



City of Trail
BRITISH COLUMBIA

Annual Report

for the year ended
December 31, 2025

2025

Explore your
TRAIL



Pursuant to Section 98 of the *Community Charter*, the City of Trail 2025 Annual Report has been prepared by the Departments of Finance and Corporate Services.

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Message from the Mayor

Colleen Jones

On behalf of Trail City Council, I am proud to share the 2025 Annual Report. This report reflects another year of hard work, progress and community pride in the City of Trail.

In 2025, Council continued to focus on building a stronger, safer and more connected community. We worked on important priorities including housing, health care, public safety, infrastructure, recreation, and downtown revitalization. These are not always easy issues, but they matter deeply to the future of our city.

Housing and community well-being remained a major focus. Council continued to advocate for affordable, supportive, and seniors housing, while also working with regional partners on homelessness, mental health, addictions and public safety. I know these challenges are complex, but I also know that Trail is a community that cares and continues to look for real solutions.

Health care was another important priority. The opening of the Lower Columbia Community Health Centre was an important milestone for our region and a positive step forward for residents.

We also continued work on renewing Trail's Official Community Plan, which will help guide how our city grows and changes in the years ahead. This work is about planning carefully for the future while protecting the character and history that make Trail so special.

There was also progress on key infrastructure and recreation projects, including upgrades to the Trail Memorial Centre and Andy Bilesky Ball Park, as well as the development of the Fire Training Centre. Downtown revitalization continued to move forward, including the removal of long-vacant buildings on Spokane Street and Helena Street, opening the door to future opportunities.

Most of all, 2025 reminded me how much pride people have in this community. From Silver City Days to local events, sports, volunteers, businesses, and community organizations, I love Trail, is truly a theme in this community.

Thank you to City staff, residents, volunteers, partners, and everyone who contributes to making Trail such a unique place to live, work, visit and call home.



Colleen Jones, Mayor of Trail

Community Highlight

The Trail Riverfront Centre continued to thrive as a hub for community engagement, heritage preservation, and cultural enrichment. Over 81,000 patrons came through the doors. Staff fielded over 160 research enquiries and accepted hundreds of new records and artifacts into the collection. Project highlights include the continuation of oral histories in conjunction with the Colombo Lodge, LED lighting in the Sports Hall of Memories in the Trail Memorial Centre, the launch of a 3-phase collections deaccession project, and community-wide programming with National Day for Truth and Reconciliation, Spooktacular, grad reunions, author talks, and the Trail Times.

Research & Collections

- 162 research enquiries
- 20 in-person sessions
- 80 museum objects accessioned
- 114 sports objects accessioned
- 112 archival records
- 2,349 photographs accessioned
 - Total: 26,500 photographs



Facility & Visitor Engagement

- 81,421 total visits
- 4,283 History Gallery visits
- 5,876 Visitor Centre visits
- 1,943 program attendees



2025 Projects

- A Trail To Remember Vol. 2 community engagement
- Sports Hall of Memories lighting upgrade
- Lt. Robert Hampton Gray Day
- Collection deaccessioning project – Phase 1
- Launch of Digital Cominco Magazine online collection



TRAIL
MUSEUM
& ARCHIVES



our reflections. our connections.

Mayor and Council



**Mayor
Colleen Jones**

Official Community
Plan Advisory
Committee

Major Industrial
Property Taxation
Committee, Chair

Trail Health &
Environment
Committee, Chair

Regional District of
Kootenay Boundary
Board of Directors
Alternate

Major Downtown
Development Advisory
Committee



**Councillor
Bev Benson**

Official Community
Plan Advisory
Committee

Silver City Days,
Co-Chair

Community Safety
Task Force

Ktunaxa Kinbasket
Treaty Advisory
Committee

Accessibility
Committee, Alternate



**Councillor
Paul Butler**

Trail & District Public
Library Board

LCCDT Society

Downtown Trail
Improvement
Committee

Trail Regional Airport
Advisory Committee,
Co-Chair

Major Downtown
Development Advisory
Committee



**Councillor
Thea Hanson**

Official Community
Plan Advisory
Committee

Trail Regional Airport
Advisory Committee,
Co-Chair

Trail Health &
Environment
Committee

LCCDT Society

Downtown Trail
Improvement
Committee

Major Downtown
Development Advisory
Committee, Chair



**Councillor
Nick Cashol**

Silver City Days, Co-
Chair

Greater Trail Home of
Champions Society



**Councillor
Terry Martin**

Regional District of
Kootenay Boundary
Board of Directors

Trail Historical
Society

Community Safety
Task Force, Chair

Accessibility
Committee, Chair

Major Industry
Property Taxation
Committee



**Councillor
Doug E. Wilson**

Major Industrial
Property Taxation
Committee

Trail's Mission

The **City of Trail** fosters an optimistic, sustainable, and inclusive community by upholding good governance, transparency, and accountability. We provide efficient and accessible services to enhance the quality of life for all residents. By responsibly stewarding City assets, we maintain and improve our infrastructure and natural resources for future generations. Our mission is to encourage economic growth, promote social well-being, and ensure environmental sustainability, keeping Trail a thriving, healthy, and resilient place to live, work, and play.

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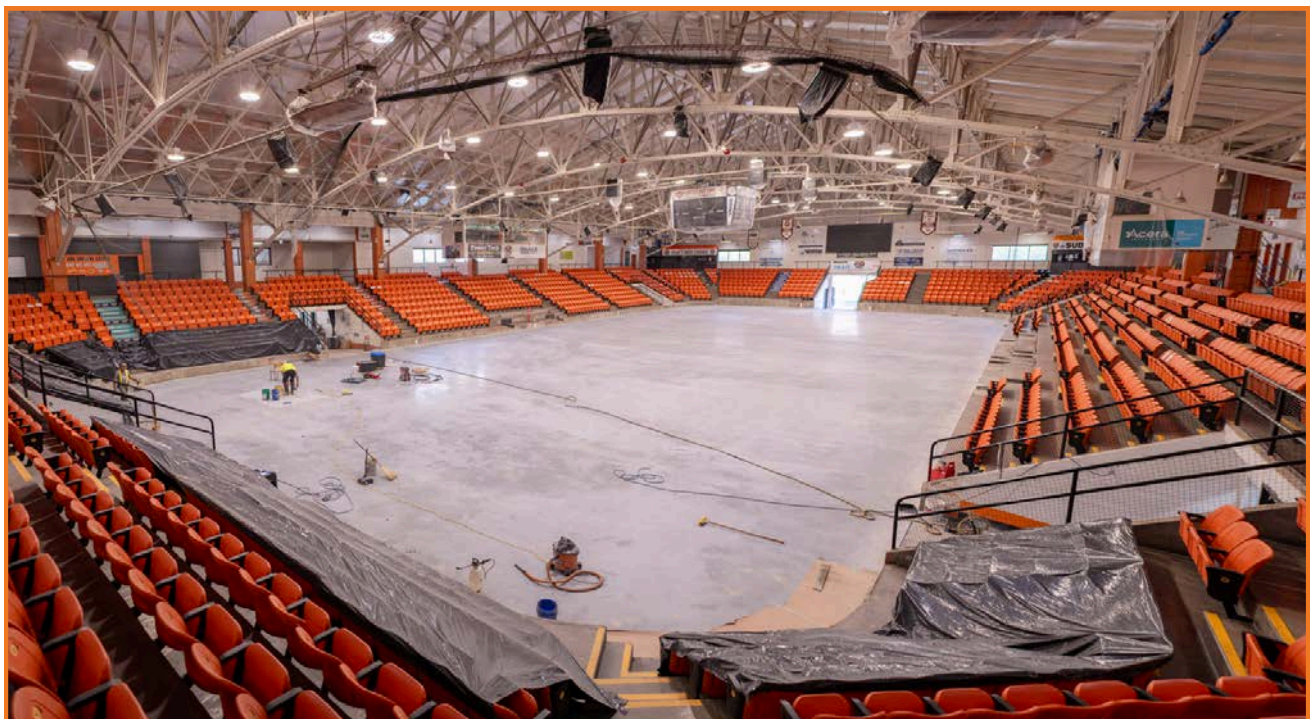
Community Highlight

In 2025, the City built on recent refrigeration plant upgrades and developed a new ice surface with updated boards, designed to current standards.

