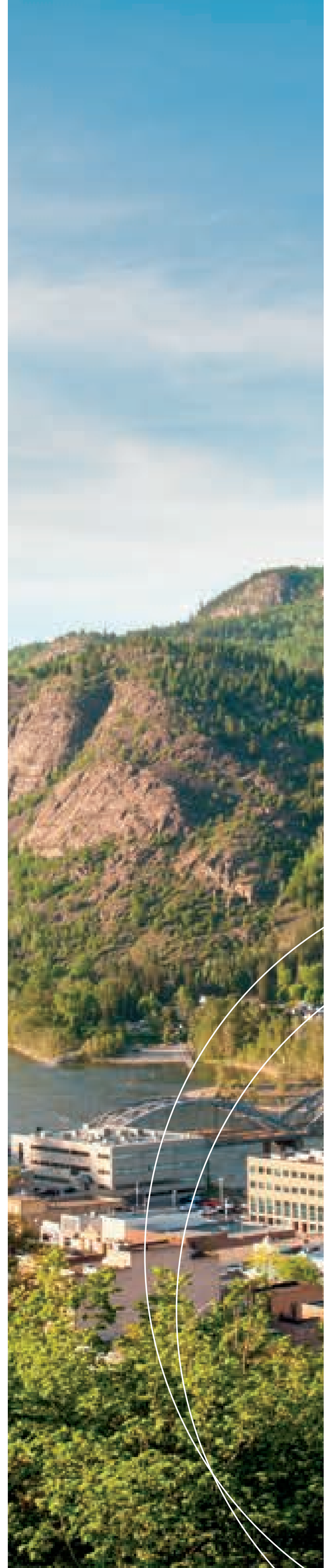
On behalf of the City and Council, it is my pleasure to present the Annual Report for 2022, a year of tremendous firsts. We officially began our transition out of the pandemic, we welcomed a new Chief Administrative Officer / Chief Financial Officer and manager for the Trail Regional Airport, and the residents of Trail elected a new Council.

As a new Council, we are still learning to work together, to be and do our absolute best. We've already experienced successes in the short time we've been together, and we look forward to continuing with positivity, transparency, and community engagement.

A year can never occur without challenges. In 2022, we continued to meet with BC Housing to determine a suitable location to house our most vulnerable residents. The project proved to be more challenging than anticipated, and we experienced some delays. Despite this, we will continue our efforts to make the project a priority in 2023, and we thank our residents and business owners for their ongoing compassion and patience. Also, because of the timing of the pandemic restrictions, we had to cancel our annual Silver City Days celebration for 2022. We knew this would cause great disappointment amongst our residents and community groups, but we committed to the festival's resurgence in 2023.

We look forward to many more successes in the year to come, and we are ready to work collaboratively on Trail's future.

Colleen Jones
City of Trail Mayor



Community Highlight
National Day of Truth and Reconciliation

September 30 marks the National Day for Truth and Reconciliation to honour the children who never returned home and Survivors of residential schools, as well as their families and communities.

The City of Trail, the Trail & District Public Library, Trail Museum & Archives, VISAC Gallery, Blood of Life Collective, USW Local 480, Trail & District Arts Council, Teck Trail Operations, Kootenay Savings, Kootenay South Métis, and CBAL hosted an all-ages event to reflect, learn, and engage with an Action Walk, storytelling, interactive learning, and food by donation.

Mayor and Council

Mayor Colleen Jones

Governance and Operations Committee, Chair
Major Industrial Property Taxation Committee, Chair
Trail Health & Environment Committee, Chair
Regional District, Alternate

Councillor Bev Benson

Silver City Days, Chair
Trail Ambassador Programme
Trail Riverfront Centre Advisory Committee
Ktunaxa Kinbasket Treaty Advisory Committee

Councillor Paul Butler

Major Industrial Property Taxation Committee
Chamber of Commerce, Alternate
LCCDT Society
Downtown Trail Improvement Committee
Protective Services

Councillor Nick Cashol

Communities in Bloom
Silver City Days, Co-Chair
Library Board
Greater Trail Home of Champions
Protective Services and Senior Citizens Advisory

Councillor Thea Hanson

Trail Health and Environment, Alternate
Trail Ambassador Programme
LCCDT Society, Alternate
Downtown Trail Improvement Committee

Councillor Terry Martin

Regional District
Historical Society
Senior Citizens Advisory

Councillor Doug E. Wilson

Major Industrial Property Taxation
Chamber of Commerce

Trail's Vision

City of Trail Council and staff value our residents and businesses, and we strive to provide a high level of sustainable services in a welcoming and inclusive environment.

Trail, situated on the Columbia River in the West Kootenay region of southern British Columbia, is a unique and culturally rich town populated by 8,250 people. It is a special place with affordable real estate, outstanding recreational facilities, an abundance of outdoor activities, an active arts and culture community, and a variety of service clubs and organizations. Trail is centrally located, has a temperate climate and an excellent interior transportation network, including the Trail Regional Airport (YZZ) with daily service to Vancouver's (YVR) South Terminal. Trail is also a thriving area for technology and research and development. Trail's skilled workforce enjoys a balanced lifestyle with challenging jobs, and an enviable quality of life. Teck Trail Operations, one of the largest fully integrated zinc and lead smelting and refinery complexes in the world, is located in Trail and drives the regional economy. Metal Tech Alley, world leaders in metallurgical product development and materials science, reside in Trail, and the city is home to the Kootenay Boundary Regional Hospital (KBRH), the largest diagnostic and acute care hospital in the West Kootenay region. The province recently invested in a new Emergency Department, Phase 2 Pharmacy, and Ambulatory Care. Trail's exceptional educational facilities ensure that residents can increase their knowledge and develop their skills without the necessity of moving away. It is a financial, service, and retail centre and has a wide array of shopping options. Trail offers stunning natural surroundings, a rich cultural and architectural history and a wealth of opportunities and possibilities. Residents are immensely proud of their community, as evidenced by their strong volunteerism. For residents and visitors alike, Trail offers outstanding opportunities for living life well and to the fullest.

Community Highlight
Pride Celebration

The City of Trail partnered with Pride Trail B.C., Trail & District Public Library and Trail's IncrEDIBLE Farmers' Market to host a Pride-themed market on the Esplanade and Jubilee Park. Music, dancing, a pride walk, and overall fun was had by all. The City is proud of its inclusive and welcoming community.

Message from the CAO Colin McClure

Dear Council Members, Staff, and Citizens of the City of Trail,

I would like to take this opportunity to express my sincere gratitude to all of you for the warm welcome I received when I joined this wonderful community in 2022. Since my arrival, I have witnessed firsthand the deep sense of civic pride that runs through the veins of Trail. This unique and culturally rich town has a strong foundation built on history and traditions. However, it is also clear that the residents and businesses of Trail are eager to adapt and evolve to meet the future needs of our growing community.

The past year has been a period of transition for me, as I assumed the role of CAO halfway through a year that saw the election of five new Council members in the late fall. Throughout 2022, I have dedicated my efforts to familiarizing myself with the intricacies of the City of Trail, including its operations, procedures, and policies. With a fresh Council that is eager to tackle the challenges our city faces, I am excited to work alongside them, our dedicated staff, and the community to not only meet but exceed the strategic priorities and goals that have been set.

