2025

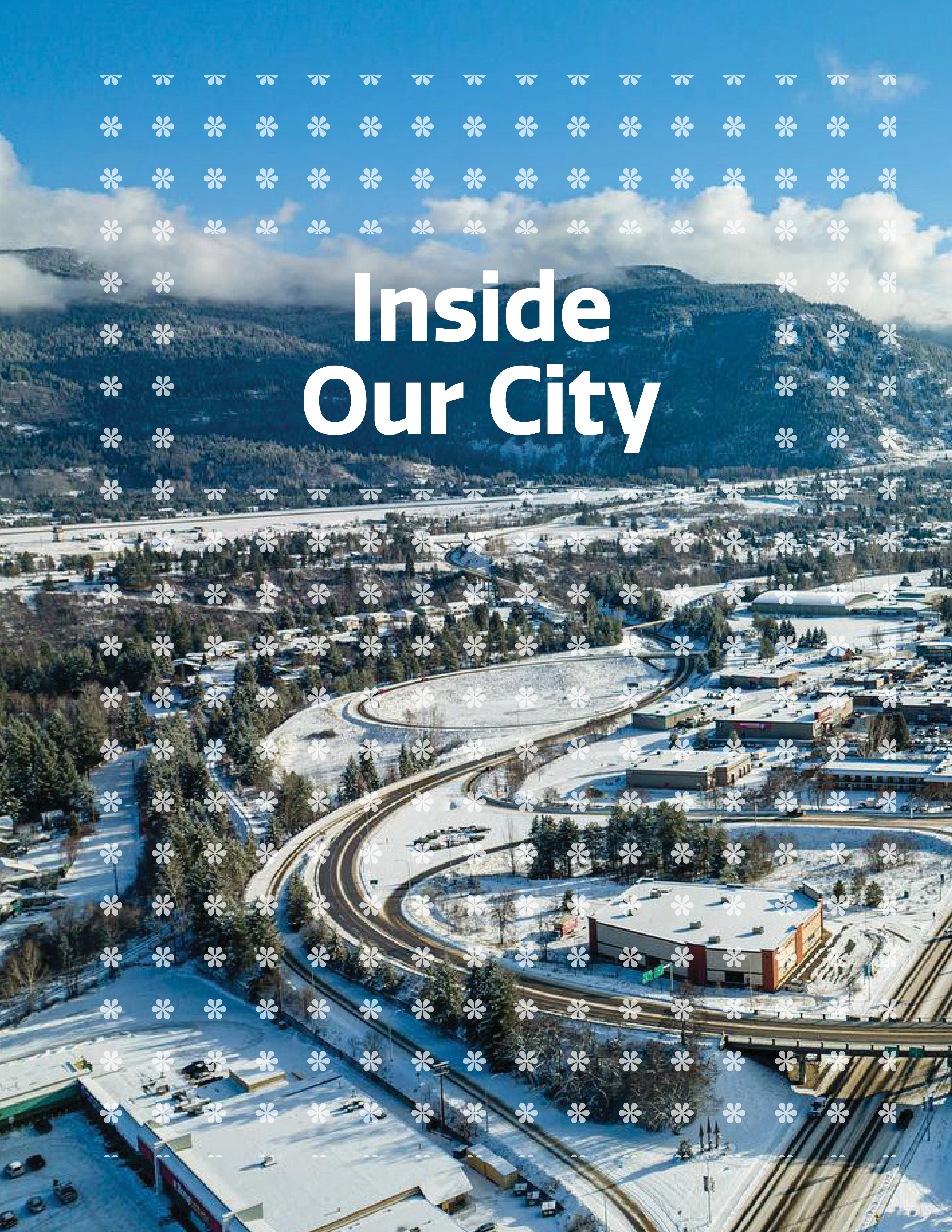
Annual Report

castlegar.ca

CASTLEGAR

Photo Credit: Vince Boothe

Contents



Inside Our City

Who We Are

Two great rivers meet at a unique place in the Southern Interior of British Columbia where people have lived for millennia, and others have brought traditions from around the world.

