City of Trail
BRITISH COLUMBIA

Annual Report

for the year ended
December 31, 2023

Explore your
TRAIL

Pursuant to Section 98 of the *Community Charter*, the City of Trail 2023 Annual Report has been prepared by the Departments of Finance and Administration.

TABLE OF CONTENTS

INTRODUCTION

FINANCIAL STATEMENTS

Message from the Mayor
Colleen Jones

On behalf of the City and Council, I am pleased to present the Annual Report for 2023, a year marked by remarkable achievements and ongoing commitment to our community. As we reflect on the past year, we celebrate our collective efforts and look ahead to a bright future.

In 2023, we intensified our focus on long-term planning. Proven by energy-efficiency initiatives, we are dedicated to preserving our natural environment for generations to come.

Our parks and recreation programs continued to thrive, catering to residents of all ages. Whether it's youth sports leagues, senior fitness classes, or community events, our commitment to promoting an active and healthy lifestyle remains strong.

We've been strengthening relationships with neighbouring communities and finding new ways to support each other.

We secured vital grants for both events and infrastructure projects. These funds will go on to enhance our city's amenities, improve public spaces, and contribute to our overall quality of life.

To address the needs of our most vulnerable residents, we worked diligently to secure a space for a temporary low-barrier shelter. Compassion and collaboration guided our efforts in this critical area.

While 2023 brought successes, we also faced challenges. The BC Housing project encountered unexpected complexities, resulting in delays. Nevertheless, we remain committed to prioritizing this initiative in the year ahead.

Due to pandemic restrictions, we regrettably canceled our annual Silver City Days celebration in 2022. However, in 2023 the festival returned and we celebrated our vibrant community spirit.

As a new Council, we continue to learn and grow. Our commitment to strong, collaborative governance drives our decisions. I personally apologize for any governance challenges from the previous term, and I assure you that the dynamics around the table today are markedly different.

Looking forward, we embrace the opportunities that lie ahead. With positivity, transparency, and community engagement, we will shape Trail's future together.

Thank you for your support, patience, and compassion for one another. Let us build upon our successes and create a Trail that thrives in every way.

Colleen Jones

Colleen Jones, City of Trail Mayor

Community Highlight

The City of Trail's Silver City Days Committee brought the popular festival back in 2023, after a two-year hiatus due to pandemic restrictions.

Silver City Days offered all the favourites including the Shooting Star midway, the Riverfront Food Fair, the Trail Firefighters' parade, the Colombo Lodge Spaghettata and bocce tournament, the Trail Ambassador Pageant, the Saturday Sidewalk Café, a beer garden, fireworks, and so much more!

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

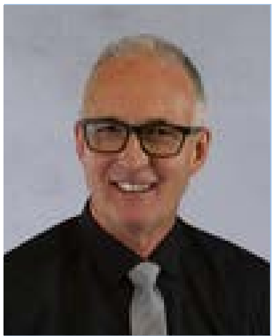
Major Industrial Property Taxation Committee

Chamber of Commerce, Alternate

LCCDT Society

Downtown Trail Improvement Committee

Protective Services



Councillor
Nick Cashol

Communities in Bloom

Silver City Days, Co-Chair

Trail & District Public Library Board

Greater Trail Home of Champions Society

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

Trail 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 7,920 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

The free skating events are sponsored by the Murphy Family Foundation (MFF) as part of their generous and ongoing funding contributions toward free community programming.

Free public skates and free rental skates, five days a week, continued from April to June, and again from November through the winter.

Trail Parks & Recreation continues to work with MFF on enhanced free programming options to the community.

Sensory-friendly public skating features a quiet and safe environment with low lighting, no music and sensory kits including ear protection and a colourful information booklet. A partnership with Movin' Mountains Therapy Services supports these events, as they provide therapy for children and adults through empowerment, play and function.

Message from the CAO
Colin McClure

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

It is with great pleasure that I reflect on the accomplishments and progress we have achieved together in 2023. This year has been marked by significant milestones and developments that underscore our commitment to enhancing the quality of life in Trail and meeting the evolving needs of our community.

One of the highlights of the past year includes the successful completion of the Butler Park baseball field lighting installation project. This initiative not only enhances recreational opportunities for our residents, but also supports local sports enthusiasts and community events throughout the year. I commend our team for their dedication and expertise in seeing this project to fruition as it was fraught with challenges and delays.

Another major project completed was the upgrade to the aging Kids Rink. This facility promises to be a cornerstone of our recreational infrastructure, providing a safe and enjoyable space for children and families to engage in physical activities.

Assisting with the needs of our vulnerable populations remains a priority for the City of Trail. In response to community feedback and in collaboration with stakeholders, the city was able to find a new suitable location for the temporary homeless shelter. This move reflects our commitment to assisting in providing compassionate and effective support services while respecting the dignity and well-being of all residents.