We find ourselves in the midst of challenging economic times, requiring the City to be entrepreneurial, innovative, and creative, while remaining accountable in the allocation of tax dollars and resources to the various services provided to our community. I want to assure you all that I am fully committed to collaborating with staff and Council to explore every avenue that allows us to run a fiscally responsible and sustainable city.

As we move forward, I am confident that by working together, we will overcome the hurdles ahead and continue to build a vibrant and prosperous future for the City of Trail. I am privileged to be part of this incredible community, and I look forward to the opportunities and achievements that lie ahead.

Thank you for your ongoing support, dedication, and partnership.

Colin McClure
City of Trail Chief Administrative Officer/ Chief Financial Officer

Community Highlight
Camas Sign Unveiling at Gyro Park

A special Camas sign unveiling ceremony took place at Gyro Park in Trail overlooking the banks of the Columbia River. The area is a heritage site of the Camas, a sacred plant of the local First Nations people, the Sinixt. Camas have a short blooming season starting in the spring for about two to three weeks and then no evidence is left by the middle of June. Camas were valued as an important food source and have been recently threatened by careless treatment

and incorrect harvesting practices. The Camas plant is known as **ʔitx̌ʷaʔ** with a pronunciation of it-kwah.

Departmental Services

Administration

The City of Trail Administration Department works closely with the Mayor and Council to ensure that Council's decisions and directives are carried out. The department also takes care of legal and administrative services such as bylaw development, policies and procedures, and provides municipal information to the City's residents. Administration also delivers a diverse bundle of services such as City planning, urban development, environmental concerns and downtown planning. The Administrative team consists of the Chief Administrative Officer, the Corporate Administrator, the Deputy Corporate Administrator, the Communications and Events Coordinator, an Administrative Assistant and two Bylaw Officers.

Engineering

The City of Trail Engineering Department provides support to the Administration and Public Works Departments. The department is also responsible for maintaining City maps, G.I.S, plans, and providing legal descriptions to property owners. The team consists of three Engineering Technicians who can also provide property owners with information regarding services to their property, as well as property dimensions.

Finance

The Finance Department provides support services to the municipality, as well as maintaining and communicating financial information to the public, Council and staff. Some of the services provided by the department include: Accurate billing and collecting of utility and property tax accounts. Processing of all incoming City revenues. Dog licences, bus tickets and other applications, licences and permits. Maintaining accurate tax related rolls. Preparing yearly financial plans and reports as required by legislation. Maintaining annual Operating and Capital Budgets. Safeguarding and administering the assets of the City through proper internal controls, risk management, accounting systems and policies and procedures. The team consists of the Deputy Director of Finance and three staff members who provide accounts receivable, accounts payable, payroll and property tax account services.

Protective Services

Protective services are comprised of police services provided by the Royal Canadian Mounted Police, bylaw enforcement and the Provincial Emergency Program. Police services include administration, crime investigation and prevention, traffic, prisoner custody and court liaison expenses.

Information Systems Technology

The City of Trail has the benefit of a comprehensive Information Systems Department that implements information technology for the City of Trail. The team maintains a long-term information systems plan and investigates emerging technologies for potential adoption. Annual capital plans are evaluated on an ongoing basis with a goal to specifically prioritize projects in order that effective management of the department continues. The team consists of an Information Systems Coordinator and an Information Systems Technician.

Departmental Services

Parks and Recreation

The City of Trail Parks and Recreation Department is responsible for providing community-based recreation programs and services and first-class recreation facilities to the Greater Trail area. The department provides services related to recreation, leisure and culture including administration and program costs as well as grounds and building maintenance. Facilities managed within this area include the Trail Memorial Centre, the Trail Aquatic and Leisure Centre, the Fieldhouse as well as 20 developed parks and playgrounds. The team consists of the Director of Parks and Recreation, the Deputy Director of Parks and Recreation, the Aquatic, Recreation and Facility Coordinators and several aquatic and facility staff members who lead programs and maintain the facilities.

Planning

The Planning Policy is set by Council through an Official Community Plan and is implemented through a Zoning Bylaw. The City's Zoning Bylaw regulates the use and development of property in the City. Before considering locating any business in a commercial area or planning any kind of construction, the Planning Department can check for the current zoning of a property. The department can also assist with information pertaining to subdividing a property by altering the legal property boundaries (dividing a property into smaller lots, creating a bare land strata or changing the alignment of an existing property line). The department can also assist with any conflicts that may exist with the Zoning Bylaw, and applications for rezoning of a property through the Board of Variance.

Public Works

The City of Trail Public Works Department takes pride in providing efficient and responsive services to the citizens of Trail. The Public Works crew maintains the Columbia River Skywalk, 76 kilometers of roads, 88 hectares of parks and green spaces, a large underground utility system, the Mountain View Cemetery, a rapid rate filtration Water Treatment Plant, street lights, traffic lights and signals, parking lots and on-street parking as well as maintenance of workshops, yards and other buildings. The mandate is to provide a safe, efficient, environmentally-sensitive and cost effective transportation network. The team consists of the Director of Public Works, the Utilities Superintendent, the Roads Superintendent, the Purchasing and Mechanical and Superintendent, the Airport Manager and numerous crew members who provide indoor and outdoor maintenance and repair for the City's facilities and infrastructure.

Trail Museum & Archives

The City of Trail owns and operates the Trail Riverfront Centre, a facility that houses the Trail Museum & Archives, the Trail & District Public Library and the Trail Visitor Centre. The Trail Museum & Archives are managed by City staff and consists of the Museum & Archives Manager and a Collections Coordinator.

Trail Regional Airport

The City of Trail owns and operates the Trail Regional Airport (YZZ). YZZ services 20,000+ passengers annually with Pacific Coastal Airlines' daily service to YVR's South Terminal. The YZZ teams consists of an Airport Manager, a ground crew and staff of the contracted air service provider, Pacific Coastal Airlines.

Project Highlight
Reg Stone Playground, Tadanac

The Reg Stone resurfacing project was made possible by fundraising by the Tadanac Residents Association who provided over $25,000 in funding through grants and donations, including a donation of $20,000 from Teck Trail Operations, and other smaller grants and neighbourhood fundraising. In addition, the City of Trail received $25,000 from the Outdoor Active Recreation Grant through the Columbia Basin Trust to go toward the project, reducing the City's cost by $35,000.00. This was a great example of a community neighbourhood working to assist in the development and implementation of a project.

Project Highlight
Victoria View Room Acoustic Improvement

The old library space at the Trail Memorial Centre was renovated into the Victoria View Room, a multi-purpose room that can be used for meetings, fitness classes and other community gatherings and events. The last piece of the project included the installation of the acoustic treatment, allowing great audibility for sound systems and live music.

Municipal Objectives

Council and Administration

Economic Development

- Continue to promote growth and new development and continue working agreements with the LCCDT, the RDKB and other partners.
- Monitor performance of these partners through reporting metrics and assess future relationships.

Old Trail Bridge Demolition

- Assess future options and funding for bridge demolition and include this funding within the future Financial Plan in order to avoid future liability.

Tourism

- Promote local tourism and continue to operate the Visitor Information Centre and the City's RV Park.
- Track and monitor visitor use and with the goal of increased visitors year to year.

Official Community Plan

- Update the City of Trail Community Plan (OCP) with the goal of completion and update to its Bylaw and the Zoning Bylaw by 2024.

City Service Capacity

- Continue to review and rationalize City service levels from the organizational review developed in 2019.
- Adjust the budget to implement the chosen organizational changes.