Castlegar is a place where individuality, innovation, and learning are deeply valued. Rooted in multi-generational family connections and a strong sense of belonging, the city draws inspiration from the meeting of its two rivers. From this convergence flows a distinctive culture and creative spirit that makes the City of Castlegar an idyllic place to live, work, and grow.

We have a population of 13,700 in the City and area, and a trade area of 70,000. The economy is diversified and growing, focused on forestry (Mercer-Celgar Mill, Interfor, Kalesnikoff), energy (Columbia Power, FortisBC and BC Hydro), mining (Teck), and commercial services in the City. We are the service centre within British Columbia's West Kootenay Region.

Quality of life features backcountry adventure and an increasingly dynamic urban culture, including the very popular Millennium Park & Ponds and the annual Sculpturewalk event.

The City's desirability as an affordable business and lifestyle choice will continue to grow with anticipated investments in commercial development, housing, and technology and broadband service.

City Snapshot

LOCATION

City's elevation

450m

HOUSING

Average home value in 2025

$526,529

↑1% from 2024

Number of single-family dwellings units

2,868

ECONOMY

Trade area of

70,000

TOURISM

Total visitors at Visitor Centre

8,625

DEMOGRAPHICS

City population

9,301

Council's Mission

Our mission is to provide open and responsive government and well-planned and delivered services to the citizens of Castlegar.

Community Vision

As a regional hub in the West Kootenay, Castlegar is a welcoming and diverse community where people of all ages and abilities can belong.

We are a community that respectfully honours our past while moving forward with a vision where everyone has a safe place to live, move, work, connect and feel supported. Surrounded by the mountains and rivers that connect us, we embrace the outdoors and our responsibility of looking after the land now and for future generations.

Excellence in energy action and conservation showcases our leadership in environmental stewardship. Our economic environment is adaptable to fluctuating market conditions and attracts creative entrepreneurship.

Living is affordable, housing forms are diverse, neighbourhoods are complete and inclusive, and the community is well serviced. We are a connection point that unites the region – a hub from which to explore life's adventure. Nature and technology are our enablers.

City Snapshot

DEVELOPMENT

2025 Construction value

$34,763,440

PARKS

Number of parks in the city

23

FINANCE

Total grant revenue

$1,378,941

DEVELOPMENT

Building permits issued

100

DEVELOPMENT

Business licences issued

744

The Planning Process

Strategic planning is an important process that identifies community-level priorities. The Annual Report outlines what was achieved in relation to our stated principles, objectives and strategies.

The strategic planning process creates an opportunity for the City to reflect on what is important to the community and use that information to develop a guiding document that helps set priorities, manage resources, and track progress and successes.

The Council Strategic Plan guides what work we do for the community and how we do it. It is a critical resource when developing operational plans to guide the day-to-day work we do.

Strategic Plan Principles

PRINCIPLE 1

Governance & Service Excellence

We make difficult decisions in the best long-term interest of the community. We manage assets and infrastructure with fiscal prudence, using business-minded and long-term perspectives. Our actions are guided by community-informed master plans, which provide clarity of what we do, when, and why.

ACCOMPLISHMENTS

+ Developed the City's first Organizational Plan, establishing a mission, vision, values, and pillars to guide culture, planning, and service delivery. The plan aligns with Council's Strategic Plan and includes a Organizational Action Plan.
+ Advanced the Liquid Waste Management Plan, completing technical work and engagement and preparing the Stage 1 report for Council consideration and provincial review.
+ Completed upgrades at the South Sewage Treatment Plant, including foaming mitigation, and progress on the North Train Renewal to strengthen reliability and regulatory compliance.
+ Received the Disaster Resilience and Innovation Funding (DRIF) program grant for a $400,000 Flood Plain Mapping and Climate Change Hazard Assessment project, which will update floodplain maps, assess climate-driven risks, and strengthen emergency preparedness.
+ Completed localized drainage improvements, addressing long-standing stormwater challenges and improving neighbourhood level resiliency.
+ Promoted community-wide registration for Voyent Alert! and City News, improving access to timely information about public safety, City initiatives, and Council decisions.
+ Awarded a new Information Technology Managed Services contract and began implementing enhanced IT support, improving system reliability, security, and organizational capacity.