This all-encompassing project included: demolition of all existing infrastructure (boards, concrete, and piping); excavation for structural fill replacement; new heating and cooling piping loops, concrete floor; new dasher boards that meet NHL safety standards with seamless acrylic glass. The redesigned corner radii offer smoother play for athletes and improved access for Zambonis.

The City accomplished this all with a generous donation from the Murphy Family Foundation of \$1,000,000 USD, a grant from the CleanBC Communities of \$2,500,000 CAD, funding from FortisBC, and a donation from the Vancouver Canucks and LiUNA 1611 of \$100,000 CAD.

Cominco Arena reopened for the Trail Smoke Eaters Home Opener on October 10, 2025.



Message from the CAO

Colin McClure

To the Trail Community, Council, and Municipal Team,

In 2025, the City of Trail continued to build on the momentum of recent years through strategic investments, community partnerships, and a shared commitment to creating a vibrant and resilient community. Working together, Council, staff, residents, businesses, and our many community partners advanced several significant initiatives that will help shape Trail's future for generations to come.



A major focus throughout the year was downtown revitalization. The City moved forward with the hazardous materials abatement and demolition of the former Towne Square Mall at 900 Spokane Street and the former CS Williams Clinic at 901 Helena Street. These projects represent an important step in removing long-standing safety concerns while creating opportunities for future redevelopment and investment in the heart of our community. Alongside this work, the City established a Major Downtown Development Advisory Committee and continued efforts to position downtown Trail for future growth and renewal.

Another significant milestone was the advancement of the City's Official Community Plan renewal. Through extensive public engagement, residents helped shape a vision for Trail's future that reflects community values, housing needs, economic development opportunities, transportation priorities, and climate resilience objectives. This work will provide a strong foundation to guide future Council decisions and community growth.

The City also made substantial investments in recreation and public infrastructure. At the Trail Memorial Centre, work progressed on the largest upgrade to Cominco Arena in decades, including a new refrigerated floor system, modern NHL-standard boards and glass, and significant energy efficiency improvements. These upgrades will enhance the experience for athletes, spectators, and community users while helping preserve one of Trail's most important community assets.

None of these accomplishments would have been possible without the dedication and professionalism of City staff, the leadership of Council, and the ongoing support of our residents and community partners. On behalf of the City's leadership team, I would like to thank everyone who contributes to making Trail a strong, welcoming, and forward-looking community. Together, we are building a future that honours our history while embracing the opportunities ahead.

A handwritten signature in dark ink, appearing to read "Colin McClure".

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

Community Highlight



The City of Trail made significant progress in revitalizing key downtown properties through the safe demolition of the former CS Williams Medical Clinic (901 Helena Street) and Towne Square Mall (900 Spokane Street).

Following the awarding of contracts in May to LOCAL Industrial Partners Ltd. of Genelle, BC, hazardous materials abatement began at 901 Helena Street, led by Kinetic Environmental. This work was completed under strict environmental and safety protocols to closely manage any impact to nearby residents or businesses.



Demolition activities included enhanced safety measures, including expanded site fencing and pedestrian protections.

Community Highlight



Now complete, both sites were graded to ensure proper drainage and prepared for interim use as parking areas. These improvements not only enhance the functionality of the space in the short term but also set the stage for future redevelopment as the City continues to advance its downtown revitalization strategy.

This project represents an important step toward renewing key downtown properties, improving safety, and creating opportunities for future growth and community use.

Community Highlight

TRAIL REGIONAL AIRPORT

The Trail Regional Airport has a new name for its main terminal building. Named for local visionary leader, Don Nutini, the terminal building now features a new sign outside, and an interpretive display inside that tells the story of Nutini's contributions to the airport's success.

nd of vision, persistence, and action.

uring the airport's certification allowing for the operation of commercial service of Northern Hawk Airlines until 2005. Don played a pivotal role in service Trail in 2006 with direct flights to Vancouver. His leadership in facilitating the City of Trail's acquisition of the airport in 2014 from the District and thereafter, focusing on the airport's runway rehabilitation project, new airport terminal which was completed in 2017. The Trail Regional Airport now provides Boundary Regional Hospital's Medi-Vac flights, chartered flights, commercial as well as supporting critical emergency services which include wildfire, and border services.

s community projects, but his energy and commitment are felt strongly at the Trail and staff respected him not only as a visionary leader but also as a mentor who in his own unique way. Don was just as comfortable rolling up his sleeves to load maintenance, marshal aircraft, and greet passengers with a welcoming smile. It was passengers to their hotel when ground transport was unavailable. The Trail Regional passengers every month, drives economic growth, supports tourism, and connects and opportunities abroad. Don's strong vision and patient persistence directly framework, and future of the airport, as well as enhancing the airport's visibility ally, and internationally.

stands as a lasting tribute to a man whose vision, persistence, and leadership made from the Trail Regional Airport would not exist as it does today.

t cannot be done. Instead, ask how it can be done?"

**DON NUTINI
AIR TERMINAL**



Friends of the airport brought the idea of dedicating the terminal to Nutini to the City of Trail Mayor and Council. They shared stories of Nutini's incredible dedication, his countless hours volunteering, organizing, problem-solving and dreaming big. This led to Trail's official endorsement of the idea. The initiative was kept quiet until the official ceremony was held on Oct. 15, 2025 at the airport.

Trail Regional Airport is a gateway to world-class outdoor recreation and employment opportunities.



Community Highlight

Work continued on updating the City's Official Community Plan, which will guide the long term growth and development in Trail over a period of 25 years. In September 2025, the City's new Manager of Planning and Climate Action took leadership of the project, helping to advance the next phase of work and maintain momentum.

Phase 2 of public engagement was completed, and included a well-attended public open house at the recreation centre where residents had the opportunity to learn about emerging ideas, ask questions, and share feedback. This open house offered a community free swim for participants. An accompanying community survey was also launched to gather input from those unable to attend. Council was actively involved throughout the process, participating in two workshops to review and provide direction on draft OCP policies.

Feedback from the public and Council has been incorporated into the draft plan, with refinements focused on key priorities such as housing, climate action, economic development, and community well-being. The OCP update remains a key strategic initiative and will continue into 2026 with further refinement and public opportunity for engagement.



Departmental Services

The **Corporate Services Department** works closely with the Mayor and Council to ensure that Council's decisions and directives are carried out. The department takes care of legal and administrative services such as bylaw development, policies and procedures, and provides municipal information to the City's residents. Corporate Services also delivers services for City planning, bylaw enforcement, human resources and the administration of local elections. The Corporate Services team consists of the Chief Administrative Officer, the General Manager of Corporate Services, Manager of Legislative Services, the Communications and Events Manager, Museum, Archives and Visitor Centre Manager, Manager of Planning and Climate Action, Legislative Services Clerk, Collections Coordinator and two Bylaw Officers.

The **Engineering Department** provides support to all City Departments and the public. The department is responsible for maintaining City maps, G.I.S, plans, provide property owners with information regarding services to their property, as well as property dimensions. The department is also tasked with project management of major capital improvements and future asset planning/replacement of critical infrastructure throughout the City. The team consists of the General Manager of Municipal Services, Manager of Engineering and Projects, and two Engineering Technicians.

The **Finance Department** is responsible for managing the City's financial affairs and ensuring the integrity, accountability, and transparency of all municipal financial operations. Under the leadership of the Chief Financial Officer, the department provides financial planning and support to Council, staff, and the community. This includes the preparation of the City's annual operating and capital budgets, long-term financial plans, and statutory financial reporting as required by provincial legislation. The department oversees the billing and collection of property taxes and utility fees, processes all municipal revenues, and manages accounts payable, accounts receivable, and payroll services. In addition to its core financial responsibilities, the department provides front-line customer service for a range of public services, including sales of dog licences, bus tickets, and various other permits and licences. Through the development and enforcement of financial policies, internal controls, and risk management practices, the Finance Department safeguards the City's assets and ensures sound financial stewardship. The department is committed to providing timely and accurate financial information to support informed decision-making and maintain the public's trust in the City's fiscal management.