Downtown Properties

- Develop plans to deal with City-owned or purchased properties in the downtown core to maximize the use of City property as part of redeveloping properties with derelict buildings.
- Include funding in the budget for demolition of the old downtown medical clinic.

Downtown Plan

- Promote the continued revitalization of the downtown core and review the current Downtown Plan.
- Continue the promotion of the Revitalization Tax Exemption Program and assess the levels of its success.

Housing for our Vulnerable Population

- Continue to work with BC Housing to secure a housing location and facility for Trail's most vulnerable residents.
- Lobby the provincial and federal governments for to voice the need for urgent intervention to help Trail's most vulnerable residents.

In June 2022, Council hired a new CAO / CFO, Colin McClure to join and lead the City of Trail team.

Trail City Council unanimously voted to transition to 100% renewable energy no later than 2050. Trail joins 12 other communities in the Kootenay region to commit to taking meaningful action for a healthy, safe, and secure community.

Municipal Objectives

Parks and Recreation

Facilities

- Increase the number of large community events, games and tournaments by working with community groups and organizations.
- Establish long-term capital project plans to manage aging infrastructure.
- Ensure facilities are event-ready and safe for patrons.

Community Health

- Increase participation and awareness in programs and events that promote active, healthy living and develop key partnerships with community groups.
- Evaluate the action plans implemented through the Healthy Communities Initiative and Age Friendly Planning and for Leisure Access Plan (LAP) holders.

Parks, Recreation & Culture Department Operations

- Evaluate and improve the department as needed as indicated in the Parks & Recreation Master Plan including succession planning, recruitment and post-pandemic recovery.

Revenues

- Create new ways to increase revenues by reviewing rates, grant opportunities, expansion of services and increased partnerships while managing the impact of the pandemic on overall budgets.

Grant Funding

- Maximize grant opportunities.
- Two Family Day Grants in the amount of $1,000 each were received to do free programming on the Family Day weekend. Various
- student grants were received to support summer employment in the museum, visitor information centre, and summer camp services.

Expenditures

- Minimize increases in expenditures and implement more cost-effective options for operating by improving facility efficiencies and infrastructure through cost-effective methods of building operations, green improvements and leading-edge technologies and by building flexibility into staff roles, cross training, developing strategic alliances with community groups, and utilizing in-house experience.

The 2026 BC Winter Games were officially awarded to the communities of Trail & Rossland.

Approximately $2.6 million was allocated for capital projects across all major recreation infrastructure.

Municipal Objectives

Parks and Recreation continued

Staff Development

- Increase and evaluate employee performance plans that align with the Recreation Master Plan, and increase training documentation, and involvement in operations by meeting with staff to establish work and personal goals and objectives and encouraging staff departmental discussion.

Community Participation

- Increase the number of programs, services, and special event users and the number of fitness, sports, workshops, programs, services through promotion and community alliances while ensuring consistent quality.
- Maintain newly established partnerships and the improved access to services for those who have barriers to participation.

A $500,000 CBT Climate Resilience grant was applied for to support the Groutage Avenue Esplanade Development.

A funding agreement with the Murphy Family Foundation was established that provided funding in two streams – free programming ($30,000 USD per year for 6 years) and infrastructure support ($200,000 USD for Kids Rink improvements).

Municipal Objectives

Public Works

Water Utilities

- To provide the best quality, most affordable, and safest drinking water possible to the residents of the City of Trail and to ensure compliance with all federal and provincial drinking water guidelines by continuing with watermain flushing, Water Treatment Plant maintenance, facilities assessments and fire hydrant replacements as needed.
- Continue to implement recommendations within the Surface Water Protection Plan when needed.
- Continue to work toward a Cross Connection Control Program and implement a bylaw to mitigate cross connection hazards within the community.
- Perform yearly assessment for all our Water Treatment/Water Distribution facilities.
- Staff undertaking of all necessary training to obtain and maintain mandatory certifications.

Sanitary Sewer Utility

- To ensure the City's sanitary sewer collection system operates as designed through regular maintenance and inspection and routine cleaning.
- Continue with a phased City-wide inspection and analysis of the sewer piping and continue to install CIPP where feasible.
- All EOCP certified operators will continue to accumulate CEUs to retain current certifications.

Storm System Maintenance and Repairs

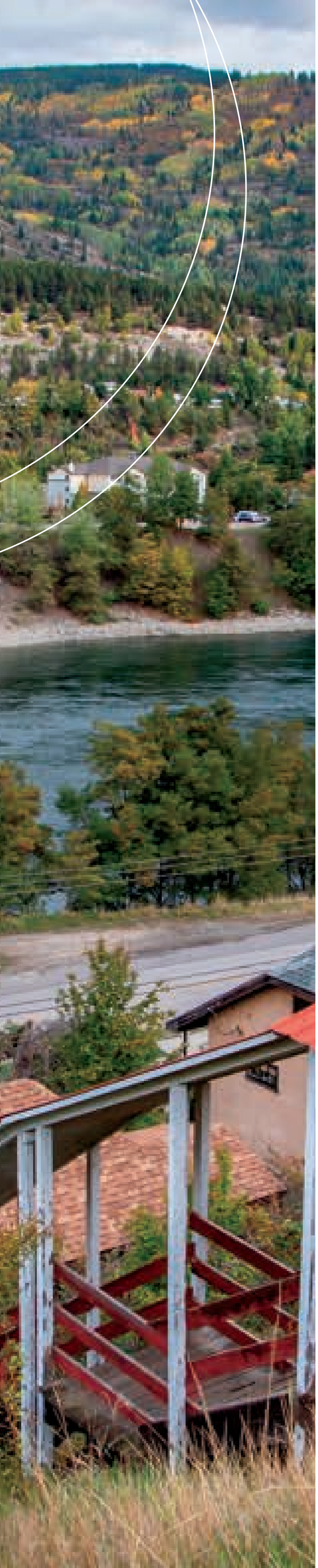
- To ensure the City's storm water collection system operates as designed through regular cleaning, maintenance and repairs as needed.
- Continue with GIS system updates as necessary.

Engineering

- Address the requirements to and strategies to continue the Asset Management Program, GIS Upgrade, the Cambridge and Violin Lake Dams, the Sanitary Sewer Rehabilitation and Active Transportation Plan.

The City of Trail developed an Active Transportation Plan that will provide strategic direction for an active transportation network that is equitable and accessible for people of all ages and abilities and facilitates active living within the City and connecting region.

The City of Trail completed the first year of the monitoring and maintenance activities of the Cambridge Creek and Violin Lake Dams project.



Municipal Objectives

Public Works Continued

Roads and Grounds – Sidewalk, Playground, Cemetery Inspection and Maintenance

- To provide a safe path for pedestrians with appropriate connections between neighbourhoods and important civic institutions
- Maintain accessible, safe, and enjoyable play spaces for all users, achieved through ongoing maintenance, inspection, repairs, bear-proof bins, and equipment replacements as needed.

Cemetery

- Continue to maintain a property that holds great meaning for those that visit as it should be both a dignified space and accessible for those who attend their loved ones.
- Work to build a cloud database for increased mapping capabilities and data collection, making locating plots easier for users.

Roads and Grounds - Snow and Ice Removal

- Reduce operational costs, response time and complaints. Eliminate claims by developing a full Snow Maintenance Policy based on current service levels and budgets.