Looking ahead, we recognize the importance of fiscal responsibility and sustainability in all our endeavors. Despite economic challenges, our city remains resilient and forward-thinking, thanks to the collaborative efforts of Council, staff, and community partners. Together, we are exploring innovative solutions to maximize the value of every tax dollar invested in our city's services and infrastructure.

As we conclude another year of progress and achievement, I extend my heartfelt thanks to each of you for your support, dedication, and partnership. Together, we will continue to build upon our successes and shape a vibrant future for the City of Trail that we can all be proud of.

Thank you once again for your commitment to our community and for the privilege of serving as your CAO. I look forward to the opportunities and challenges that await us in the coming year.

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

Community Highlight

The Kids Rink capital project at the Trail Memorial Centre is complete. City crews installed ice in early November 2023, and completed the improvements made possible by the generous contribution of almost a million Canadian dollars from the Murphy Family Foundation.

The Kids Rink received a new concrete floor to help maintain ice during the summer months, new arena boards, and improvements to the viewing area adjacent to the ice surface.

City of Trail Mayor and Council with Rich Murphy

Community Highlight

The City of Trail has received approval for a significant grant in the amount of $2.5 million for an HVAC integration project at the Trail Memorial Centre. The grant has been generously provided by the CleanBC Communities Fund, as part of the federal government's Investing in Canada Infrastructure Program.

The project will replace and upgrade the heating, ventilation, and air conditioning systems within the Trail Memorial Centre by integrating the HVAC with the building’s boiler and refrigeration systems, resulting in major reductions of the complex’s electrical and natural gas consumption, as well as greenhouse gas emissions.

The grant funding will be used in combination with the city’s contribution of $941,000 to implement several key components of the HVAC integration project outlined in a recent energy report, funded in part by FortisBC in the amount of $19,800. If all measures described in the study are implemented, the natural gas savings are estimated to be 6,064 Gj, electrical savings to be 284,605 kWh, and cost savings to be $19,504 per year. The natural gas savings will result in an annual greenhouse gas emissions reduction of 301 tonnes of carbon dioxide, which is equivalent to removing 65 gasoline vehicles from the road. FortisBC has offered the city $47,340 as an incentive to proceed with implementation, and CleanBC will provide funding up to $134,299.

This investment will make the Trail Memorial Centre one of the most energy-efficient arenas in North America, and demonstrate the critical role that partnerships between all three levels of government and utility companies play in reducing our environmental impacts.

Community Highlight

It took some time and a lot of community resilience to recover from the pandemic, but the Trail Aquatic and Leisure Centre returned to regular hours, and the Trail Parks & Recreation programming returned to pre-pandemic levels in 2023.

In a move towards continued regional collaboration, the cities of Trail and Rossland reached a Trail Resident Program (TRP) recreation services agreement for one year that would come into effect Jan. 1, 2024. This agreement marks a significant step forward in promoting community well-being, sharing resources and enhancing recreational opportunities.

Trail is a healthy community.

Explore your TRAIL

Community Highlight

Upgraded netting and lights at Butler Park were supported by a grant from Columbia Basin Trust.

Light poles were replaced and upgraded with high efficiency systems.

The poles also support new netting.

Jason Bay Field signage is planned to be complete in early 2024.

Departmental Services

The **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.

The **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.

The **Finance Department** provides support to the municipality by maintaining and communicating financial information to the public, Council and staff including: accurate billing, tax collection, and processing city revenues. Dog licences, bus tickets and other applications, licences and permits. They also prepare financial plans, annual operating and capital budgets, and reports as required by legislation. Safeguarding and administering the assets of the City through proper internal controls, risk management, accounting systems and policies and procedures. The team, led by the CFO, handles accounts receivable, accounts payable, payroll and property tax account 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.

The **Information Systems Department** 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

The **Parks and Recreation Department** provides community-based recreation programs and services and 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 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.

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 help with information pertaining to subdividing a property by altering the legal property boundaries. 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.

The **Public Works Department** 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, streetlights, traffic lights and signals, parking lots and on-street parking as well as workshops, yards and other buildings. The mandate is to provide a safe transportation network that is both environmentally and economically efficient. The team consists of the Director of Public Works, the Utilities Superintendent, the Roads & Grounds Superintendent, the Purchasing and Mechanical and Superintendent, and crew members.

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.

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.

Community Highlight

The Groutage Avenue Esplanade Development project received funding from Columbia Basin Trust.

The goal of the project is to integrate the "Missing Link" area of Groutage Avenue between the Trail Riverfront Centre's Jubilee Park and the Columbia River Skywalk's Rotary Park with the existing pedestrian and cycling-friendly infrastructure along the Esplanade and pedestrian bridge. The key elements of the project include road and parking improvements, sewer and water upgrades, softscape plantings, furniture, points of interest, and signage additions.

With an estimated total cost of $1.75 million, the City is contributing $1.25 million and the Trust is providing $500,000.

Groutage Avenue underground utility infrastructures were repaired in 2023 and the full project is scheduled to reach substantial completion in summer 2024.