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. Reporting to the General Manager of Municipal Services, the team consists of the Manager of Parks and Recreation, the Facilities Maintenance Manager, the Aquatic, Recreation and Facility Coordinators reinforced by 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, 82.6 km of watermain, 317 Fire Hydrants, 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 General Manager of Municipal Services, the Utilities Manager, the Roads & Grounds Manager, the Purchasing and Mechanical Manager, 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, supplemented in the summer season by two museum and visitor services support staff.

The City of Trail owns and operates the **Trail Regional Airport (YZZ)**, serving approximately 20,000 commercial passengers annually. YZZ is staffed by a City-run team including an Airport Manager and ground crew. Pacific Coastal Airlines provides daily commercial flights to Vancouver (YVR) and also have staff at YZZ. Open year-round, the airport supports both commercial and private aviation as well as regional emergency services including the Trail Flying Club, Air Cadets summer training, private hangar owners, medevac and wildfire operations.

Community Highlight

Public Works operations were strengthened through the addition of specialized equipment, improving efficiency, service delivery, and year-round maintenance capacity. A new snow blower enhanced winter operations by enabling crews to clear heavy accumulations more quickly and safely, particularly in tight or high-volume areas. A truck-mounted liquid sprayer system was also introduced for applying de-icing brine, dust control treatments, and vegetation management solutions, supporting more precise and environmentally responsible maintenance across roadways and public spaces.

Further investments included an electric aerial lift, improving safe access for maintaining lighting, signage, and infrastructure at height while supporting the City's transition toward lower-emission equipment. Together, these additions strengthened the City's ability to deliver reliable, responsive services while advancing efficiency and sustainability.



Community Highlight

Investments in Parks and Recreation infrastructure included a new SandPro for maintaining ball diamonds, along with two high-efficiency mowers that significantly improved the speed and quality of turf maintenance across City parks. In addition, two fully equipped Ford Lightning electric trucks were added to the fleet, supporting a transition toward lower-emission operations while providing versatile, day-to-day utility with modern features such as onboard technology and GPS. Together, these upgrades enhanced the City's ability to deliver reliable, responsive services while supporting long-term sustainability and asset management goals.



SERVING
YOU TODAY,
SUSTAINING
TOMORROW



Community Highlight



The Home of Champions Society held an induction ceremony. Hosted at the Riverbelle, the event honoured seven individuals and one team, whose achievements in sport, business, and community life have brought pride and recognition to the Greater Trail area. Each inductee's name was added to the Home of Champions monument, continuing a legacy that has, since 1996, recognized those who exemplify excellence, dedication, and community spirit.

The ceremony reflected the values at the heart of Trail's identity: celebrating local success while inspiring future generations. From elite athletes and officials to community leaders and champions in diverse fields, the 2025 inductees demonstrated the breadth of talent rooted in the region. Their recognition reinforced Trail's longstanding reputation as the "Home of Champions," where achievement is not only measured by success, but by the lasting impact individuals have on their community.

Municipal Objectives

Council and Corporate Services

Economic Development

- Foster economic growth and investment through partnerships with regional organizations such as the LCCDTS, the RDKB and other partners.
- Monitor and evaluate partner performance and outcomes to guide future collaboration.

Tourism

- Promote tourism and visitor engagement through operation of the Visitor Information Centre and targeted marketing.
- Deliver community events and programming that enhance civic pride, support local business, and attract visitors.

Legislated Responsibilities

- Ensure compliance with legislative and governance requirements through updates to key bylaws and plans (OCP, Zoning, Accessibility Plan).
- Support Council with effective policy development and administrative oversight.

City Service Capacity

- Strengthen organizational effectiveness and service delivery through ongoing service level review and optimization.
- Support continuous improvement in administrative, communications, and operational processes.

Downtown Plan

- Advance downtown revitalization and redevelopment initiatives, including priority properties and infrastructure.
- Complete and implement a downtown parking review and update the Downtown Plan.

Housing for our Vulnerable Population

- Collaborate with partners (e.g., BC Housing) to advance long-term housing solutions.
- Advocate to senior governments for resources and interventions to support vulnerable residents.

Communications and Events

- Deliver clear, timely, and proactive public communications on Council decisions, civic initiatives, and community updates.
- Maintain strong media relations, digital presence, and accessible communication platforms (website, social media, notices).
- Lead community engagement to gather meaningful input that informs decision-making and service delivery.
- Plan and support events and partnerships that strengthen community pride while maximizing cost-efficiency.
- Uphold the City's brand, reputation, and emergency communications readiness, while modernizing tools and tracking performance metrics.

Municipal Objectives

Parks and Recreation



Facilities

- Maintain safe, event-ready facilities and support growth in tournaments, events, and community use.
- Advance major capital upgrades and long-term infrastructure planning (e.g., arena refrigeration, TMC heat recovery, aquatic centre renewal).
- Prepare for major hosted events (2026 BC Winter Games, Little League events).

Parks & Recreation Department Operations

- Implement improvements identified in the Parks & Recreation Master Plan, including staffing, succession planning, and service delivery.
- Support efficient operations and post-pandemic recovery across programs and facilities.

Grant Funding

- Maximize grant funding opportunities to support programs, infrastructure, and staffing.
- Leverage external funding (e.g., student and climate programs) to enhance service delivery.

Staff Development

- Strengthen staff performance, training, and engagement aligned with departmental goals.
- Support professional development, cross-training, and succession planning.

Community Health

- Promote active, healthy living through programs, events, and community partnerships.
- Evaluate and enhance initiatives supporting accessibility and inclusion (e.g., LAP, Age-Friendly planning).

Revenues

- Increase revenue generation through pricing review, expanded services, partnerships, and funding opportunities.

Expenditures

- Manage costs through efficient operations, energy improvements, and strategic resource use.
- Enhance flexibility through cross-training and partnerships.

Community Participation

- Increase participation in programs, services, and events through promotion and partnerships.
- Improve equitable access and reduce barriers to participation while maintaining quality experiences.

Municipal Objectives

Municipal Services

Water Utilities

- Deliver safe, high-quality, and cost-effective drinking water while maintaining full regulatory compliance.
- Maintain and improve water infrastructure and facilities, including treatment plant operations, system assessments, and hydrant replacements.
- Advance key initiatives, including the Water Master Plan update, Surface Water Protection Plan actions, and Charles Lake Dr. twin watermain project.
- Conduct regular system maintenance and monitoring (e.g., flushing, inspections, reporting) to ensure reliability and performance.
- Support staff training and certification to meet all operational and regulatory requirements.

Sanitary Sewer Utility

- Maintain reliable sewer system performance through regular inspection, cleaning, and maintenance.
- Continue city-wide sewer assessment and rehabilitation, including CIPP relining where feasible.
- Ensure operators maintain required certifications and ongoing training (EOCP/CEUs).

Storm System Maintenance and Repairs

- Maintain effective stormwater system performance through regular cleaning, maintenance, and repairs.
- Continue to update and improve GIS mapping to support system management and planning.

Engineering

- Advance asset management and long-term infrastructure planning to support sustainable service delivery.
- Maintain and enhance GIS systems and mapping to support operations, planning, and public information.
- Deliver and manage major capital projects and infrastructure rehabilitation, including dams and sanitary sewer upgrades.
- Support implementation of the Active Transportation Plan to improve connectivity and mobility.
- Provide technical expertise and responsive service to City departments, property owners, and the public.

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

- Maintain safe, accessible pedestrian routes connecting neighbourhoods and key destinations.
- Ensure safe, inclusive, and well-maintained play spaces through regular inspection, repairs, and equipment upgrades.
- Enhance accessibility by incorporating inclusive and sensory-friendly playground features.

Cemetery

- Maintain a dignified, accessible, and well-kept space for visitors and the community.
- Improve usability through development of a digital mapping/database system for efficient plot location and records management.

Municipal Objectives

Roads and Grounds - Snow and Ice Removal

- Improve winter operations efficiency and response times while reducing costs, complaints, and liability.
- Develop and implement a Snow Maintenance Policy aligned with service levels and available resources.

Roads and Grounds - Irrigation Inspection and Repairs and Inventory Control

- Deliver efficient irrigation and maintenance of parks and green spaces based on systemized service levels.
- Develop a Park Maintenance Policy to guide service standards based on use, location, and budget.