Roads and Grounds - Irrigation Inspection and Repairs and Inventory Control

- Provide efficient and effective water service to the City's flowerbeds, active and passive green spaces by creating a Park Maintenance Policy, which will help determine services levels for the park network based on use, location and available budgets.

Purchasing Department Policy and Department Warehouse

- Update and improve local purchase procedure, invoice process, purchase security, and improve and upgrade the warehouse layout, storage capacity and functionality through annual reviews of the purchasing policy and continued work on maximizing storage space and warehouse operational efficiency.

The safety base at Reg Stone Park in Tadanac was was converted to a rubberized surface with the assistance of the community and grant funding.

Municipal Objectives

Trail Regional Airport, YZZ

Airport Operations
- Maintain all airport operations and activities in strict adherence to Aeronautics Act.
- Continually improve the efficiency and effectiveness of the airport.

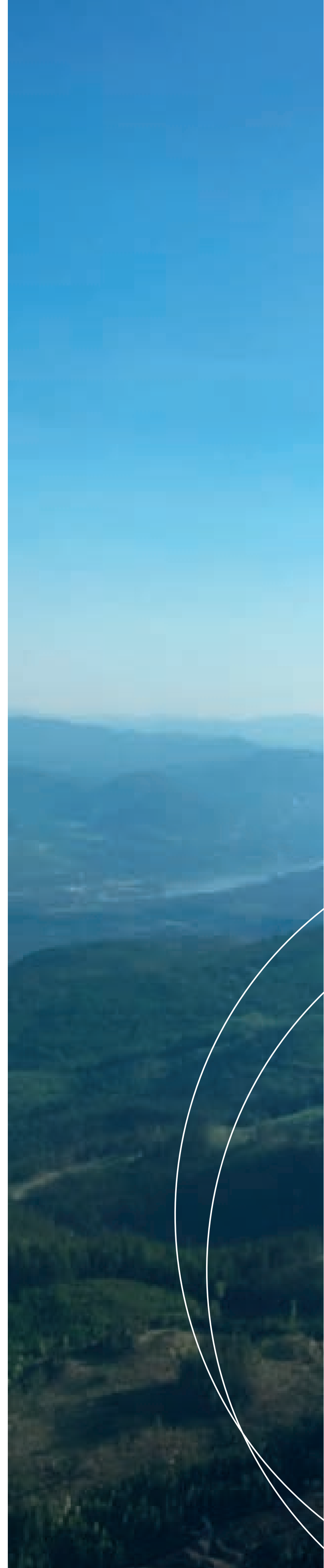
Airport Development
- Position Trail Regional Airport as the preferred option for air transportation in the West Kootenay region by completing AP Site Plan and submitting BCAAP and ACAP grant applications.

Airport Revenues
- Increase the revenue of existing streams, create new revenue streams by identifying local and regional advertising opportunities, and seeking marketing opportunities with the commercial air carrier to improve passenger counts.

Airport Expenditures
- Minimize increases in expenditures and implement cost effective operating practices by finding cost savings by purchasing fleet materials closer to the source of production, or with preferred vendors.

Airport Staff Development
- Improve training programs and staff involvement in decision making by performing annual staff training needs analysis by ensuring all staff are members are up-to-date with required the training plans.

A compliance inspection was successfully carried out by NAV Canada to finalize and approve the Automatic Weather Observation System (AWOS).



Community Highlight
Spooktacular Event

After a two-year break, the City of Trail's annual Spooktacular was held downtown and drew in thousands of Halloween enthusiasts. The event is a colloboration with the incrEDIBLE Trail's Farmers' Market, the Trail & District Arts Council, the Trail & District Public Library and many other community partners.

Chief Financial Officer's Report

It is my pleasure, on behalf of the Finance Department, to present the 2022 Annual Report for the City of Trail. The report contains the audited consolidated financial statements, the auditor's report, and a summary of the financial and operating services of the City, pursuant to Sections 98 and 167 of the *Community Charter*.

The City maintains a system of internal controls for financial statement reliability and protection of City assets. The system includes budget preparation, safekeeping of City funds, receiving monies paid to the municipality, investing in authorized investments, expending funds as authorized by Council, and ensuring accurate and complete accounting of all financial transactions.

The preparation and presentation of the financial statements and related information in the Annual Report is the responsibility of the Finance Department. Staff provides support to the external auditors during the yearend audit by preparing the working papers and ensuring unrestricted access to all related financial information.

The consolidated financial statements for the year ended December 31, 2022, included in this report, were prepared by City staff in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements have been audited by Grant Thornton Chartered Professional Accountants, resulting in an unqualified audit opinion, which can be reviewed on the following pages.

2022 Operating Results

Compared to budget and the prior year, the City had significantly higher sales of service and other revenues, as users of the Trail Aquatic and Leisure Centre, the Trail Memorial Centre and the Trail Regional Airport returned. This resulted in a $500,000 increase in these revenues, as compared to 2022. Although this is great news, it is tempered by the fact that the increased usage also results in some increases to staffing and supplies expense.

With the Bank of Canada increasing the prime interest rate by 3.5% in 9 months, this provided a notable and unbudgeted lift to interest income in 2022.

Grant revenue was underbudget because a number of projects, like the daycare and the Trail Memorial Centre HVAC upgrades, were not undertaken.

An important note for the community to know is that in 2022 the City received $678,000 in provincial unconditional grants (revenue sharing and traffic fine sharing). A one-time lift of $125,000 in the small community grant was provided in 2022. Without these annual provincial grants, the City would have needed to increase taxes by approximately 4.5%.

Most of the operating expenses were in line with budget. The Parks, Recreation and Culture actuals were substantially over budget. However, the main factor for this is that a number of budgeted and funded capital projects did not qualify to be capitalized and were expensed, which skewed the numbers. Another area that was overbudget was the airport. The excess in expense is related to the spike in the cost of jet fuel; however, because the airport sells the jet fuel, this increased cost was passed on to the airline and resulted in jet fuel sales being higher than was budgeted. Again in 2022, RCMP were understaffed - that becomes clear when the actual numbers being lower than the budget for protective services. On the expense side most, City services were in line with what was budgeted; however, with the RCMP not being at their full authorized strength, it resulted in Protective services being under budget.
(continued next page)

Chief Financial Officer's Report

As in 2021, an allocation of administrative wages and expenses were apportioned to the utilities in order to recognize the administrative office management costs that these services incur. This is a factor as to why general government is underbudget. There were a number of large watermain breaks during the year and those repair expenses were the main driver for water utility operations being overbudget.

The operating revenues were higher than was budgeted but this was offset by the considerably lower grant revenue, that was capital project related, which resulted in the overall 2022 revenues being lower than budget. On the expense side, operating budgets were over in some services and under in others with the end result of the overall operating expense being very close to budget.

Capital Spending and Reserves

The completion of the $1.2 million restoration of the old library space into a multi-purpose room at the Trail Memorial Centre was a highlight for 2022. This project was funded 50% by a grant.

The repairs to the Butler Park baseball facility were impeded by supply chain issues with the new netting and light poles not arriving as had been planned and expected. The more frustrating news is, that when they did arrive in 2023, mistakes had been made in the manufacturing that caused many of the poles to be unusable. The poles will be remanufactured, causing and even further delay.

Unfortunately, the $2.5 million 100% grant funded daycare project had a setback when the cost of the building came in significantly over the funds available. This project is in the redesign phase with the hope of starting construction in 2023.