Community Highlight

The City of Trail and BC Housing are working together to build a 25-bed shelter at 2039 Riverside Avenue. This is a response to the urgent need to support people experiencing homelessness in Trail.

This new shelter will replace the current shelter at 1456 Bay Avenue, which is not suitable for longer-term use. The Bay Avenue location will stay open only until the new shelter is ready.

Construction is planned to being in early 2024, site work should last until late August 2024 and the shelter to open in early Fall 2024.

In 2023, BC Housing and the City of Trail entered into a lease agreement for this site. The City of Trail approved a Temporary Use Permit for a 1-year term with the potential to extend for another 3 years.

Community Highlight

Trail Health & Environment Committee & Program

The results from the 2023 children's blood lead testing clinic show that the average blood lead level for children aged six months to 36 months in Trail and Rivervale is 2.1 micrograms per decilitre. The downward trend continues with the average remaining below 3 since 2018. The Trail Health and Environment Program reported that participation has increased over the last two years after a drop during the pandemic. Participation in blood lead clinics continues to be important for understanding progress, and continuing to learn, as a community with an operational lead smelter.

Municipal Objectives

Council and Administration

Economic Development

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

Official Community Plan

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

Downtown Plan

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

Tourism

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

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.

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 to voice the need for urgent intervention to help Trail's most vulnerable residents.

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.

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.

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.

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 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.

Revenues
- Create new ways to increase revenues by reviewing rates, grant opportunities, expansion of services and increased partnerships.
- Receive CleanBC Communities funding in support of Heat Recovery Project at TMC, completing upgrades through 2024/2025.

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.

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 improved access to services for those who have barriers to participation.

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.
- Improve the Bear Creek Well / Pump Station with a project starting 2024.
- Complete the Sunningdale Intake phased pump refurbishment project, which began in 2023. Expected completion date is 2025.

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.

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.
- Continue to replace playground equipment with structures and accessories that provide additional benefit to those with sensory or mobility limitations.

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.

Municipal Objectives

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 service 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.

Queen Elizabeth Park received a brand new playground in 2023.

Daniel St. underground utility infrastructure upgrades and retaining wall replacement is scheduled for completion in 2024.

Trail Regional Airport

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 the required training plans.

Community Highlight

Road construction at the Trail Regional Airport was integrated into the early winter operations in 2023. The project extended the airport runway to enhance efficiency of snow clearing, and thereby reliability of the airport.

Community Highlight

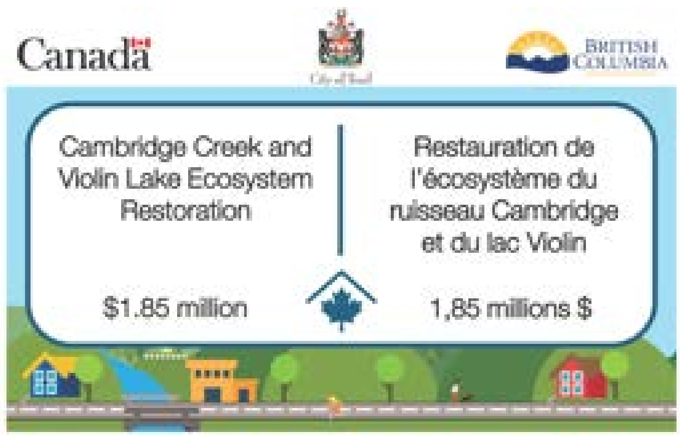
The city upgraded equipment at the Public Works yard and purchased a new 5 Ton Plow, custom made to better perform in the narrow streets and access points of West Trail. The Public Works site was also improved with better bin storage and the purchase of a new infrared heater.

Community Highlight

The Trenchless Sewer Rehabilitation Project successfully replaced 1.4km of Cured in Place Pipe. The project budget was $759,000 and the contract was awarded to Insituform Technologies.

Community Highlight

The City of Trail decommissioned the Violin Lake Dam system in 2021. The four dams were successfully removed from the Cambridge Creek and Violin Lake watersheds to eliminate risks to public safety, reduce liability, and reduce high repair and maintenance costs for the City of Trail. 2023 was the third and final year of the project, when performance monitoring and reporting was used to judge whether the ecological restoration efforts and mitigation measures for dam removals are achieving their intended goals and objectives in providing ecological benefits and eliminating or minimizing negative environmental impacts. There is one additional 5 year monitoring component which will not fall under the Grants received by the City.



BEFORE

AFTER

Chief Financial Officer's Report

On behalf of the Finance Department, I am pleased to present the 2023 Annual Report for the City of Trail. This comprehensive report includes audited consolidated financial statements, the Auditor's report, and an overview of the financial and operational services of the City as mandated by Sections 98 and 167 of the *Community Charter*.

The City maintains robust internal controls to ensure the reliability of financial statements and safeguard City assets. These controls encompass budget preparation, secure management of City funds, receipt of municipal revenues, prudent investment practices, expenditure authorization by Council, and meticulous accounting of all financial transactions.