Purchasing Department Policy and Department Warehouse

- Strengthen purchasing processes, controls, and accountability through regular policy review and updates.
- Optimize warehouse layout, storage capacity, and operational efficiency to support City operations.

Trail Regional Airport



TRAIL REGIONAL AIRPORT

Airport Operations

- Ensure full compliance with aviation regulations while maintaining safe and reliable operations.
- Improve operational efficiency and service quality across airport functions.
- Update and implement the Airport Master Plan to guide future development.

Airport Development

- Strengthen the airport's position as a regional transportation hub through strategic planning and infrastructure investment.
- Secure and maximize external funding opportunities (e.g., BCAAP, ACAP) to support development priorities.

Airport Revenues

- Increase revenue generation through optimization of existing streams and development of new opportunities (e.g., advertising, partnerships).
- Support passenger growth through collaboration with commercial air carriers and targeted marketing.

Airport Expenditures

- Control costs through efficient procurement practices and strategic sourcing.
- Implement cost-effective operational approaches to maintain service levels while minimizing expenditure growth.

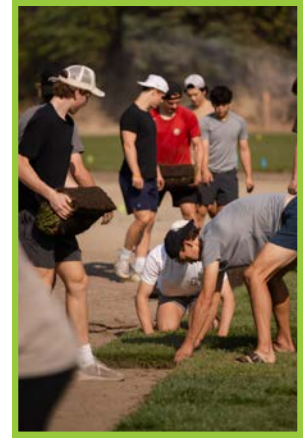
Airport Staff Development

- Enhance staff capacity and engagement through training, certification, and involvement in decision-making.
- Conduct regular training needs assessments to ensure compliance and continuous improvement.

Community Highlight

Andy Bilesky Park was revitalized in preparation for hosting Little League Provincials, transforming the facility through an extraordinary community-wide effort. Built on a former landfill, the fields had long faced challenges with uneven settling, but with support from City Council, both diamonds were laser-leveled and rebuilt to create safe, high-quality playing surfaces. Key upgrades included the installation of a new brick backstop wall, new fencing, and planning for future spectator seating and amenities that will honour the park's legacy.

The project was powered by remarkable collaboration. Local contractors donated extensive time and expertise, City of Trail Public Works staff adapted quickly to support the large-scale initiative, and volunteers contributed thousands of hours to meet tight timelines. Community members assisted with tasks such as laying sod and preparing the fields. This collective effort not only delivered a renewed ballpark but also demonstrated the strong spirit of community pride and commitment to youth sport in Trail.



Community Highlight



The Unicorn Childcare Centre project advanced by securing an operator, marking a major milestone in addressing long-standing childcare needs in the Trail community. Years in development, the project brought together strong partnerships between the City, senior levels of government, and community organizations. Once complete, the Centre will provide 44 licensed childcare spaces, including infant, toddler, and preschool care, and will be operated by Kootenay Family Place, a local non-profit known for its inclusive, play-based programming.

The project demonstrated a sustained commitment to supporting working families and strengthening community infrastructure. Backed by more than \$3 million in combined funding and the contribution of land from Teck, the Centre will offer extended-hour childcare services tailored to real-world needs. Despite earlier delays related to the pandemic and rising construction costs, the project moved forward with renewed momentum, reflecting the City's ongoing investment in livability, accessibility, and the well-being of families in Trail.

Community Highlight

Trail Parks and Recreation continued to foster connection and active living through its popular monthly seniors dances at the Cominco Gym. Well attended and warmly received, these events brought together community members to enjoy live music from the 1950s, 60s, and 70s, along with pop and country favourites performed by local musicians. The dances created a welcoming space for seniors to stay active, engage socially, and build meaningful connections.

Beyond the music, the gatherings offered a sense of routine and community, with participants sharing tea, coffee, snacks, and conversation in a relaxed and inclusive environment. The ongoing success of the seniors dances reflected the City's commitment to supporting healthy, vibrant lifestyles for older adults and creating opportunities for connection across the community.

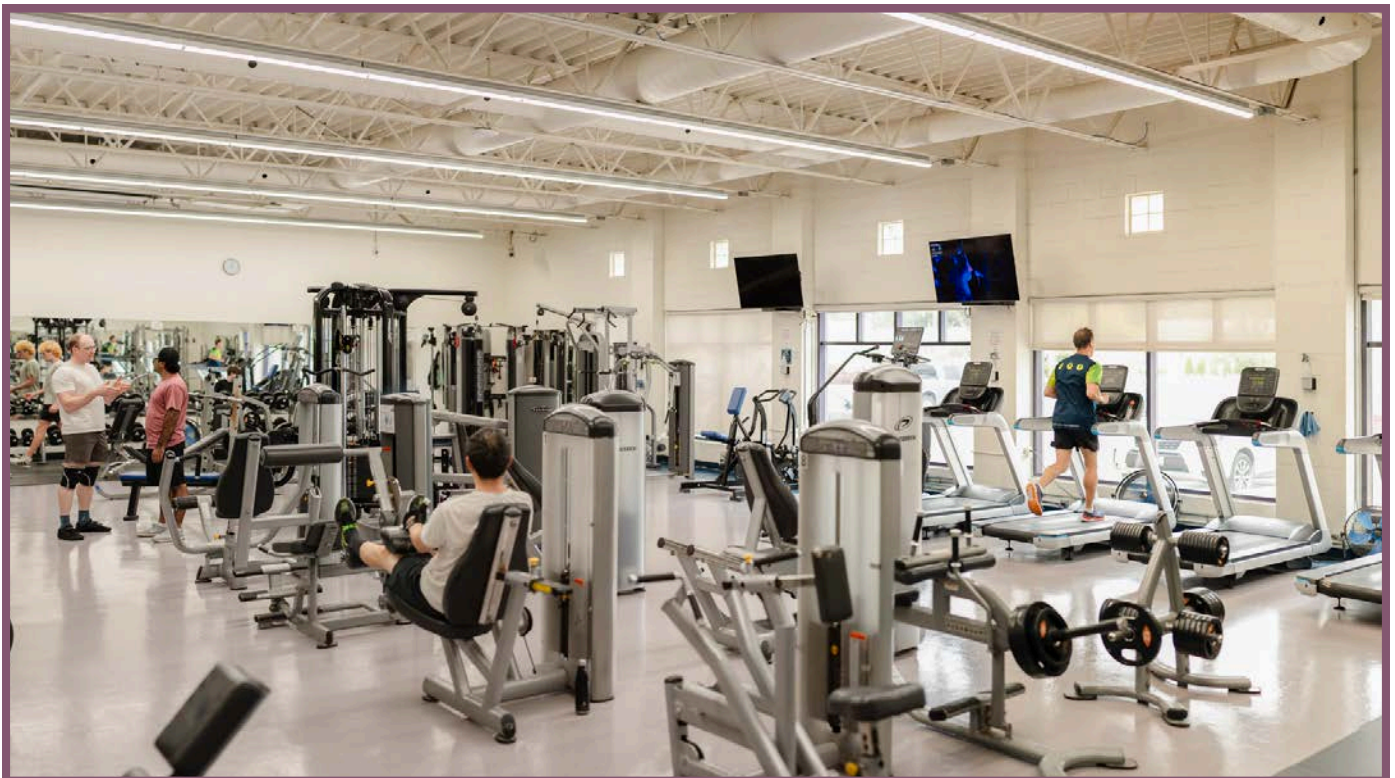


Community Highlight

The Trail Aquatic & Leisure Centre (TALC) enhanced its fitness centre with the addition of top-of-the-line equipment, and the community response has been overwhelmingly positive. Designed to support users of all ages—from 14 to 100—the upgraded space now offers more options for popular machines, improving flow and accessibility for everyone working toward their health and wellness goals year-round.

New additions include the Life Fitness PowerMill Climber, Hammer Strength Hack Squat, Life Fitness Leg Curl, Hammer Strength Iso-Lateral Rowing Machine, and the versatile Life Fitness PWR Play 4-in-1 system with cable, pulldown, and row capabilities. Patrons consistently share how much they love the new equipment, noting the increased variety and quality of their workouts.

As a hub for both competition and recreation in the West Kootenay swimming and fitness communities, TALC continues to prioritize exceptional facilities and user experience. Parks & Recreation staff remain committed to keeping the fitness centre clean, welcoming, and fully equipped, supporting community members in achieving goals both big and small.