On the utility side, upgrades to the Milligan Avenue watermain and replacement of the Birch Avenue sewer main were the main 2022 utility capital projects.

The City's reserve funds are a pillar in supporting the current and future capital program. With the significantly higher operating revenues assisting in creating an unexpected surplus, Council took the opportunity to allocate $300,000 into the Old Bridge reserve. This initial lump sum allocation is a kick start to a now budgeted ongoing reserve allocation in order to build funds to undertake its demolition, when required.

Long-Term Debt

The long-term debt issued and outstanding as of December 31, 2022 was $14.9 million. In 2021, this balance was $15.6 million.

The City's long-term debt falls under two classifications - General Debt and Utility Debt. General Debt is funded through taxation while Utility Debt is funded and repaid through the related water and sewer rates.

The outstanding debenture debt at the end of 2022 for each of the City's funds is:

General $13,634,193 **Water** $844,429 **Sewer** $429,858

The operating and financial environment continues to become more complex with above average inflation increasing the costs of goods and services, which is becoming an increasing challenge to the City's finances. The City will respond by ensuring it maximizes value when making purchases, and will adjust activities, when possible, to mitigate the impact of rising costs. The goal is to preserve the current level of service to the public and invest in upgrading the City's infrastructure while balancing the economic conditions of the community.

Colin McClure
City of Trail Chief Administrative Officer/ Chief Financial Officer

THE CORPORATION OF THE CITY OF TRAIL
MANAGEMENT REPORT
For the Year Ended December 31, 2022

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying consolidated financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present The Corporation of the City of Trail's financial position and results of operations. The integrity of the information presented in the financial statements, including estimates and judgments relating to matters not concluded by fiscal year-end, is the responsibility of management. The consolidated financial statements have been approved by Council.

Management has established and maintained appropriate systems of internal control including policies and procedures, which are designed to provide reasonable assurance that The Corporation of the City of Trail's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the consolidated financial statements.

The independent external auditors, Grant Thornton LLP, have been appointed by Council to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, The Corporation of the City of Trail's financial position, results of operations, and changes in net financial assets in conformity with the accounting principles disclosed in Note 1 to the consolidated financial statements. The report of Grant Thornton LLP follows and outlines the scope of their examination and their opinion on the consolidated financial statements.

Colin McClure, CPA, CA
Chief Financial Officer

GrantThornton

Independent Auditor's Report

Grant Thornton LLP
1440 Bay Ave
Trail, BC
V1R 4B1

T +1 250 368 6445
F +1 250 368 8488
www.GrantThornton.ca

To the Mayor and Council of
The Corporation of the City of Trail

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Trail (the "City"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net debt, cash flows, and schedule A for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2022, the results of its operations, changes in its net debt, 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplemental information has not been subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton LLP

Trail, Canada
May 23, 2023

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
Financial Assets		
Cash & cash equivalents (Note 2)	$ 22,921,437	$ 22,401,569
Accounts receivable (Note 3)	3,605,763	2,304,509
Long-term accounts receivable (Note 4)	4,201	4,546
MFA deposits (Note 5)	301,276	294,695
	26,832,677	25,005,319
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	3,050,387	4,519,816
Deferred revenue (Note 7)	2,249,889	2,171,208
Accrued future payroll benefits (Note 8)	865,680	976,015
Long-term debt (Note 9)	14,908,480	15,584,041
	21,074,436	23,251,080
Net Financial Assets	5,758,241	1,754,239
Non-Financial Assets		
Tangible capital assets (Note 10)	104,829,492	105,964,200
Inventory (Note 11)	133,778	139,852
Prepaid expenses	282,157	175,608
Property acquired for taxes	88,517	88,040
	105,333,944	106,367,700
Accumulated Surplus (Note 12)	$111,092,185	$108,121,939

Commitments and Contingencies (Note 16)

Colin McClure, CPA, CA
Chief Financial Officer

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

	2022 Budget (Note 19)	2022	2021
Revenue			
Taxes	$ 16,687,927	$ 16,692,871	$ 15,977,551
Sale of services	1,425,325	1,809,449	1,470,901
Other revenue from own sources	946,700	1,478,259	1,450,545
Investment income	126,500	802,903	393,318
Government transfers - unconditional (Note 17)	565,000	723,001	618,325
Government transfers - conditional (Note 17)	6,113,490	2,427,034	4,539,714
Water user fees	1,719,500	1,700,590	1,655,827
Sewer user fees	1,158,550	1,205,637	1,159,261
	28,742,992	26,839,744	27,265,442
Expenses			
General government	3,435,376	2,727,350	2,768,502
Protective services	2,613,830	2,139,976	2,216,027
Transportation services	3,926,900	4,059,860	3,655,170
Environmental health services	380,800	369,657	376,593
Public health and welfare services	314,550	338,522	375,852
Parks, recreation and cultural services	4,620,950	5,745,992	4,877,508
Interest and other debt charges	600,800	556,200	667,291
Water utility operations	1,695,000	1,944,616	1,852,013
Sewer utility operations	760,350	754,683	927,815
Library	539,576	686,411	637,972
Airport operations	586,800	658,832	578,654
Amortization	4,274,350	3,887,399	3,940,071
Loss on disposal of tangible capital assets	-	-	596,630
	23,749,282	23,869,498	23,470,098
Annual surplus	4,993,710	2,970,246	3,795,344
Accumulated surplus, beginning of the year	108,121,939	108,121,939	104,326,595
Accumulated surplus, end of the year	$113,115,649	$111,092,185	$108,121,939

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2022

	2022 Budget	2022	2021
Annual surplus	$ 4,993,710	$ 2,970,246	$ 3,795,344
Acquisition of tangible capital assets	(12,113,992)	(2,752,691)	(6,137,709)
Amortization of tangible capital assets	4,274,350	3,887,399	3,940,071
Proceeds on sale of tangible capital assets	-	-	608,998
Loss (gain) on disposal of tangible capital assets	-	-	596,630
	(2,845,932)	4,104,954	2,803,334
Property acquired for taxes	-	(477)	(7,695)
Consumption of supply inventory & prepaid expenses	-	(100,475)	(6,872)
	-	(100,952)	(14,567)
Increase (decrease) in net debt	(2,845,932)	4,004,002	2,788,767
Net debt, beginning of year	1,754,239	1,754,239	(1,034,528)
Net assets (debt), end of the year	$ (1,091,693)	$ 5,758,241	$ 1,754,239

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	2022	2021
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	$ 2,970,246	$ 3,795,344
Items not involving cash:		
Amortization of tangible capital assets	3,887,399	3,940,071
Actuarial adjustments	(285,878)	(251,252)
Loss (gain) on disposal of tangible capital assets	-	596,630
	6,571,767	8,080,793
Increase (decrease) in non-cash operating items:		
Accounts receivable	(1,301,254)	(1,133,567)
Long-term accounts receivable	345	326
MFA deposits	(6,581)	(4,930)
Accounts payable and accrued liabilities	(1,469,429)	1,880,712
Deferred revenue	78,681	497,303
Accrued future payroll benefits	(110,335)	210,220
Inventory	6,074	(13,322)
Prepaid expenses	(106,549)	6,450
Property acquired for taxes	(477)	(7,695)
	3,662,242	9,516,290
Financing Activities		
Proceeds from debt issues	403,500	-
Long-term debt repayment	(793,183)	(744,519)
	(389,683)	(744,519)
Capital Activities		
Proceeds from disposal of tangible capital assets	-	608,998
Acquisition of tangible capital assets	(2,752,691)	(6,137,709)
	(2,752,691)	(5,528,711)
Net increase (decrease) in Cash	519,868	3,243,060
Cash, beginning of year	22,401,569	19,158,509
Cash, end of year	$ 22,921,437	$ 22,401,569

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements

1. Significant Accounting Policies

The Corporation of the City of Trail (the "City") is a local government in the Province of British Columbia. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The following is a summary of the City's significant accounting policies:

(a) Basis of presentation

The City of Trail's resources and operations are segregated into General, Water Utility, Wastewater Utility and Reserve Funds for accounting and financial reporting purposes. The consolidated financial statements include all the accounts of these funds. All material inter-fund transactions and balances have been eliminated within the consolidated financial statements.