The preparation and presentation of the financial statements and related information are the responsibility of the Finance Department. Throughout the year-end audit, our staff collaborates closely with external auditors from Grant Thornton Chartered Professional Accountants, providing comprehensive support and facilitating access to all pertinent financial data.

The consolidated financial statements for the year ended December 31, 2023, adhering to Canadian public sector accounting standards, have been prepared by City staff. We are pleased to report that Grant Thornton Chartered Professional Accountants has issued an unqualified audit opinion, confirming the accuracy and reliability of these financial statements, which can be found in detail in the following pages.

2023 OPERATING RESULTS

The City ended up with a significant unexpected operating surplus for a number of different reasons in 2023. The RCMP being understaffed resulted in a significant savings, but also put pressure on Protective Services operations during the year. The prime interest rate stayed at a higher level than had been budgeted, so the additional interest income earned contributed to the surplus. Usage of the airport, memorial and aquatic centres continue to improve. They are now closer to pre-pandemic levels, resulting in higher sales of service and other revenues compared to what was budgeted.

An important note for the community to know is that in 2023 the City received $542,000 in Provincial unconditional grants (revenue sharing and traffic fine sharing). Without these annual Provincial grants, the City would have needed to increase taxes by approximately 3.6%.

Many of the operating expenses were in line with budget. However, with a significantly lower snow year this resulted in many of the Public Works staff, who would normally be snow clearing and cleaning up winter sand at the end of the year, working in the parks and recreation facilities. This is the main reason why the Parks, Recreation and Culture actuals are substantially over budget and the Transportation services actuals being significantly underbudget. As in the previous year there were a number of watermain breaks and those repair expenses were the main driver for water utility operations being overbudget.

One notable change in the financial statements for 2023 was the need for all Municipalities to calculate and present their Asset retirement obligations. This new accounting standard required the City to review all its buildings and infrastructure for hazardous materials and estimate what the required additional cost would be to remove the materials at the time of demolition, renovations or significant repairs. The computed cost was added to the cost of the asset and the Asset retirement obligation liability was set up as the offset. For 2023, the initial asset increase and offsetting liability was $1,908,123.

(*continued on next page)*

CAPITAL SPENDING AND RESERVES

2023 was a year of completing major capital projects that have spanned multiple years as well as working on the planning and preparation for capital projects that will be undertaken in 2024 and will need a number of years to complete.

The substantial completion of the Butler Park lights and netting project by year end ensured that games could be played under the lights in the spring of 2024, all the while improving the safety of the spectators and homes in the vicinity.

A major highlight for the City this year was the complete renewal of the kid's rink at the Trail Memorial Centre. This project was made possible by the generous $1 million grant from the Murphy Family Foundation.

On the Utility side, over 1.4 km of sanitary sewer was renewed through the trenchless cure in place process, with an additional 8 km being inspected by camera to assist in understanding what future work needs to be prioritized. In addition, the major underground, water, sewer and storm infrastructure improvements were completed as part of the "Groutage Missing Link" project in 2023, with the above ground upgrades to be completed in 2024. The City received a $500k grant from CBT to assist with the cost of these landscaping and active transportation improvements.

The provincial government provided all municipalities with a "Growth fund" grant in 2023, with the City of Trail receiving just under $3 million. These funds came through after the budget was set. The Province requires that unspent funds need to be set up in a reserve, so a new Growth fund reserve was set up at the end of the year.

As discussed under the section above, the City ended up with an unexpected large surplus. This allowed Council to put a lump sum into the Water fund, which will help take the pressure off future water utility rate increases. As well, funding was put into the capital reserve and equipment reserve. The funds put into the equipment reserve came from Council direction to pay off an equipment loan that had a high interest rate.

LONG-TERM DEBT

The long-term debt issued and outstanding as of December 31, 2023 was $13.8 million. In 2022, this balance was $14.9 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 2023 for each of the City's funds is:
General $12,783,694 Water $701,790 Sewer $290,786

A major future focus for the City is building a strong asset management plan. It is already apparent that there is an infrastructure deficit in the Water fund. We need to understand what the utility rate increases will be needed to fund this work, while considering the cost pressure on users. The City's goal is to sustain the current service levels, invest in infrastructure improvements while taking into consideration the affordability of our community when it comes to increasing utility rates and taxes.