Chief Financial Officer's Report

The Finance Department is pleased to present the City of Trail's 2025 Annual Report. This report offers a comprehensive overview of the City's financial position and operational performance during the year, including the audited consolidated financial statements, the independent Auditor's Report, and other information required under 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, management of City funds, receipt of municipal revenues, investment practices, expenditure authorization by Council, and accounting of all financial transactions.

The Finance Department is responsible for annually preparing and presenting the financial statements and related information. Throughout the year-end audit, our staff collaborates closely with external auditors from Doane Grant Thornton Chartered Professional Accountants, providing them with comprehensive support and facilitating access to all pertinent financial data.

The consolidated financial statements for the year ended December 31, 2025, were prepared by City Staff and comply with the Canadian public sector accounting standards, have been prepared by City staff. Doane 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.

2025 OPERATING RESULTS

The City's 2025 operating results benefited from several positive budget variances. Sales of services and other revenues were generally consistent with budget expectations; however, building permit activity significantly exceeded projections, generating more than \$320,000 in additional revenue and contributing materially to the year-end operating surplus.

Protective Services expenditures were approximately \$320,000 below budget, primarily due to continued RCMP staffing vacancies that resulted in salary savings. Unlike the previous year, overtime costs remained relatively stable, further contributing to the favourable variance.

Winter operations costs were lower than anticipated because of a second consecutive year of below-average snowfall. This allowed Public Works resources to be redirected to support Parks and Recreation projects throughout the year, resulting in an overall underspend in Public Works and a corresponding increase in Parks and Recreation expenditures.

An important note for the community to know is that in 2025 the City received \$526,946 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 3.3 per cent.

The City also completed the staffing of its senior management team, marking a significant organizational milestone. A new General Manager of Municipal Services was recruited to strengthen operational leadership and service delivery, and the Manager of Planning & Climate Action position was established and filled to support long-term planning, sustainability, and climate initiatives. For the first time in over five years, the management team is fully staffed, improving organizational capacity, continuity, and coordination, and better positioning the City to advance Council priorities and deliver effective municipal services.

CAPITAL SPENDING AND RESERVES

The City successfully completed the abatement and demolition of 900 Spokane Street and 901 Helena Street, preparing both sites for future redevelopment opportunities. These projects represent an important step in advancing long-term land use and economic development objectives for the City.

Significant capital investment was made in recreation infrastructure this year. Major upgrades were completed at Cominco Arena, where the installation of a new floor, boards, and glass has materially improved safety standards, enhanced play quality, and strengthened the overall experience for athletes, user groups, and spectators. In addition, Phase II of the TMC Heat Recovery Project is progressing as planned, with the successful connection to the ammonia plant now complete, enabling ice to be made across all Memorial Centre facilities in an improved energy efficient manner.

Additionally, the City continued its transition toward a more modern and sustainable municipal fleet and equipment base. Two F-150 Lightning electric trucks were purchased, fully outfitted, and supported with the installation of charging infrastructure. A range of specialized operational equipment was also added to support Parks and Public Works functions, including an electric aerial lift, a large field mower, a ride-on trimmer, and Sandpro field maintenance equipment, all now in active service.

Finally, the City partnered with the Trail community and Trail Little League to complete a full revitalization of the Bilesky Park baseball fields. This project was achieved through strong volunteer participation and in-kind contributions, demonstrating the value of community partnership in delivering high-quality recreation facilities.

LONG-TERM DEBT

The long-term debt issued and outstanding as of December 31, 2025 was \$11.2 million. In 2024, this balance was \$12.4 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 through the related water and sewer rates.

The outstanding long-term debt at the end of 2025 for each of the City's funds is:

General \$10,838,157	Water \$397,133	Sewer \$0
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The City continues to assess its asset management needs and develop a roadmap that will support future implementation and investment decisions. Establishing a practical and effective long-term asset management strategy remains a key priority as the City works to better understand the condition of its infrastructure, forecast future replacement requirements, and identify sustainable funding solutions. The Water Infrastructure Reserve has continued to improve, resulting in lower projected rate increases than previously anticipated. Despite this positive trend, significant future investments will be required to maintain and upgrade aging water infrastructure. The City remains focused on balancing the need for critical infrastructure investment with its commitment to maintaining affordable property taxes and utility rates for residents and businesses.



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, 2025

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, Doane 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 Doane 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

Independent auditor's report

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 consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net financial assets and cash flow 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 Corporation of the City of Trail as at December 31, 2025, 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 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 consolidated financial statements taken as a whole. Exhibits 1 and 2 are presented for the purpose of additional information and are not a required part of the consolidated financial statements. Such information has not been subject to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion thereon.

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

Management is responsible for the preparation and fair presentation of these 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 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.

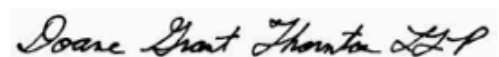
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



Chartered Professional Accountants

Castlegar, Canada
May 11, 2026

THE CORPORATION OF THE CITY OF TRAIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	2025	2024
Financial Assets		
Cash & cash equivalents (Note 2)	\$ 29,965,376	\$ 32,591,798
Accounts receivable (Note 3)	3,512,282	2,342,624
Long-term accounts receivable (Note 4)	3,036	3,447
MFA deposits (Note 5)	<u>291,504</u>	<u>321,458</u>
	<u>33,772,198</u>	<u>35,259,327</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	4,254,372	4,212,393
Deferred revenue (Note 7)	3,039,251	3,855,422
Accrued future payroll benefits (Note 8)	1,179,594	1,218,782
Long-term debt (Note 9)	11,235,970	12,380,751
Asset retirement obligations (Note 10)	<u>707,836</u>	<u>1,387,191</u>
	<u>20,417,023</u>	<u>23,054,539</u>
Net Financial Assets	13,355,175	12,204,788
Non-Financial Assets		
Tangible capital assets (Note 11)	116,709,872	110,931,270
Inventory (Note 12)	223,048	187,107
Prepaid expenses	230,986	177,999
Property acquired for taxes	<u>41,363</u>	<u>49,004</u>
	<u>117,205,269</u>	<u>111,345,380</u>
Accumulated Surplus (Note 13)	<u>\$130,560,444</u>	<u>\$123,550,168</u>

Commitments and Contingencies (Note 19)



Colin McClure, CPA, CA
Chief Financial Officer

THE CORPORATION OF THE CITY OF TRAIL

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

	2025 Budget (Note 21)	2025	2024
Revenue			
Taxes (Note 16)	\$ 19,007,422	\$ 19,024,674	\$ 18,057,765
Sale of services	1,940,070	1,881,494	2,057,353
Other revenue from own sources	2,394,824	2,842,088	1,518,802
Investment income	573,900	1,480,628	1,818,101
Government transfers - unconditional (Note 19)	537,000	577,186	632,142
Government transfers - conditional (Note 19)	4,606,249	2,730,111	2,929,924
Water user fees	2,184,260	2,173,859	1,977,923
Sewer user fees	1,330,146	1,369,915	1,320,777
Donated assets	-	208,472	389,000
Gain on disposal of tangible capital assets	-	15,500	-
	<u>32,573,871</u>	<u>32,303,927</u>	<u>30,701,787</u>
Expenses			
General government services	3,309,886	3,482,962	3,498,214
Protective services	3,000,651	2,521,168	2,977,584
Transportation services	4,103,389	3,207,584	3,483,136
Public health and welfare services	343,666	353,393	358,731
Parks, recreation and cultural services	5,884,474	6,894,282	6,528,373
Interest and other debt charges	580,342	589,231	597,779
Water utility operations	2,030,706	2,102,009	1,967,644
Sewer utility operations	943,027	722,324	741,817
Library operations	589,220	771,878	817,637
Airport operations	717,865	645,812	672,684
Accretion	-	14,475	41,584
Amortization	<u>4,389,052</u>	<u>3,988,533</u>	<u>3,915,643</u>
	<u>25,892,278</u>	<u>25,293,651</u>	<u>25,600,826</u>
Annual surplus	6,681,593	7,010,276	5,100,961
Accumulated surplus, beginning of the year	<u>123,550,168</u>	<u>123,550,168</u>	<u>118,449,207</u>
Accumulated surplus, end of the year	<u>\$130,231,761</u>	<u>\$130,560,444</u>	<u>\$123,550,168</u>