(b) Revenue recognition

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that give rise to the revenues.

Taxation revenue
Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Sale of services and user fees
Sale of services and user fee revenues are recorded on the accrual basis and recognized as earned when the service or product is provided or facilities are utilized.

Grant revenues
Grant revenues are recognized when the funding becomes receivable. Non-government conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Revenue unearned in the current period is recorded as deferred revenue.

Government transfers
Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

Investment income
Investment income is recorded on the accrual basis and recognized when earned.
A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognized only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost base of the investment.

1. **Significant accounting policies** (continued)

(c) Deferred revenue

Deferred revenue represents funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes as well as licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and or projects have not been constructed. These amount will be recognized as revenues in the fiscal year in which it is used for the specified purpose, the services are performed and or the projects are constructed.

(d) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, employee benefit plans and long-term debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

(e) Accrued future payroll benefits

The City records the cost of future payroll benefits over the employee's term of employment. Upon retirement a portion of accumulated sick leave credits are paid to the employee based on years of service.

(f) Interest and actuarial gains on long-term debt

The City records interest expense on long-term debt on an accrual basis and actuarial gains when realized as a reduction of the principal balance.

(g) Tangible capital assets

Tangible capital assets, comprised of tangible capital assets and tangible capital assets under construction, are recorded at cost and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Buildings	10 to 75	years
Furniture, equipment & vehicles	4 to 20	years
Technology	4 to 10	years
Transportation infrastructure	10 to 100	years
Parks and cemetery	10 to 50	years
Water, sewer and storm drain infrastructure	10 to 100	years

(h) 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.

(i) Inventory

Inventory of supplies held for consumption are recorded at the lower of weighted average cost and replacement cost.

1. **Significant accounting policies** (continued)

(j) Statutory reserves

Statutory reserves are funds that have been restricted by Council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(k) Reserves set aside by Council

Reserves set aside by Council are non-statutory reserves which represent an appropriation of surplus for specific purposes. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(l) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Significant areas requiring estimates include the estimated useful life and related amortization of tangible capital assets, future payroll benefits, allowance for doubtful accounts and provision for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

(m) Budget

Budget data presented in these consolidated financial statements is based on the City's Five Year Financial Plan for the years 2022-2026, adopted by Council on May 11, 2022.

(n) Municipal Pension Plan

The City's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers is responsible for administering the plan, including investment assets and administration of benefits. The plan is a multi-employer defined benefit plan.

(o) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible, or accepts responsibility;
- it is expected that a future economic benefit will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

There were no liabilities recorded as at December 31, 2022.

2. Cash and cash equivalents

Cash and cash equivalents in the statement of consolidated financial position are comprised of:

	2022	2021
Cash	$ 19,159,414	$ 18,724,023
MFA bond & money market funds	3,762,023	3,677,546
	$ 22,921,437	$ 22,401,569

Municipal Finance Authority (MFA) pooled investment funds are considered equivalent to cash because of their liquidity.

3. Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

	2022	2021
Property taxes	$ 349,631	$ 403,481
Utility billings	221,388	227,170
Other governments	125,527	172,968
Trade & other receivables	2,909,217	1,500,890
	$ 3,605,763	$ 2,304,509

4. Long-term accounts receivable

In January 2017, City Council adopted a bylaw, the Lerose Street Water Supply Parcel Tax Bylaw No. 2823, 2017. This authorized the City to install a new water service connection to the property at 314 Lerose Street with the construction costs to be financed by the City and repaid by the property owners by way of a parcel tax.

5. Municipal Finance Authority debt reserve fund

The City issues its debt instruments through the MFA. As a condition of these borrowing, the City is obligated to lodge security through a debt reserve fund, made up of demand notes and interest bearing cash deposits based on the amount of borrowing. The deposits are included in the City's financial statements as MFA cash deposits. If the debt is repaid without default, the deposits are refunded to the City. The demand notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon maturity of a debt issue, the demand notes are released and the cash deposits are refunded to the City.

As at December 31, 2022, the total of the Debt Reserve Fund was comprised of:

	2022 Cash deposit	2022 Demand note	2021 Cash deposit	2021 Demand note
General fund	$ 224,477	$ 389,622	$ 219,573	$ 389,622
Sewer utility	40,783	78,038	39,892	78,038
Water utility	36,016	59,373	35,230	59,373
	$ 301,276	$ 527,033	$ 294,695	$ 527,033

6. Accounts payable and accrued liabilities

	2022	2021
Trades payable	$ 2,590,588	$ 4,036,055
Accrued wages and benefits	347,024	370,986
Accrued interest	112,775	112,775
	$ 3,050,387	$ 4,519,816

7. Deferred revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax Grant *	$ -	$ 397,168	$ (397,168)	$ -
Tax prepayments	159,082	186,827	(159,082)	186,827
Utility prepayments	104,713	111,434	(104,713)	111,434
Other Grants	1,745,857	1,437,914	(1,419,196)	1,764,575
Other	161,556	595,339	(569,842)	187,053
	$ 2,171,208	$ 2,728,682	$ (2,650,001)	$ 2,249,889

* The Federal Gas Tax grant is recognized into revenue and immediately transferred into the Community Works Fund reserve.

8. Accrued future payroll benefits

	2022	2021
Holiday pay	$ 293,062	$ 341,172
Sick leave/Retirement benefit	502,766	569,525
Banked overtime	69,852	65,318
	$ 865,680	$ 976,015

The City accrues holiday pay, sick leave, and banked overtime as they are earned by the employee, however, it is expected that these substantially funded liabilities will be met on a continuous basis over the long-term. Payment of these amounts will be funded from revenues of the period in which they are settled.

Unionized employees are entitled to earned benefits related to non-vested accumulating sick leave and sick leave gratuity. Non-union staff are entitled to a retirement benefit after 20 years of service. The liability and expense for these post-employment benefits and compensated absences are recognized in the consolidated financial statements in the period in which employees render services and on the basis and the benefits are expected to be provided when the employees are no longer providing active service.

The post-retirement benefit liabilities reported in 2022 are based on the City's policy to fully recognized and accrue the benefit using the following valuation assumptions:

Discount rate	4.50%

8. **Accrued future payroll benefits** (continued)

The continuity of the City's employee post-retirement benefit liabilities as per the acturary is as follows:

	2022	2021
Beginning of the year	$ 421,379	$ 418,504
Current service costs	29,918	7,626
Interest cost	18,962	3,251
Benefits paid	(35,084)	(8,002)
Cost of plan amendment	107,800	-
Actuarial (gain) loss	(50,275)	-
End of Year	$ 492,700	$ 421,379

The City manages the payment of these future payroll obligations as they become due in the current operating budget.