PRINCIPLE 2

A Future with Affordable Homes for All

We are in a housing crisis. The City of Castlegar is committed to doing everything it can to ensure the mix of housing the community needs. The City has the courage to step outside of our traditional role and take action to make housing happen. We continually minimize and reduce barriers and bureaucracy to support development.

ACCOMPLISHMENTS

- Advanced the 925 Columbia Avenue Housing Project, progressing design with BC Housing and Lu'ma Developments and supporting the transition into construction, including the contractor-led demolition of the Pioneer Arena.
- Advanced redevelopment of 310 Columbia Avenue (former Eremenko Building) by funding the demolition and progressing planning and design work for future mixed-use housing.
- Implemented the Accessory Dwelling Unit Program, making it easier for homeowners to add secondary units and expanding small-scale housing options.

PRINCIPLE 3

Quality of Life

Castlegar is a community that values an exceptional quality of life. With a small-town feel, we strive to be a place that people are proud to call home, conduct their business in, and have fun in. Our community embraces diversity, and values volunteerism and social service agencies. We celebrate a natural environment that offers world-class recreational opportunities.

ACCOMPLISHMENTS

+ Delivered a Council-approved $250,000 paving program on Columbia Avenue, improving road quality, safety, and long-term asset management.
+ Finalized the Brandson Park Renewal design, informed by community engagement and preparing the project for construction in spring 2026.
+ Completed the Mosquito Field fence replacement, improving safety and usability for community recreation.
+ Delivered major community events, including Canada Day and Winter Wonderland.
+ Participated in community events such as the West Kootenay Trade Show, IRIS Seniors Expos, and Castlegar Community Connects Day.
+ Supported WildSafeBC community education, including Harvest Match and bin tagging, to help reduce wildlife attractants and encourage safe coexistence in neighbourhoods.
+ Supported community-led recreation projects, including a new outdoor basketball court at Millennium Park & Ponds, guidance on a potential disc golf course, and continued discussion on the Dog Park Society gazebo proposal.
+ Led the Eco-Link Feasibility Study, confirming technical feasibility for a bridge or gondola connection between Selkirk College and downtown and outlining next steps.
+ Supported installation of the new Sherbiko Hill retaining wall mural with Communities in Bloom, adding a vibrant public art feature along a key roadway.

PRINCIPLE 4

West Kootenay Regional Airport Excellence

West Kootenay Regional Airport is the gateway between the West Kootenay and the world. It is a catalyst for regional economic growth and opportunities. Focused on growing and improving services, West Kootenay Regional Airport will be the choice for air travel to the West Kootenay area. We are committed to improving reliability and moving beyond the reputation of Cancelgar. We will carefully plan for growth and development and build strategic partnerships.

ACCOMPLISHMENTS

- Awarded the architectural services contract for the Air Terminal Building Expansion, advancing a major multi-year project that will improve the travel experience by modernizing the terminal and expanding passenger capacity.
- Promoted and supported Air Canada's flight disruption shuttle, helping passengers maintain travel continuity during weather related cancellations.
- Strengthened the airport's financial position by updating agreements with passenger-service providers, including securing a new on-site car rental service and continuing café operations.

PRINCIPLE 5

Access to Healthcare

Castlegar residents have an inherent right to healthcare. The City is dedicated to stepping outside its traditional role to ensure all residents have access to the healthcare they need – now and in the future. The City is committed to advocating for healthcare in the community and addressing emerging issues.