THE CORPORATION OF THE CITY OF TRAIL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	<u>2025 Budget</u>	<u>2025</u>	<u>2024</u>
Annual surplus	\$ 6,681,593	\$ 7,010,276	\$ 5,100,961
Acquisition of tangible capital assets	(17,498,815)	(10,449,434)	(8,075,737)
Amortization of tangible capital assets	4,389,052	3,988,533	3,915,643
Decrease in tangible capital assets due to asset retirement obligations	-	682,297	509,401
Gain on disposal of tangible capital assets	-	15,500	-
Proceeds on sale of tangible capital assets	-	(15,500)	-
	<u>(6,428,170)</u>	<u>1,231,672</u>	<u>1,450,268</u>
Property acquired for taxes	-	7,641	36,582
(Acquisition) consumption of supply inventory & prepaid expenses	-	(88,926)	18,305
	<u>-</u>	<u>(81,285)</u>	<u>54,887</u>
Increase (decrease) in net financial assets	(6,428,170)	1,150,387	1,505,155
Net financial assets, beginning of year	<u>12,204,788</u>	<u>12,204,788</u>	<u>10,699,633</u>
Net financial assets, end of the year	<u>\$ 5,776,618</u>	<u>\$ 13,355,175</u>	<u>\$ 12,204,788</u>

THE CORPORATION OF THE CITY OF TRAIL**CONSOLIDATED STATEMENT OF CASH FLOWS**For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Provided by (Used In)		
Operating Activities		
Annual surplus	\$ 7,010,276	\$ 5,100,961
Items not involving cash:		
Amortization	3,988,533	3,915,643
Accretion	14,475	41,584
Actuarial adjustments	(392,369)	(354,138)
Gain on disposal of tangible capital assets	(15,500)	-
Donated assets	<u>(208,472)</u>	<u>(389,000)</u>
	10,396,943	8,315,050
Increase (decrease) in non-cash operating items:		
Accounts receivable	(1,169,658)	207,474
Long-term accounts receivable	411	388
MFA deposits	29,954	(10,817)
Accounts payable and accrued liabilities	41,979	984,417
Deferred revenue	(816,171)	1,096,927
Accrued future payroll benefits	(39,188)	300,219
Inventory	(35,941)	(40,496)
Prepaid expenses	(52,987)	58,801
Property acquired for taxes	<u>7,641</u>	<u>36,582</u>
	<u>8,362,983</u>	<u>10,948,545</u>
Financing Activities		
Long-term debt repayment	<u>(752,412)</u>	<u>(1,041,381)</u>
Capital Activities		
Proceeds from disposal of tangible capital assets	15,500	-
Acquisition of tangible capital assets	<u>(10,252,493)</u>	<u>(7,739,852)</u>
	<u>(10,236,993)</u>	<u>(7,739,852)</u>
Net increase in Cash & cash equivalents	(2,626,422)	2,167,312
Cash & cash equivalents, beginning of year	<u>32,591,798</u>	<u>30,424,486</u>
Cash & cash equivalents, end of year	<u>\$ 29,965,376</u>	<u>\$ 32,591,798</u>

THE CORPORATION OF THE CITY OF TRAIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

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, other revenue from own sources and user fees

Revenues from the sale of services and user fees are recognized on an accrual basis when the service is provided, the product is delivered, or the facility is used. Where transactions involve a performance obligation to a specific payor, revenue is recognized as the performance obligation is satisfied. In the absence of a performance obligation, revenue is recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

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.

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. Significant accounting policies (continued)

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.

(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 cash equivalents, accounts receivable, long-term accounts receivable, MFA deposits, accounts payable and accrued liabilities, deferred revenue and long-term debt. All financial instruments are recorded at their cost or amortized costs. Financial liabilities are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

(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	3 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

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. Significant accounting policies (continued)

(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.

(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, asset retirement obligations, 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 2025-2029, adopted by Council on May 1, 2025.

(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 trustee 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.

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. Significant accounting policies (continued)

(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, 2025.

(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.

(q) Basis of Consolidation

The consolidated financial statements include the accounts of the municipality and the Trail & District Public Library. Inter-organizational transactions and balances have been eliminated on consolidation.

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

2. Cash and cash equivalents

Cash and cash equivalents are comprised of:

	<u>2025</u>	<u>2024</u>
Cash	\$ 20,302,623	\$ 23,569,782
MFA bond & money market funds	<u>9,662,753</u>	<u>9,022,016</u>
	<u>\$ 29,965,376</u>	<u>\$ 32,591,798</u>

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:

	<u>2025</u>	<u>2024</u>
Property taxes	\$ 750,905	\$ 640,162
Utility billings	105,814	320,221
Other governments	174,438	372,734
Trade & other receivables	<u>2,481,125</u>	<u>1,009,507</u>
	<u>\$ 3,512,282</u>	<u>\$ 2,342,624</u>

4. Long-term accounts receivable

In January 2017, City Council adopted the Lerosé Street Water Supply Parcel Tax Bylaw No. 2823, 2017, which authorized the installation of a new water service connection to the property located at 314 Lerosé Street. The construction costs were financed by the City and are being repaid by the property owners through a parcel tax.

THE CORPORATION OF THE CITY OF TRAIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

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, 2025, the total of the Debt Reserve Fund was comprised of:

	2025 Cash deposit	2025 Demand note	2024 Cash deposit	2024 Demand note
General fund	\$ 246,686	\$ 389,622	\$ 239,514	\$ 389,622
Sewer utility	44,818	78,038	43,515	78,038
Water utility	-	-	38,429	59,373
	<u>\$ 291,504</u>	<u>\$ 467,660</u>	<u>\$ 321,458</u>	<u>\$ 527,033</u>

6. Accounts payable and accrued liabilities

	2025	2024
Trades payable	\$ 3,920,501	\$ 3,667,572
Accrued wages and benefits	218,274	424,999
Accrued interest	115,597	119,822
	<u>\$ 4,254,372</u>	<u>\$ 4,212,393</u>

7. Deferred revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Federal Gas Tax Grant *	\$ -	\$ 424,040	\$ (424,040)	\$ -
Tax prepayments	452,372	308,131	(452,372)	308,131
Utility prepayments	134,249	143,299	(134,249)	143,299
Other Grants	1,972,067	806,589	(483,938)	2,294,718
Donations	1,093,009	-	(1,093,009)	-
Other	203,725	293,103	(203,725)	293,103
	<u>\$ 3,855,422</u>	<u>\$ 1,975,162</u>	<u>\$ (2,791,333)</u>	<u>\$ 3,039,251</u>

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

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

8. Accrued future payroll benefits

	2025	2024
Holiday pay	\$ 563,258	\$ 634,248
Sick leave/Retirement benefit	540,130	516,348
Banked overtime	<u>76,206</u>	<u>68,186</u>
	<u>\$ 1,179,594</u>	<u>\$ 1,218,782</u>

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 2025 are based on the City's policy to fully recognized and accrue the benefit using the following valuation assumptions

Discount rate 4.50%

The continuity of the City's employee Post-retirement benefit liabilities as per actuarial report dated December 31, 2022 is as follows:

	2025	2024
Beginning of the year	\$ 504,100	\$ 500,600
Current service costs	37,700	36,400
Interest cost	23,500	22,900
Benefits paid	-	(6,113)
Actuarial (gain) loss	<u>(38,800)</u>	<u>(49,687)</u>
End of Year	<u>\$ 526,500</u>	<u>\$ 504,100</u>