9. **Long-term debt**

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2022 Balance	2021 Balance
General purposes:						
2781	River Front Centre	2.80%	2042	$ 6,288,000	$ 5,372,353	$ 5,566,465
2809	River Front Centre	2.80%	2027	1,095,700	588,261	695,836
2775	Columbia River Skywalk	2.60%	2041	4,916,000	4,089,282	4,239,184
2716	TALC - HVAC	3.85%	2033	2,482,200	1,600,054	1,714,136
2467	RCMP Detachment	1.75%	2027	2,700,000	829,405	972,359
2836	Airport Terminal	0.00%	2038	1,000,000	800,000	850,000
Vactor Truck equipment loan		4.93%	2027	403,500	354,839	-
				18,885,400	13,634,194	14,037,980
Water purposes:						
2668	Tadanac Water Line	2.90%	2028	1,700,000	655,733	750,791
2476	Water (Specified Area)	1.75%	2026	750,000	188,695	230,390
				2,450,000	844,428	981,181
Sewer purposes:						
3109	Sewer improvements	1.80%	2025	2,148,000	429,858	564,880
				2,148,000	429,858	564,880
Total long-term debt					$ 14,908,480	$ 15,584,041

Principal payments and expected actuarial additions for the next 5 years and thereafter are as follows:

	General	Water	Sewer	Total
2023	$ 851,802	$ 142,639	$ 139,072	$ 1,133,513
2024	881,961	148,783	143,244	1,173,988
2025	913,465	155,194	147,542	1,216,201
2026	946,177	161,884	-	1,108,061
2027	965,171	115,652	-	1,080,823
Thereafter	9,075,618	120,276	-	9,195,894
	$ 13,634,194	$ 844,428	$ 429,858	$ 14,908,480

10. **Tangible capital assets**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	$ 11,194,703	$ -	$ 11,194,703	$ 11,194,703
Buildings	44,222,740	20,837,677	23,385,063	21,944,189
IT, vehicles & equipment	17,030,622	14,033,320	2,997,302	3,597,020
Transportation infrastructure	55,258,645	34,188,427	21,070,218	21,868,855
Parks & cemetery	6,210,298	2,215,342	3,994,956	4,082,358
Water infrastructure	39,208,650	14,128,633	25,080,017	25,424,700
Sewer infrastructure	12,331,421	3,770,070	8,561,351	8,497,285
Storm sewer infrastructure	12,067,594	4,249,142	7,818,452	7,952,651
Assets under construction	727,430	-	727,430	1,402,439
	$198,252,103	$ 93,422,611	$104,829,492	$105,964,200

See schedule of tangible capital assets for more information.

11. **Inventory**

Inventories recognized in the statement of consolidated financial position are comprised of:

	2022	2021
General	$ 20,291	$ 36,508
Water system	102,005	92,304
Sewer system	11,482	11,040
	$ 133,778	$ 139,852

12. Accumulated surplus

	2022	2021
Restricted Reserves		
Capital projects	$ 2,796,285	$ 508,375
Climate action	240,926	96,213
Community works fund	1,622,005	1,437,802
Equipment replacement	865,771	593,947
Fieldhouse	36,946	216,320
Insurance	206,848	206,848
Library	-	39,594
Local improvements	383,802	374,442
Old Bridge	300,000	-
Water	200,981	196,223
	6,653,564	3,669,764
Statutory reserves		
Land sales	675,542	659,547
Off street parking	46,605	38,302
Tax sale	26,326	25,703
	748,473	723,552
Total reserves	7,402,037	4,393,316
Operating		
General	6,749,306	6,753,869
Water	2,664,341	2,539,014
Sewer	3,418,061	3,082,951
Library	218,710	173,296
	13,050,418	12,549,130
Capital		
General	317,450	407,566
Water	96,237	93,958
Sewer	305,031	297,809
	718,718	799,333
Invested in tangible capital assets	89,921,012	90,380,160
Total accumulated surplus	$111,092,185	$108,121,939

13. Trust funds

The Cemetery Care Trust Fund, made up of the Mountain View Mausoleum and Cremains & Plots, is not reported in these consolidated financial statements. The following is a summary of Trust Fund transactions for the year:

	2022	2021
Balances, beginning of year	$ 648,577	$ 638,979
Contributions received	4,597	8,303
Interest earned	11,910	1,295
Balances, end of year	$ 665,084	$ 648,577

14. Taxes levied for other paid authorities

In addition to taxes levied for municipal purposes, the City is legally obligated to collect and remit taxes levied for the following authorities. These collections and remittances are not recorded as revenue and expenses.

	2022	2021
Provincial Government - school taxes	$ 3,227,455	$ 3,081,321
Regional District of Kootenay Boundary	4,726,112	4,658,448
West Kootenay-Boundary Regional Hospital District	431,256	450,967
British Columbia Assessment Authority	170,713	166,707
Municipal Finance Authority	477	412
	$ 8,556,013	$ 8,357,855

15. Pension plan

The City of Trail and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 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 actuarial 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 Trail paid $538,596 (2021 - $551,621) for employer contributions to the plan in fiscal 2022.

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 individual employers participating in the plan.

16. Commitments and contingencies

Regional District of Kootenay Boundary (District) debt

District debt is, under the provisions of the Community Charter of B.C., a direct, joint and several liability of the District and each member municipality within the District including the City of Trail.

Claims for damages

In the normal course of a year the City is faced with lawsuits and claims for damages of a diverse nature. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful, will be recorded when a liability is likely and determinable.

Reciprocal insurance exchange agreement

The City is a subscribed member of the Municipal Insurance Association of British Columbia (the "Exchange") as provided by Section 3.02 of the Insurance Act of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange agreement, the City is assessed a premium and specific deductible based on population and claims experience. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several and not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other Subscriber may suffer.

Indemnification

Pursuant to the Community Charter, the Council of the City is authorized to indemnify, defend, reimburse and save FortisBC harmless from and against any loss or liability FortisBC may suffer or incur arising from the existence or escape of any contaminant on or in the parcel described as Lots 1 to 10, Block1, District Lot 230, Kootenay District Plan 465 and Block1, District Lot 230, Kootenay District Plan 465. The indemnity is limited to a maximum of $15 million in 1992 dollars and shall expire not later than 50 years from August 31st, 1992.

Old Bridge

The City of Trail retired the "Old Bridge" from active service on October 22, 2010. Prior to this date, the City had contracted annual structural assessments of the Old Trail Bridge. At that time, it was the contracted Engineering firm's opinion that the "current capacity of the bridge piers to resist unusual loads is insufficient to meet current standards". The contracted Engineering firm recommended the bridge to be closed to all public use. The City promptly closed the Old Bridge indefinitely.

The City has received Engineering demolition cost estimates regarding the Old Bridge. These estimates range from $4.5 million to $8 million in 2016 dollars. The City also has had discussions and continues to discuss demolition costs funding options with the Provincial government. To date, no funding solution has been established. Therefore, as at the financial statement date, it is uncertain as to the City of Trail's funding portion or to a potential demolition date. No liability is recorded in these statements because there is insufficient information to reasonably estimate the expected costs.