ACCOMPLISHMENTS

- Continued advancing the 925 Columbia Avenue Housing and Healthcare Project, supporting design development and partner coordination to bring new primary care and community health services to Castlegar.
- Advocated for improved healthcare access, engaging provincial partners and service providers to address emerging local healthcare challenges.
- Approved a Temporary Use Permit for BC Housing to operate a 20-bed permanent emergency shelter at 2245 6th Avenue, supporting vulnerable residents' access to essential services.
- Awarded a new multi-year physician recruitment contract to the Castlegar & District Chamber of Commerce, continued advocacy for improved access to primary care, and participated in strategic planning through the Physician Recruitment Committee to guide recruitment efforts over the coming years.

PRINCIPLE 6

A Prosperous City

Our position as the centre of the West Kootenay creates opportunities for diverse economic growth that benefits Castlegar and the region. We are committed to creating an environment where all sizes of industry and businesses can be successful. We will carefully plan for growth and development and build strategic partnerships.

ACCOMPLISHMENTS

+ Welcomed the grand opening of Kalesnikoff's 100,000 sq. ft. mass-timber prefabrication and modular facility, a $30 million investment that brings jobs to the region and strengthens Castlegar's role in sustainable, value-added manufacturing.
+ Advanced downtown revitalization by awarding the contract for demolition of the Eremenko Building at 310 Columbia Avenue, preparing the site for future residential and mixed-use development.
+ Experienced strong economic growth, with building permit values rising to $33.8 million year-to-date nearly double from 2024 and significant increases in multi-family construction. 2025 saw new commercial developments, with five new restaurants opening, alongside steady business licensing activity.
+ Initiated a downtown parking study to proactively support future growth by aligning bylaws with the Community Plan and ensuring development is supported by appropriate parking management.


CITY HALL
2007
460

Message from the Mayor

This year showed what's possible when strategic priorities and community input shape real, meaningful progress.

As I reflect on 2025, I am reminded not only of the progress we have made this year but also of the steady work that has shaped this Council's time together. It has been a period defined by thoughtful decisions, strong partnerships, and a shared commitment to building a community that reflects the values of the people who call Castlegar home.

This past year marks continued momentum across key priorities. We have advanced infrastructure projects that strengthen reliability and resilience, from upgrades at the South Sewage Treatment Plant to improvements in drainage systems across the community. At the same time, we invested in the future by moving forward with climate preparedness initiatives and long-term planning that will help guide Castlegar for years to come.

Housing and healthcare have remained central to Council's work. We have continued advancing the 925 Columbia Avenue development, supporting design development and partner coordination to create new housing opportunities and future healthcare services in our community. We have also continued to reduce barriers and support a broader range of housing options, recognizing the importance of creating a community where people can live, work, and stay at every stage of life.

What stands out most to me is how this work has been carried forward with care, intention, and a long-term perspective. Every decision has been grounded in what will serve Castlegar not just today, but into the future. That work is made possible by dedicated City staff, a committed Council, and residents who continue to show up, share their perspectives, and help shape our direction.

This Annual Report reflects the result of those collective efforts. I invite you to explore it and see how we are continuing to build a resilient, inclusive, and connected Castlegar. It is through this shared effort that we are truly better together.

Thank you for your trust, your input, and your ongoing commitment to our community.

Regards,

Mayor Maria McFaddin

City Councillors

The City is governed by a Mayor and six Councillors, elected for a four-year term. The current Mayor and Council will serve until Fall 2026.

Councillor Darcy Bell

Darcy Bell was elected to Council in 2022. Councillor Bell is dedicated to supporting diversity, inclusion, and thoughtful planning for the benefit of his constituents, neighbours, and family, including his wife Amy, daughters, son-in-law, and extended family in the area. He values the opportunity to serve the community and contribute to decisions that support Castlegar's future.