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

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

9. Long-term debt

Debt Bylaw #	Purpose of Bylaw	Interest rate %	Year of maturity	Original issue	2025 Balance	2024 Balance
<u>General purposes:</u>						
2781	River Front Centre	2.80%	2042	\$ 6,288,000	\$ 4,754,370	\$ 4,966,483
2809	River Front Centre	2.80%	2027	1,095,700	245,784	363,334
2775	Columbia River Skywalk	3.22%	2041	4,916,000	3,607,355	3,773,554
2716	TALC - HVAC	4.52%	2033	2,482,200	1,224,437	1,355,134
2467	RCMP Detachment	1.47%	2027	2,700,000	356,211	521,697
2836	Airport Terminal	0.00%	2038	<u>1,000,000</u>	<u>650,000</u>	<u>700,000</u>
				<u>18,481,900</u>	<u>10,838,157</u>	<u>11,680,202</u>
<u>Water purposes:</u>						
2668	Tadanac Water Line	4.30%	2028	1,700,000	347,133	454,060
1097	Water (Specified Area)	1.47%	2026	<u>750,000</u>	<u>50,680</u>	<u>98,947</u>
				<u>2,450,000</u>	<u>397,813</u>	<u>553,007</u>
<u>Sewer purposes:</u>						
2567	Sewer improvements	0.91%	2025	<u>2,148,000</u>	<u>-</u>	<u>147,542</u>
				<u>2,148,000</u>	<u>-</u>	<u>147,542</u>
Total long-term debt					<u>\$ 11,235,970</u>	<u>\$ 12,380,751</u>

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

	General	Water	Sewer	Total
2026	\$ 870,600	\$ 161,884	\$ -	\$ 1,032,484
2027	900,230	115,652	-	1,015,882
2028	610,955	120,277	-	731,232
2029	629,429	-	-	629,429
2030	648,516	-	-	648,516
Thereafter	<u>7,178,427</u>	<u>-</u>	<u>-</u>	<u>7,178,427</u>
	<u>\$ 10,838,157</u>	<u>\$ 397,813</u>	<u>\$ -</u>	<u>\$ 11,235,970</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

10. 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. The City recognizes an estimated obligation relating to the removal of the hazardous materials in these assets with 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

Estimated costs totaling \$1,408,932 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 2029 & 2065 with the regular replacement, renovation or disposal of assets. No recoveries are expected at this time.

	2025	2024
Opening asset retirement obligation	\$ 1,387,191	\$ 1,908,123
Additions	-	220,958
Asset retirement obligation adjustment	-	(783,474)
Settlement of asset retirement obligations	(693,831)	-
Increase due to accretion	14,476	41,584
Closing asset retirement obligation	<u>\$ 707,836</u>	<u>\$ 1,387,191</u>

11. Tangible capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 13,751,682	\$ -	\$ 13,751,682	\$ 11,594,587
Buildings	50,238,041	23,715,894	26,522,147	24,873,896
IT, equipment & furniture	19,219,522	15,962,999	3,256,523	3,216,646
Transportation infrastructure	58,080,319	37,837,173	20,243,146	21,188,417
Parks & cemetery	7,086,579	2,817,988	4,268,591	4,156,084
Water infrastructure	40,872,662	15,809,006	25,063,656	25,627,249
Sewer infrastructure	14,519,187	4,432,732	10,086,455	9,836,232
Storm sewer infrastructure	12,348,812	4,657,020	7,691,792	7,829,866
Assets under construction	5,505,674	-	5,505,674	1,910,546
Assets retirement obligations	1,085,908	765,702	320,206	697,747
	<u>\$222,708,386</u>	<u>\$105,998,514</u>	<u>\$116,709,872</u>	<u>\$110,931,270</u>

See schedule of tangible capital assets for more information.

12. Inventory

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

	2025	2024
General	\$ 110,501	\$ 75,153
Water system	99,173	98,061
Sewer system	13,374	13,893
	<u>\$ 223,048</u>	<u>\$ 187,107</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

13. Accumulated surplus

	<u>2025</u>	<u>2024</u>
Restricted reserves		
Capital projects	\$ 3,580,956	\$ 4,094,121
Climate action	445,058	631,484
Community works fund	1,642,427	1,175,128
Equipment replacement	998,394	1,137,257
Growing communities fund	648,542	3,223,491
Insurance	232,922	226,380
Old Bridge	691,761	525,238
RCMP	265,000	-
Sewer capital	3,851,087	3,556,443
Water capital	<u>5,172,854</u>	<u>4,096,338</u>
	<u>17,529,001</u>	<u>18,665,880</u>
Statutory reserves		
Land sales	746,304	723,543
Off street parking	74,585	65,110
Tax sale	<u>29,083</u>	<u>28,196</u>
	<u>849,972</u>	<u>816,849</u>
Total reserves	<u>18,378,973</u>	<u>19,482,729</u>
Operating		
General	7,245,729	6,738,846
Library	<u>169,676</u>	<u>165,264</u>
	<u>7,415,405</u>	<u>6,904,110</u>
Invested in tangible capital assets	<u>104,766,066</u>	<u>97,163,329</u>
Total accumulated surplus	<u>\$130,560,444</u>	<u>\$123,550,168</u>

14. 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:

	<u>2025</u>	<u>2024</u>
Balances, beginning of year	\$ 738,393	\$ 697,584
Contributions received	4,359	7,217
Interest earned	<u>33,063</u>	<u>33,592</u>
Balances, end of year	<u>\$ 775,815</u>	<u>\$ 738,393</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

15. Taxation revenue

Total tax revenue net of transfers of taxes collected for other governments and agencies were as follows:

	2025	2024
Residential	\$ 4,759,942	\$ 4,631,485
Utilities	805,706	768,246
Major industry	10,898,885	10,450,124
Light industry	9,481	9,123
Business	1,371,723	1,322,831
Managed forest	4,352	4,193
Non-profit	10,537	10,374
Payments in lieu of taxes & other	660,648	341,327
Parcel taxes	503,400	520,062
	<u>\$ 19,024,674</u>	<u>\$ 18,057,765</u>

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.

	2025	2024
Provincial Government - school taxes	\$ 3,899,206	\$ 3,618,466
Regional District of Kootenay Boundary	7,333,293	5,452,205
West Kootenay Boundary Hospital District	454,238	422,555
British Columbia Assessment Authority	194,250	179,703
Municipal Finance Authority	585	544
	<u>\$ 11,881,572</u>	<u>\$ 9,673,473</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

17. Pension plan

The City of Trail and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The City of Trail paid \$653,008 (2024 - \$543,536) for employer contributions to the plan in fiscal 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.

18. Government transfers

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

	2025	2025	2024	2024
	Unconditional	Conditional	Unconditional	Conditional
Federal government	\$ -	\$ 424,040	\$ -	\$ 431,008
Provincial government	526,946	1,676,020	583,762	1,583,881
Regional/other	50,240	630,051	48,380	915,035
	<u>\$ 577,186</u>	<u>\$ 2,730,111</u>	<u>\$ 632,142</u>	<u>\$ 2,929,924</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

19. 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.

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:

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

20. Segmented information (continued)

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.

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.

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

20. **Segmented information** (continued)

Statement of operations by object and function:

	General government	Protective services	Transportation services	Public health & welfare
Revenues				
Taxes	\$18,521,274	\$ -	\$ -	\$ -
Sales of service	11,124	11,141	344,185	23,955
Other revenue from own sources	782,121	144,333	112,834	-
Investment income	1,042,214	-	-	-
Government transfers - unconditional	526,946	-	-	-
Government transfers - conditional	84,918	-	-	376,953
Water user fees	-	-	-	-
Sewer user fees	-	-	-	-
Gain on disposal of assets	-	-	15,500	-
Donation of assets	208,472	-	-	-
	<u>21,177,069</u>	<u>155,474</u>	<u>472,519</u>	<u>400,908</u>
Expenses				
Wages and benefits	1,630,033	547,509	1,572,915	211,806
Supplies and services	1,852,929	1,973,659	1,634,669	141,587
Interest and other debt charges	-	38,804	127,816	-
Amortization of tangible capital assets	252,883	62,198	1,513,692	35,573
Accretion	1,607	-	5,295	18
	<u>3,737,452</u>	<u>2,622,170</u>	<u>4,854,387</u>	<u>388,984</u>
Annual Surplus (Deficit)	<u>\$17,439,617</u>	<u>\$(2,466,696)</u>	<u>\$(4,381,868)</u>	<u>\$ 11,924</u>