17. Government transfers

Grants received during the year were composed of the following government transfers and other:

	2022	2021
Federal government	$ 735,259	$ 2,975,922
Provincial government	1,477,769	974,027
Regional/other	937,007	1,221,877
	$ 3,150,035	$ 5,171,826

18. Segmented information

The City is a diversified municipal government institution that provides a wide range of services to its citizens. City services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General government services

The departments and divisions within general government services are responsible for adopting bylaws; adopting administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; developing and maintaining information technology systems and applications; ensuring effective financial management and communication; administering City grants; developing an effective labour force; administering collective agreements and payroll; emergency planning; economic development; monitoring and reporting performance; preparing land use plans, bylaws and policies for sustainable development of the City; and ensuring that high quality City service standards are met.

Protective services

Protective services are comprised of police services, provided by the Royal Canadian Mounted Police, bylaw enforcement and the Provincial Emergency Program. Police services include, administration, crime investigation & prevention, traffic, prisoner custody and court liaison expenses. The costs for the maintenance and repair of the RCMP station are included in this segment. Bylaw is responsible for parking and other bylaw enforcement, as well as domestic animal control.

Transportation services

Transportation services are responsible for the delivery of municipal works services related to the planning, development and maintenance of the City's physical infrastructure including roads, bridges, sidewalks, drainage systems, street & traffic lights, civic buildings and facilities. The mandate is to provide a safe, efficient, environmentally-sensitive and cost-effective transportation network.

Environmental health

Environmental health services consists of providing solid waste and recycling collection services to citizens. This service is contracted to a third party.

18. **Segmented information** (continued)

Public health and welfare

Public health and welfare consist of the operation, maintenance and development of a public cemetery.

Parks, culture and recreation services

Parks, culture and recreation provide services related to recreation, leisure and culture including administration and program costs as well as grounds & building maintenance. Facilities managed within this area include the parks & playgrounds, arenas, swimming pools and stadiums. The Trail Memorial Centre, the Trail Aquatic & Leisure Centre, Butler Park and Trail Riverfront centre are some of the larger facilities included in this service.

Library

As a controlled entity, the City reports and is responsible for the successful operations of the Trail and District Public Library.

Airport

The City of Trail owns and operates the Trail Regional Airport (YZZ). The airport provides safe travel services in compliance with Federally mandated regulations.

Water utility operations

The water utility provides the City's world-class drinking water. It maintains the Sunningdale water intake, reservoirs, water mains and pump stations.

Sewer utility operations

The sewer utility is responsible for the collection of sanitary sewage and drainage, as well as the network of sewer mains and pump stations. Treatment and disposal of the sanitary sewage is the responsibility of the Regional District of Kootenay Boundary through the operation of the Columbia Pollution Control Centre.

18. **Segmented information** (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health
Revenues				
Taxes	$16,173,471	$ -	$ -	$ -
Sales of service	10,200	9,287	297,299	460,722
Other revenue from own services	789,616	89,744	54,265	-
Investment income	552,013	-	-	-
Government transfers - unconditional	678,331	-	-	-
Government transfers - conditional	939,288	21,281	-	-
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
	19,142,919	120,312	351,564	460,722
Expenditures				
Wages and benefits	1,273,865	469,581	1,598,676	-
Supplies and services	1,453,485	1,670,395	2,461,184	369,657
Interest and other debt charges	-	-	-	-
Amortization of tangible capital assets	206,575	79,939	1,479,255	48,971
Loss on disposal of capital assets	-	-	-	-
	2,933,925	2,219,915	5,539,115	418,628
Annual Surplus (Deficit)	$16,208,994	$(2,099,603)	$(5,187,551)	$ 42,094

Public health & welfare	Parks recreation & cultural	Library	Airport	Water utility	Sewer utility	2022 Total
$ -	$ -	$ -	$ -	$ 519,400	$ -	$ 16,692,871
28,491	495,676	7,344	500,430	-	-	1,809,449
-	541,741	2,893	-	-	-	1,478,259
-	-	1,531	-	123,450	125,909	802,903
-	-	44,670	-	-	-	723,001
464,500	906,258	95,707	-	-	-	2,427,034
-	-	-	-	1,700,590	-	1,700,590
-	-	-	-	-	1,205,637	1,205,637
492,991	1,943,675	152,145	500,430	2,343,440	1,331,546	26,839,744
166,273	2,632,085	509,381	283,602	963,476	480,604	8,377,543
172,249	3,113,907	177,030	375,230	981,140	274,079	11,048,356
-	476,328	-	-	60,325	19,547	556,200
-	922,557	-	385,041	567,081	197,980	3,887,399
-	-	-	-	-	-	-
338,522	7,144,877	686,411	1,043,873	2,572,022	972,210	23,869,498
$ 154,469	$(5,201,202)	$ (534,266)	$ (543,443)	$ (228,582)	$ 359,336	$ 2,970,246

19. Budget data

The reconciliation of the approved budget for the current year to the budget figures reported in these consolidated financial statement is as follows:

		2022
Budget surplus per statement of operations	$	4,993,710
Less: Capital expenditures		(12,113,992)
Long-term debt principal repayments		(755,100)
Budgeted transfers to reserves		(999,550)
Add: Budgeted transfers from surplus and reserves		4,600,582
Amortization		4,274,350
Debt proceeds		-
Net annual budget	$	-

20. Comparative Figures

Prior year comparative figures have been restated to conform with the current year's presentation.

THE CORPORATION OF THE CITY OF TRAIL
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2022

Tangible capital assets	Opening balance	Additions & reallocation of assets under construction	Disposals	Closing balance	Accumulated amortization opening balance	Amortization expense	Reduction on disposals	Accumulated amortization closing balance	Net carrying amount end of year
Land	$ 11,194,703	$ -	$ -	$ 11,194,703	$ -	$ -	$ -	$ -	$ 11,194,703
Buildings	42,271,070	2,347,774	(396,104)	44,222,740	20,326,881	906,900	(396,104)	20,837,677	23,385,063
IT, vehicles & equipment	16,831,033	199,589	-	17,030,622	13,234,013	799,307	-	14,033,320	2,997,302
Transportation infrastructure	54,949,552	309,093	-	55,258,645	33,080,697	1,107,730	-	34,188,427	21,070,218
Parks and cemetery	6,123,498	86,800	-	6,210,298	2,041,140	174,202	-	2,215,342	3,994,956
Water infrastructure	38,986,252	222,398	-	39,208,650	13,561,552	567,081	-	14,128,633	25,080,017
Sewer infrastructure	12,069,375	262,046	-	12,331,421	3,572,090	197,980	-	3,770,070	8,561,351
Storm sewer infrastructure	12,067,594	-	-	12,067,594	4,114,943	134,199	-	4,249,142	7,818,452
Assets under construction	1,402,439	(675,009)	-	727,430	-	-	-	-	727,430
Total	$ 195,895,516	$ 2,752,691	$ (396,104)	$ 198,252,103	$ 89,931,316	$ 3,887,399	$ (396,104)	$ 93,422,611	$ 104,829,492

THE CORPORATION OF THE CITY OF TRAIL
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2022

Province of BC Restart Grant reconciliation

		2022
COVID-19 Restart Grant opening balance	$	685,513
Less grant recognition:		
Revenue shortfalls		(24,247)
Facility reopening & operating costs		(8,883)
Remaining grant	$	652,383


TRAIL