Councillor Brian Bogle

Deputy Mayor

Brian Bogle was elected to Council in 2021 after his retirement as Manager of Safeway. Councillor Bogle and his wife Cathy moved to Castlegar in 2005. They have a daughter and a son, two granddaughters and a grandson. Councillor Bogle has served on numerous council committees and was appointed Deputy Mayor in 2023. He also serves as the alternate RDCK Director and is the Castlegar representative on the WKBR Hospital District board.

Councillor Sandy Bojechko

Sandy Bojechko is a grandmother and has lived in the Castlegar area for more than 35 years. She is an active volunteer with the Castlegar Rebels and is the past president of the West Kootenay Labour Council. Sandy also helps organize the International Day of Mourning, reflecting her commitment to advocacy and worker safety. With a background as a paralegal and experience owning three businesses, she is dedicated to listening to and acting on behalf of her community.

Councillor Shirley Falstead

Shirley Falstead was elected in 2022 and brings experience in business ownership, economic development, tourism, and community leadership. She has owned and operated several businesses, including an organic farm, market garden, and Spruce River Research, an economic and community development consulting firm. Her background includes work as a national tourism judge, preparing Phase One Environmental Assessments, and delivering Economic Development Programs across Western Canada through Carleton University. Shirley is a Board Member of Rota Villa Senior Housing in Castlegar and a past Board Member of Heritage Credit Union.

Councillor Sue Heaton-Sherstobitoff

Sue has lived in Castlegar since 1988 and has been on council since 2011. She is married to Curtis and has 2 girls - Jordan & Sydney. Her passion for Castlegar, combined with years of experience and community involvement, continues to drive her commitment to serving the people of the city. In her spare time, she likes to garden, travel and cook!

Councillor Cherryl MacLeod

Cherryl MacLeod and her husband, Murray, have four children and six grandchildren. She is an active community volunteer, enjoying spending time in her community, helping to make it the best place to be. She enjoys gardening, baking, riding her bike, and spending time with family and friends. Councillor MacLeod recently retired from School District 20 after 34 years as a Child and Youth Care Worker.

Committees & Senior Staff

The City of Castlegar has five Committees of Council that serve as advisory bodies to Council, pursuant to the *Community Charter.* Members of Council are appointed annually by the Mayor and serve as liaisons to various community groups, organizations and societies.

Community Wellness and Social Services

- Chair, Councillor Bell
- Deputy Chair, Councillor Bojechko
- Deputy Chair, Councillor Heaton-Sherstobitoff

Cultural and Civic Pride

- Chair, Councillor Heaton-Sherstobitoff
- Deputy Chair, Councillor Bogle
- Deputy Chair, Councillor MacLeod

Finance & Corporate Services

- Chair, Councillor Bogle
- Deputy Chair, Councillor Falstead

Municipal Services

- Chair, Councillor MacLeod
- Deputy Chair, Councillor Bell

Stage IV Labour/ Management Committee

- Chair, Mayor McFaddin
- Member, Councillor MacLeod
- Member, Councillor Bogle

Senior Staff

- Director of Finance & Technology, Steffan Klassen
- Director of Corporate Services, Bree Seabrook
- Director of Municipal Services, Chris Hallam
- Chief Administrative Officer, Chris Barlow
- Director of Community Safety and Development, Meeri Durand

From the Chief Administrative Officer

2025 was a year of building on strong foundations and continuing to turn plans into measurable progress.

The City of Castlegar remains guided by clear and consistent planning. This year, the development of the City's first Organizational Plan strengthened how we align daily operations with Council's Strategic Plan. Alongside this, we continued advancing key master planning work, ensuring decisions are thoughtful, coordinated, and focused on both current needs and long-term sustainability.