Col Mc'd 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, 2023

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

Grant Thornton

Grant Thornton LLP
1440 Bay Avenue
Trail, B.C.
V1R 4B1

T +1 250 368 6445

Independent auditor's report

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

Opinion

We have audited the financial statements of The Corporation of the City of Trail ("the City"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flow 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 Corporation of the City of Trail as at December 31, 2023, and its results of operations, its changes in its 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 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 1 is presented for the purposes of additional information and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 a 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 professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Grant Thornton LLP

Trail, Canada
May 13, 2024

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022
Financial Assets		
Cash & cash equivalents (Note 3)	$ 30,424,486	$ 22,921,437
Accounts receivable (Note 4)	2,550,098	3,605,763
Long-term accounts receivable (Note 5)	3,835	4,201
MFA deposits (Note 6)	310,641	301,276
	33,289,060	26,832,677
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	3,227,976	3,050,387
Deferred revenue (Note 8)	2,758,495	2,249,889
Accrued future payroll benefits (Note 9)	918,563	865,680
Long-term debt (Note 10)	13,776,270	14,908,480
Asset retirement obligations (Note 11)	1,908,123	-
	22,589,427	21,074,436
Net Financial Assets	10,699,633	5,758,241
Non-Financial Assets		
Tangible capital assets (Note 12)	107,280,577	104,829,492
Inventory (Note 13)	146,611	133,778
Prepaid expenses	236,800	282,157
Property acquired for taxes	85,586	88,517
	107,749,574	105,333,944
Accumulated Surplus (Note 14)	$118,449,207	$111,092,185

Commitments and Contingencies (Note 18)

Colin McClure, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2023

	2023 Budget (Note 21)	2023	2022
Revenue			
Taxes	$ 17,503,181	$ 17,526,072	$ 16,692,871
Sale of services	1,840,350	1,906,063	1,809,449
Other revenue from own sources	2,053,368	2,420,124	1,478,259
Investment income	535,600	1,619,110	802,903
Government transfers - unconditional (Note 19)	560,000	588,782	723,001
Government transfers - conditional (Note 19)	6,122,330	4,993,857	2,427,034
Water user fees	1,865,658	1,871,561	1,700,590
Sewer user fees	1,181,721	1,251,817	1,205,637
Gain on disposal of tangible capital assets	-	45,500	-
	31,662,208	32,222,886	26,839,744
Expenses			
General government services	3,107,420	2,811,553	2,727,350
Protective services	2,647,961	2,284,436	2,139,976
Transportation services	4,210,950	3,190,461	4,059,860
Environmental health services	405,791	305,039	369,657
Public health and welfare services	320,450	334,347	338,522
Parks, recreation and cultural services	4,845,488	6,615,220	5,745,992
Interest and other debt charges	565,073	573,424	556,200
Water utility operations	1,875,300	1,933,129	1,944,616
Sewer utility operations	912,458	764,364	754,683
Library operations	550,368	837,184	686,411
Airport operations	699,800	677,000	658,832
Accretion	-	86,178	-
Amortization	3,985,672	4,453,529	3,887,399
	24,126,731	24,865,864	23,869,498
Annual surplus	7,535,477	7,357,022	2,970,246
Accumulated surplus, beginning of the year	111,092,185	111,092,185	108,121,939
Accumulated surplus, end of the year	$118,627,662	$118,449,207	$111,092,185

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, 2023

	2023 Budget	2023	2022
Annual surplus	$ 7,535,477	$ 7,357,022	$ 2,970,246
Acquisition of tangible capital assets	(12,016,899)	(5,082,669)	(2,752,691)
Amortization of tangible capital assets	3,985,672	4,453,529	3,887,399
Increase in tangible capital assets due to asset retirement obligations	-	(1,821,945)	-
Gain on disposal of tangible capital assets	-	45,500	-
Proceeds on sale of tangible capital assets	-	(45,500)	-
	(495,750)	4,905,937	4,104,954
Property acquired for taxes	-	2,931	(477)
Consumption of supply inventory & prepaid expenses	-	32,524	(100,475)
	-	35,455	(100,952)
Increase (decrease) in net financial assets	(495,750)	4,941,392	4,004,002
Net financial assets, beginning of year	5,758,241	5,758,241	1,754,239
Net financial assets, end of the year	$ 5,262,491	$ 10,699,633	$ 5,758,241

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, 2023

	2023	2022
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	$ 7,357,022	$ 2,970,246
Items not involving cash:		
Amortization of tangible capital assets	4,453,529	3,887,399
Accretion	86,178	-
Actuarial adjustments	(321,823)	(285,878)
Gain on disposal of tangible capital assets	(45,500)	-
	11,529,406	6,571,767
Increase (decrease) in non-cash operating items:		
Accounts receivable	1,055,665	(1,301,254)
Long-term accounts receivable	366	345
MFA deposits	(9,365)	(6,581)
Accounts payable and accrued liabilities	177,589	(1,469,429)
Deferred revenue	508,606	78,681
Accrued future payroll benefits	52,883	(110,335)
Inventory	(12,833)	6,074
Prepaid expenses	45,357	(106,549)
Property acquired for taxes	2,931	(477)
	13,350,605	3,662,242
Financing Activities		
Proceeds from debt issues	-	403,500
Long-term debt repayment	(810,387)	(793,183)
	(810,387)	(389,683)
Capital Activities		
Proceeds from disposal of tangible capital assets	45,500	-
Acquisition of tangible capital assets	(5,082,669)	(2,752,691)
	(5,037,169)	(2,752,691)
Net increase (decrease) in Cash & cash equivalents	7,503,049	519,868
Cash & cash equivalents, beginning of year	22,921,437	22,401,569
Cash & cash equivalents, end of year	$ 30,424,486	$ 22,921,437

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, Sewer 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 into 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 2023-2027, adopted by Council on May 10, 2023.