<u>Parks, recreation & cultural</u>	<u>Library</u>	<u>Airport</u>	<u>Water utility</u>	<u>Sewer utility</u>	<u>2025 Total</u>	<u>2024 Total</u>
\$ -	\$ -	\$ -	\$ 503,400	\$ -	\$ 19,024,674	\$ 18,057,765
1,006,917	7,298	476,874	-	-	1,881,494	2,057,353
1,795,582	7,218	-	-	-	2,842,088	1,518,802
-	9,167	-	209,987	219,260	1,480,628	1,818,101
-	50,240	-	-	-	577,186	632,142
1,596,232	113,144	-	558,864	-	2,730,111	2,929,924
-	-	-	2,173,859	-	2,173,859	1,977,923
-	-	-	-	1,369,915	1,369,915	1,320,777
-	-	-	-	-	15,500	-
-	-	-	-	-	208,472	389,000
<u>4,398,731</u>	<u>187,067</u>	<u>476,874</u>	<u>3,446,110</u>	<u>1,589,175</u>	<u>32,303,927</u>	<u>30,701,787</u>
3,575,381	582,411	369,693	1,089,907	424,989	10,004,644	9,484,625
3,318,901	189,467	276,119	1,012,102	297,335	10,696,768	11,561,195
318,939	-	-	84,125	19,547	589,231	597,779
941,334	-	380,693	565,293	236,867	3,988,533	3,915,643
6,958	-	-	597	-	14,475	41,584
<u>8,161,513</u>	<u>771,878</u>	<u>1,026,505</u>	<u>2,752,024</u>	<u>978,738</u>	<u>25,293,651</u>	<u>25,600,826</u>
<u>\$(3,762,782)</u>	<u>\$ (584,811)</u>	<u>\$ (549,631)</u>	<u>\$ 694,086</u>	<u>\$ 610,437</u>	<u>\$ 7,010,276</u>	<u>\$ 5,100,961</u>

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

21. 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:

	<u>2025</u>
Budget surplus per statement of operations	\$ 6,681,593
Less: Capital expenditures	17,498,815
Long-term debt principal repayments	1,052,411
Budgeted transfers to reserves	4,462,000
Add: Budgeted transfers from surplus and reserves	11,942,581
Amortization	4,389,052
Debt proceeds	-
Net annual budget	<u>\$ -</u>

22. Financial instruments and risk management

Financial instruments include cash & cash equivalents, accounts receivable, long-term accounts receivable, due from other governments, trades accounts payable and accrued liabilities, accrued future payroll benefits, long-term debt and asset retirement obligations. The City has exposure to the following financial risks from its use of financial instruments: credit risk, interest risk, currency risk and liquidity risk. Management is responsible for safe guarding resources, managing risks and implementing appropriate policies

Credit risk

Credit risk refers to the risk of financial loss to the City if a debtor fails to discharge their obligation. The City is exposed to this arising from its cash and cash equivalents, and receivables. The City mitigates credit risk in its investments by adhering to the regulations set out by the Community Charter. Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. Accounts receivable is primarily due from government, and corporations and individuals. The City also holds collateral on taxes and utilities payable through the tax sale mechanism, mitigating the risk of default on these balances. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. No impairment allowance was required in 2025 & 2024. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The City operates within the constraints of the investment guidelines in the Community Charter. The investment portfolio is monitored by management.

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, long-term debt and asset retirement obligations. 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.

THE CORPORATION OF THE CITY OF TRAIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

22. Financial instruments and risk management (continued)

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. There 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.

23. Subsequent event: Major Industrial property assessment appeal

Subsequent to December 31, 2025, the City became aware of a decision of the British Columbia Supreme Court relating to the assessed value of a major industrial property within the municipality for the 2019 through 2022 taxation years.

The decision may result in revisions to prior year property assessments by BC Assessment and corresponding property tax adjustments. As of the date of these financial statements, BC Assessment had not determined whether the decision will be appealed, and the financial impact to the City has not yet been determined.

Should revised assessments be issued, the City may be required to refund property taxes collected in prior years. Based on preliminary estimates, the total refund could range up to approximately \$1.1 million, of which approximately \$886,000 would relate to the City's municipal portion. The remaining portion relates to taxes collected on behalf of other taxing authorities and is expected to be recoverable through future settlement processes.

As the court decision relating to the property assessment was issued subsequent to the balance sheet date, no amount has been recorded in these financial statements related to this matter.

24. Tax concentration

The City is economically dependent on a major industrial property taxpayer which represents a significant portion of the City's annual taxation revenue. Changes in the assessed value or operations of this taxpayer, including assessment appeals, could have a significant impact on the City's financial position and operations.

25. 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, 2025

	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
Tangible capital assets									
Land	\$ 11,594,584	\$ 2,157,098	\$ -	\$ 13,751,682	\$ -	\$ -	\$ -	\$ -	\$ 13,751,682
Buildings	47,597,232	2,640,809	-	50,238,041	22,723,336	992,558	-	23,715,894	26,522,147
IT, vehicles & equipment	18,489,468	831,552	(101,498)	19,219,522	15,272,822	791,675	(101,498)	15,962,999	3,256,523
Transportation infrastructure	57,688,319	392,000	-	58,080,319	36,499,902	1,337,271	-	37,837,173	20,243,146
Parks and cemetery	6,740,820	345,759	-	7,086,579	2,584,736	233,252	-	2,817,988	4,268,591
Water infrastructure	40,872,662	-	-	40,872,662	15,245,413	563,593	-	15,809,006	25,063,656
Sewer infrastructure	14,032,097	487,090	-	14,519,187	4,195,865	236,867	-	4,432,732	10,086,455
Storm sewer infrastructure	12,348,812	-	-	12,348,812	4,518,947	138,073	-	4,657,020	7,691,792
Assets under construction	1,910,548	3,595,126	-	5,505,674	-	-	-	-	5,505,674
ARO	1,768,205	-	(682,297)	1,085,908	1,070,459	17,979	(322,736)	765,702	320,206
2025 Totals	<u>\$ 213,042,747</u>	<u>\$ 10,449,434</u>	<u>\$ (783,795)</u>	<u>\$ 222,708,386</u>	<u>\$ 102,111,480</u>	<u>\$ 4,311,268</u>	<u>\$ (424,234)</u>	<u>\$ 105,998,514</u>	<u>\$ 116,709,872</u>
2024 Totals	<u>\$ 204,903,893</u>	<u>\$ 8,075,737</u>	<u>\$ 63,117</u>	<u>\$ 213,042,747</u>	<u>\$ 97,623,316</u>	<u>\$ 4,425,044</u>	<u>\$ 63,117</u>	<u>\$ 102,111,480</u>	<u>\$ 110,931,270</u>

THE CORPORATION OF THE CITY OF TRAIL
SCHEDULE B - PROVINCE OF BC GROWING COMMUNITIES GRANT
December 31, 2025

Province of BC Growing Communities Grant reconciliation

	<u>2025</u>	<u>2024</u>
Growing Communities grant, opening balance	\$ 3,223,491	\$ 3,084,680
Interest allocation	82,148	138,811
Less: Demolishment of derelict buildings	2,157,097	-
Trail Cominco arena upgrades	<u>500,000</u>	<u>-</u>
	<u>2,657,097</u>	<u>-</u>
Growing Communities grant, ending balance	\$ <u>648,542</u>	\$ <u>3,223,491</u>

THE CORPORATION OF THE CITY OF TRAIL
EXHIBIT 1 - COVID-19 PROVINCE OF BC RESTART GRANT (UNAUDITED)
December 31, 2025

Province of BC Restart Grant reconciliation

	<u>2025</u>	<u>2024</u>
COVID-19 Restart grant, opening balance	\$ 565,571	\$ 565,571
Less: IT and technology upgrades expenses	<u>75,127</u>	<u>-</u>
COVID-19 Restart grant, ending balance	<u>\$ 490,444</u>	<u>\$ 565,571</u>

THE CORPORATION OF THE CITY OF TRAIL

EXHIBIT 2 - LOCAL GOVERNMENT HOUSING INITIATIVES FUNDING (UNAUDITED)

December 31, 2025

Local Government Housing Initiatives Grant reconciliation

	<u>2025</u>	<u>2024</u>
Housing Initiatives grant, opening balance	\$ 94,099	\$ -
Contributions received	-	186,696
Less: OCP update	<u>71,936</u>	<u>92,597</u>
Housing Initiatives grant, ending balance	\$ <u>22,163</u>	\$ <u>94,099</u>

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

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