While external pressures, such as rising costs and evolving regulations, continue to shape the municipal environment, we remain focused on responsible financial management and effective service delivery. Investments in infrastructure, technology, and planning were made with care, ensuring we maintain reliable services while preparing for future growth.

The City also continued to improve how we deliver services and communicate with residents. Enhancements to information technology systems and public communication tools have strengthened our ability to respond, share information, and support the community in a timely and efficient way.

Housing and healthcare remain critical priorities. We continued to support major projects and partnerships, while also advancing initiatives that reduce barriers and expand housing options. At the same time, we maintained strong advocacy efforts to improve residents' access to healthcare services.

I am proud to share some of the progress made in 2025:

- Developed the City's first Organizational Plan to align service delivery with Council priorities.
- Advanced the Liquid Waste Management Plan and completed key upgrades at the South Sewage Treatment Plant.
- Completed citywide drainage improvements to address long-standing stormwater challenges.
- Secured funding for Flood Plain Mapping and Climate Hazard Assessment to strengthen emergency preparedness.
- Advanced the 925 Columbia Avenue housing and healthcare project.
- Implemented the Accessory Dwelling Unit Program to support additional housing options.
- Delivered road improvements, including paving on Columbia Avenue.
- Finalized the Brandson Park Renewal design and prepared for construction.
- Supported economic growth with new business development and increased building activity.
- Advanced planning for the West Kootenay Regional Airport terminal expansion.

Our progress this year reflects the dedication and professionalism of City staff across all departments. Whether delivering essential services or advancing complex projects, their work ensures the City continues to operate effectively and adapt to change.

I would also like to thank Council for its leadership and Castlegar residents for their continued engagement and support.

I encourage you to review this Annual Report to learn more about how we are investing in the community we proudly serve.

Regards,

Chris Barlow

Chief Administrative Officer

Corporate Services

The City of Castlegar's Corporate Services Department oversees Human Resources, Legislative Services (including Bylaw Enforcement), Health and Safety, and Communications.

The department ensures the effective and efficient overall management of the City's administrative operations, supporting the organization and the community.

Corporate Services provides legislative and procedural support to Council and the Chief Administrative Officer, manages protocol and legal matters, coordinates records management, publishes official notices, administers local government and school district elections, and responds to requests under the *Freedom of Information and Protection of Privacy Act*.

Legislative Services prepares and distributes Council agendas and minutes, maintains bylaws, policies, and contracts, enforces bylaws, and ensures City processes align with legislative requirements and best practices.

Human Resources (HR) supports approximately 70+ employees through the full employment cycle from recruitment and retention initiatives, wellness and engagement, labour relations, collective agreement administration, performance management, employee recognition, job evaluations, employee compensation and benefits, and training and development.

Health and Safety develops and implements safe work procedures, coordinates safety training, conducts workplace inspections, manages return-to-work programs, and promotes employee wellness initiatives. The program also includes creating and maintaining specialized safety initiatives such as heat stress prevention, ergonomics programs, and hazard-specific response plans to ensure a safe and healthy workplace.

The department also manages the City's communications and engagement, delivering timely, accurate, and accessible information to residents and creating opportunities for meaningful public participation. This includes strategic communications planning, sharing important information, creating awareness of City initiatives and decision-making, strengthening the City's reputation, and developing engagement programs to ensure community-guided City decisions.

Key Stats

92
Reports reviewed

10
Bylaws adopted

784
Career opportunity email subscribers

100+
Council meeting hours

167
Facebook posts made

490
New followers gained

2025 Accomplishments

- Reviewed and updated bylaws and policies to ensure compliance and relevance.
- Developed a Hazardous Materials Program.
- Developed a new Bullying & Harassment program and corresponding training for all staff.
- Supported corporate initiatives and ensure compliance with policies, the Collective Agreement, and legislation.
- Developed the City's first Organizational Plan, establishing a mission, vision, values, and pillars to guide culture, planning, and service delivery. The plan aligns with Council's Strategic Plan and includes a comprehensive Action Plan.
- Expanded direct-to-resident communications by promoting City News email subscriptions and Voyent Alert! emergency notifications, helping more residents stay connected to important City updates.
- Supported emergency preparedness communications through public education, emergency messaging templates, and promotion of castlegar.ca/emergency as the City's central source for emergency information.
- Improved public awareness of City services and projects through timely updates on water restrictions, unidirectional flushing, infrastructure work, property taxes, and other municipal services.
- Completed an organization-wide Administrative Services Scan to assess departmental administrative support needs.