(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, 2023.

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

(p) Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the City will be required to settle. The City recognizes asset retirement obligations when there is a legal obligation to incur retirements 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.

Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.

Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying value of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.

2. **Change in Accounting Policy**

Effective January 1, 2023, the City adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The adoption of this new accounting policy did not result in any change in the financial statements as the City does not have any financial instruments that require fair value measurement.

On January 1, 2023, the City adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with the standard. As a result of the adoption, for those tangible capital assets in productive use, there was an initial related increase at January 1, 2023 in the carrying amount of the related tangible capital asset and asset retirement obligation liability of $1,821,945 (Note 11).

3. **Cash and cash equivalents**

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

	2023	2022
Cash	$ 21,402,470	$ 19,159,414
MFA bond & money market funds	9,022,016	3,762,023
	$ 30,424,486	$ 22,921,437

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

4. **Accounts receivable**

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

	2023	2022
Property taxes	$ 448,677	$ 349,631
Utility billings	327,001	221,388
Other governments	749,842	125,527
Trade & other receivables	1,024,578	2,909,217
	$ 2,550,098	$ 3,605,763

5. **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.

6. **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, 2023, the total of the Debt Reserve Fund was comprised of:

	2023 Cash deposit	2023 Demand note	2022 Cash deposit	2022 Demand note
General fund	$ 231,454	$ 389,622	$ 224,477	$ 389,622
Sewer utility	42,051	78,038	40,783	78,038
Water utility	37,136	59,373	36,016	59,373
	$ 310,641	$ 527,033	$ 301,276	$ 527,033

7. **Accounts payable and accrued liabilities**

	2023	2022
Trades payable	$ 2,841,301	$ 2,590,588
Accrued wages and benefits	266,853	347,024
Accrued interest	119,822	112,775
	$ 3,227,976	$ 3,050,387

8. **Deferred Revenue**

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax Grant *	$ -	$ 414,705	$ (414,705)	$ -
Tax prepayments	186,827	239,319	(186,827)	239,319
Utility prepayments	111,434	128,009	(111,434)	128,009
Other Grants	1,764,575	5,064,380	(4,579,152)	2,249,803
Other	187,053	1,447,454	(1,493,143)	141,364
	$ 2,249,889	$ 7,293,867	$ (6,785,261)	$ 2,758,495

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

9. **Accrued future payroll benefits**

	2023	2022
Holiday pay	$ 350,405	$ 293,062
Sick leave/Retirement benefit	511,381	502,766
Banked overtime	56,777	69,852
	$ 918,563	$ 865,680

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 2023 are based on the City's policy to fully recognized and accrue the benefit using the following valuation assumptions

Discount rate	4.50%

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

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

	2023	2022
Beginning of the year	$ 492,700	$ 421,379
Current service costs	35,200	29,918
Interest cost	22,600	18,962
Benefits paid	(78,293)	(35,084)
Cost of plan amendment	-	107,800
Actuarial (gain) loss	28,393	(50,275)
End of Year	$ 500,600	$ 492,700

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

10. **Long-term debt**

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2023 Balance	2022 Balance
General purposes:						
2781	River Front Centre	2.80%	2042	$ 6,288,000	$ 5,172,417	$ 5,372,353
2809	River Front Centre	2.80%	2027	1,095,700	477,459	588,261
2775	Columbia River Skywalk	2.60%	2041	4,916,000	3,934,133	4,089,282
2716	TALC - HVAC	3.85%	2033	2,482,200	1,481,411	1,600,054
2467	RCMP Detachment	6.06%	2027	2,700,000	679,304	829,405
2836	Airport Terminal	0.00%	2038	1,000,000	750,000	800,000
	Vactor Truck equipment loan	4.93%	2027	403,500	288,970	354,839
				18,885,400	12,783,694	13,634,194
Water purposes:						
2668	Tadanac Water Line	5.15%	2028	1,700,000	556,874	655,733
1097	Water (Specified Area)	5.93%	2026	750,000	144,916	188,695
				2,450,000	701,790	844,428
Sewer purposes:						
2567	Sewer improvements	4.17%	2025	2,148,000	290,786	429,858
				2,148,000	290,786	429,858
	Total long-term debt				$ 13,776,270	$ 14,908,480

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

	General	Water	Sewer	Total
2024	$ 882,666	$ 148,783	$ 143,244	$ 1,174,693
2025	914,166	155,194	147,542	1,216,902
2026	946,830	161,884	-	1,108,714
2027	972,704	115,652	-	1,088,356
2028	610,954	120,277	-	731,231
Thereafter	8,456,374	-	-	8,456,374
	$ 12,783,694	$ 701,790	$ 290,786	$ 13,776,270

11. **Asset retirement obligations**

The City owns and operates several assets that are known to have asbestos and lead paint, which represent a health hazard upon demolition renovation of the assets. There is a legal obligation to remove and dispose of the hazardous materials. Following the adoption of Public Accounting Standards PS 3280 *Asset Retirement Obligations*, the City recognized an obligation relating to the removal of the hazardous materials in these assets as estimated at January 1, 2023. The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Water Infrastructure capital assets. The Increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets

The City adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated costs totaling $4,336,662 have been discounted using a present value calculation with a discount rate of 4.73%. The timing of these expenditures is estimated to occur between 2024 & 2065 with the regular replacement, renovation or disposal of assets. No recoveries are expected at this time.