2026 Priorities

- Administer the local government election and Alternative Approval processes.
- Implement Safety Management System software.
- Begin a gap analysis of the City's regulatory occupational health & safety requirements.
- Finalize and fully implement the City's Hazardous Materials Program.
- Lead the collective bargaining process with CUPE 2262.
- Plan and host the annual West Kootenay Boundary Rocky Mountain Local Government Joint Chapter Conference.
- Complete the communications template project.
- Support the development of clear, measurable work plans aligned with Council's strategic and financial priorities, standardize the process, and support reporting.
- Implement and fund a Social, Wellness & Team Building Committee.
- Deliver a Citizen Survey to gather resident feedback, establish baseline metrics, and better understand community priorities, satisfaction, and service needs.
- Restructure administrative support across all departments based off recommendations from the 2025 Administrative Services Scan to identify administrative efficiency opportunities and support management & staff, with minimal budgetary impact.
- Provide de-escalation training and communication workshops for all staff.
- Implement and test an electronic timesheet program.

Development Services

Development Services guides Castlegar's growth and evolution, ensuring the community is connected, inclusive, resilient, and sustainable. The department oversees long-range planning, land-use regulation, business licensing, building inspection, and community development initiatives. This work is grounded in the City's Official Community Plan and delivered through collaboration with staff, agencies, community groups, and residents.

2025 Accomplishments

- Completion of Phase 1 of Accessory Dwelling Unit Program to support infill housing objectives.
- Dog Park Signage design completed and installed.
- Completed Parking Assessment for Downtown and Uptown growth areas.
- Expanded commercial and utility development on lands east of the Columbia River.
- Provided ongoing support for non-market housing initiatives in partnership with BC Housing, Lu'ma Development, Castlegar Rota Villa Society & Castlegar Community Services.

2026 Priorities

- Continue to work with community partners in the delivery of non-market housing and supportive housing in alignment with the City's Housing Needs Report and Housing Strategy.
- Strive toward continuous improvement and efficiency in development approvals by undertaking review of the City's Building Bylaw and Business Licensing Bylaw.
- Initiate a housing infill program by leveraging standardized designs, streamlined development approvals, and local and regional partnership for pre-manufactured housing options, and developer outreach and education in modern methods of construction.

Key Stats

744
Business licences issued

100
Building permits issued with a construction value of $34.8 million

$527k
Typical assessed value of a single-family home

23
Development approvals issued in alignment with the Community Plan

925 Columbia Avenue Housing Project

The City marked a significant milestone in addressing local housing needs with the groundbreaking of the 925 Columbia Avenue development. City Council, staff, project partners, and Indigenous leaders gathered to celebrate the start of construction on future non-market housing consisting of 78 new units.

This project reflects a strong partnership between the City, BC Housing, and Lu'ma Developments and represents an important step toward expanding housing options in the community. As housing demand continues to grow, projects like this play a critical role in creating inclusive and accessible places for people to live.

The advancement of this development into the construction phase demonstrates the City's ongoing commitment to supporting housing solutions that meet the needs of residents today and into the future.

Municipal Services

Municipal Services develops and maintains the City's infrastructure and municipal facilities.