	2023	2022
Opening asset retirement obligation	$ -	$ -
Initial recognition of expected discounted cash flows	1,821,945	-
Increase due to accretion	86,178	-
Closing asset retirement obligation	$ 1,908,123	$ -

12. **Tangible capital assets**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 11,194,703	$ -	$ 11,194,703	$ 11,194,703
Buildings	47,597,232	21,730,020	25,867,212	23,385,063
IT, equipment & furniture	17,589,030	14,433,343	3,155,687	2,997,302
Transportation infrastructure	55,258,645	35,293,183	19,965,462	21,070,218
Parks & cemetery	6,210,298	2,384,265	3,826,033	3,994,956
Water infrastructure	39,208,650	14,694,331	24,514,319	25,080,017
Sewer infrastructure	12,972,647	3,974,463	8,998,184	8,561,351
Storm sewer infrastructure	12,067,594	4,383,341	7,684,253	7,818,452
Assets under construction	983,149	-	983,149	727,430
Assets retirement obligations	1,821,945	730,370	1,091,575	-
	$204,903,893	$ 97,623,316	$107,280,577	$104,829,492

See schedule of tangible capital assets for more information.

13. **Inventory**

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

	2023	2022
General	$ 46,133	$ 20,291
Water system	92,100	102,005
Sewer system	8,378	11,482
	$ 146,611	$ 133,778

14. Accumulated surplus

	2023	2022
Restricted Reserves		
Capital projects	$ 5,018,160	$ 2,796,285
Climate action	342,388	240,926
Community works fund	1,130,776	1,622,005
Equipment replacement	1,104,694	865,771
Fieldhouse	-	36,946
Growing communities fund	3,084,680	-
Insurance	216,632	206,848
Local improvements	-	383,802
Old Bridge	409,189	300,000
Sewer Capital	3,659,638	-
Water Capital	4,170,014	200,981
	19,136,171	6,653,564
Statutory reserves		
Land sales	696,235	675,542
Off street parking	55,453	46,605
Tax sale	27,132	26,326
	778,820	748,473
Total reserves	19,914,991	7,402,037
Operating		
General	6,749,306	6,749,306
Water	-	2,664,341
Sewer	-	3,418,061
Library	188,726	218,710
	6,938,032	13,050,418
Capital		
General	-	317,450
Water	-	96,237
Sewer	-	305,031
	-	718,718
Invested in tangible capital assets	91,596,184	89,921,012
Total accumulated surplus	$118,449,207	$111,092,185

15. 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:

	2023	2022
Balances, beginning of year	$ 665,084	$ 648,577
Contributions received	8,148	4,597
Interest earned	24,352	11,910
Balances, end of year	$ 697,584	$ 665,084

16. 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.

	2023	2022
Provincial Government - school taxes	$ 3,492,605	$ 3,227,455
Regional District of Kootenay Boundary	4,922,032	4,726,112
West Kootenay Boundary Hospital District	421,159	431,256
British Columbia Assessment Authority	176,700	170,713
Municipal Finance Authority	527	477
	$ 9,013,023	$ 8,556,013

17. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 $524,022 (2022 - $538,596) for employer contributions to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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.

18. Commitments and contingencies

Regional District of Kootenay Boundary (District) debt

Regional 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.

19. Government transfers

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

	2023	2022
Federal government	$ 431,033	$ 735,259
Provincial government	4,068,250	1,477,769
Regional/other	1,083,356	937,007
	$ 5,582,639	$ 3,150,035

20. 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 enforcement 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 services

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

20. **Segmented information** (continued)

Public health and welfare services

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 operations

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

Airport operations

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.

20. **Segmented information** (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Environmental health
Revenues				
Taxes	$17,006,972	$ -	$ -	$ -
Sales of service	-	9,836	338,256	374,193
Other revenue from own sources	581,777	164,123	61,397	35,268
Investment income	1,192,524	-	-	-
Government transfers - unconditional	542,262	-	-	-
Government transfers - conditional	3,736,805	16,328	-	-
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Gain on disposal of assets	-	-	45,500	-
	23,060,340	190,287	445,153	409,461
Expenses				
Wages and benefits	1,482,095	490,547	1,460,093	-
Supplies and services	1,329,458	1,793,889	1,730,368	305,039
Interest and other debt charges	-	-	-	-
Amortization of tangible capital assets	148,992	64,098	2,193,077	51,627
Accretion	12,234	-	46,809	-
	2,972,779	2,348,534	5,430,347	356,666
Annual Surplus (Deficit)	$20,087,561	$(2,158,247)	$(4,985,194)	$ 52,795

Public health & welfare	Parks recreation & cultural	Library	Airport	Water utility	Sewer utility	2023 Total
$ -	$ -	$ -	$ -	$ 519,100	$ -	$ 17,526,072
34,126	573,349	5,498	570,805	-	-	1,906,063
-	1,573,537	4,022	-	-	-	2,420,124
-	-	3,232	-	204,759	218,595	1,619,110
-	-	46,520	-	-	-	588,782
349,970	693,949	196,805	-	-	-	4,993,857
-	-	-	-	1,871,561	-	1,871,561
-	-	-	-	-	1,251,817	1,251,817
-	-	-	-	-	-	45,500
384,096	2,840,835	256,077	570,805	2,595,420	1,470,412	32,222,886
168,277	2,936,207	526,342	303,090	854,215	385,738	8,606,604
166,070	3,679,013	310,842	373,910	1,078,914	378,626	11,146,129
-	490,879	-	-	62,998	19,547	573,424
-	940,386	-	279,761	571,195	204,393	4,453,529
1,317	18,365	-	-	7,453	-	86,178
335,664	8,064,850	837,184	956,761	2,574,775	988,304	24,865,864
$ 48,432	$(5,224,015)	$ (581,107)	$ (385,956)	$ 20,645	$ 482,108	$ 7,357,022

22. **Financial Instruments and risk management** (continued)

Liquidity risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they come due. The City is exposed to this arising from its accounts payable and accrued liabilities, accrued future payroll benefits and long-term debt. The City mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Currency risk

Currency risk is the risk that arises from the fluctuation in pricing of foreign currencies. During the year, the City was not exposed to significant currency risk. The City does not maintain cash or accounts payable in foreign currencies. Accounts payable in foreign currencies are settled as soon as practical to reduce currency risk. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.here have been no significant changes from the previous year in the exposure to currency risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The City is exposed to this risk through its interest-bearing investments and debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE CITY OF TRAIL
SCHEDULE A - STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023

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	44,222,740	3,374,492	-	47,597,232	20,837,677	892,343	-	21,730,020	25,867,212
IT, vehicles & equipment	17,030,622	811,232	(252,824)	17,589,030	14,033,320	652,847	(252,824)	14,433,343	3,155,687
Transportation infrastructure	55,258,645	-	-	55,258,645	34,188,427	1,104,756	-	35,293,183	19,965,462
Parks and cemetery	6,210,298	-	-	6,210,298	2,215,342	168,923	-	2,384,265	3,826,033
Water infrastructure	39,208,650	-	-	39,208,650	14,128,633	565,698	-	14,694,331	24,514,319
Sewer infrastructure	12,331,421	641,226	-	12,972,647	3,770,070	204,393	-	3,974,463	8,998,184
Storm sewer infrastructure	12,067,594	-	-	12,067,594	4,249,142	134,199	-	4,383,341	7,684,253
Assets under construction	727,430	839,400	(583,681)	983,149	-	-	-	-	983,149
Additions due to ARO (Note 12)	-	1,821,945	-	1,821,945	-	730,370	-	730,370	1,091,575
2023 Totals	$ 198,252,103	$ 7,488,295	$ (836,505)	$ 204,903,893	$ 93,422,611	$ 4,453,529	$ (252,824)	$ 97,623,316	$ 107,280,577
2022 Totals	$ 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

SCHEDULE B - PROVINCE OF BC GROWING COMMUNITIES GRANT

December 31, 2023

Province of BC Growing Communities Grant reconciliation

		2023
Growing Communities Grant, opening balance	$	-
Contributions received		2,979,000
Interest allocation		105,680
Less: eligible use of funds		-
Remaining grant	$	3,084,680

THE CORPORATION OF THE CITY OF TRAIL
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2023

Province of BC Restart Grant reconciliation

		2023
COVID-19 Restart Grant opening balance	$	652,383
Less grant recognition:		
Revenue shortfalls		86,812
Remaining grant	$	565,571

City of Trail
BRITISH COLUMBIA

ELEVATION: 1,360 ft. (420 m)

DISTANCES:
Kelowna: 309 km
Vancouver: 626 km
Calgary: 656 km
Spokane, WA: 220 km
Highways 3B east and west
Highways 22 and 22A north and south

POPULATION (2021 CENSUS) :
7,920

CLIMATE
The area has a moderate climate with low humidity, hot dry summers and relatively mild winters. The average daily maximum temperature in July is 28 C and the average minimum for January is -5.9 C with extreme lows down to -25.7 C. Annual sunshine averages 1,860 hours and average annual precipitation is 731 mm.

Phone Number

1-250-364-1262

Email Address

info@trail.ca

Website

www.trail.ca

Explore your TRAIL