Operational areas include roads, sewers, water, parks, fleet, facilities, and solid waste. Through the technical expertise and skill of more than thirty individuals, this team implements the City's policies, and bylaws. The department plans, designs, constructs and maintains all City-owned assets with effective coordination to enhance and maintain service delivery to the community in a cost-effective manner. In addition, the department provides professional services and advice to Council, the public, and the development/building industry on a broad range of items related to planning, building, capital construction, maintenance, and operations. The department provides policy and strategic advice to Council and the Chief Administrative Officer.

Key Stats

72
Permits issued for work on City lands

35
Acres of turf maintained

53
Fleet vehicles and heavy equipment units

13
New service install requests

23
Water leaks repaired

2025 Accomplishments

- Advanced Stage 1 of the Liquid Waste Management Plan, including technical review, engagement, committee input, and Council approval for submission to the Province.
- Completed wastewater system improvements at the South Sewage Treatment Plant (SSTP) and advanced planning for the North Train Renewal project.
- Completed the North Well Condition Assessment and supplemental water system hydraulic modeling to support long-term utility planning.
- Advanced the City's GIS program to improve infrastructure mapping, asset data, and operational decision-making.
- Initiated and completed NG911 updates to the City's GIS data, making Castlegar compliant and ready for the future transition to Next Generation 911.
- Delivered 2025 Pavement Rehabilitation Program.
- Received a $400,000 DRIF grant to complete floodplain mapping and a Climate Change Hazard Risk Assessment for key upland creek catchments through the City.
- Demolished the Eremenko Building to support downtown revitalization and future redevelopment.
- Replaced fencing, backstop, and pitching lane infrastructure at the Mosquito baseball field.
- Completed cleaning, inventory, geolocation, and condition assessment of drainage culverts along Arrow Lakes Drive to support stormwater planning and future renewal.
- Completed 5th Avenue railway crossing safety upgrades with CPKC, including new lights and alarm bells to improve crossing safety.
- Finalized the design of Brandson Neighbourhood Park and preparing for construction in Spring 2026.
- Completed hazardous materials surveys for City facilities to support safe facility management, future maintenance, and capital planning.

2026 Priorities

- Seek approval from the Province to advance to Stage 2 of the Liquid Waste Management Plan.
- Initiate the Parks Master Plan and the Transportation Master Plan to support long-term planning and asset management.
- Continue development of the City's GIS program, including publicly launching GIS and completing NG911 data improvements.
- Finalize SCADA upgrades and establish a multi-year service agreement to support reliable utility communications and monitoring.
- Deliver the 2026 Pavement Renewal Program.
- Advance the SSTP North Train Renewal project and biosolids management improvements to support wastewater system reliability and regulatory compliance.
- Complete the Floodplain Mapping and Climate Change Hazard Risk Assessment project to improve understanding of flood risk and climate-related infrastructure impacts.
- Complete the Eremenko Building demolition project and support future planning for the downtown site.
- Continue implementation of the Fleet Replacement Plan to support safe, reliable, and cost-effective service delivery.
- Re-open the Basran Building and complete priority building improvements to support City operations.
- Replace the SSTP Geotube system with a temporary biosolids management solution while advancing planning for a long-term solution.
- Prove out the North Well as an emergency backup water supply for the City's drinking water system.
- Advance drainage improvements, including the Library Drainage Project, Southridge culvert repair, and Park Lane drainage improvements.

Protective Services

Castlegar Fire Department operates out of a centrally located fire station at 2161 6th Avenue that was built in 1999 and a satellite station located at the West Kootenay Regional Airport. The department consists of a Fire Chief, one Deputy Fire Chief, two Assistant Fire Chiefs and 29 Paid-On-Call Officers and Firefighters.

This group of dedicated personnel represents the diversity of the community and works every day of the year to ensure the service provides high-quality fire protection and life safety to meet the needs of the community. Our values are diversity, respect, trust, equality, and teamwork. Our team members are our most valuable assets, and we strive for excellence.

Key Stats

1,027
Service calls

2
New junior fire fighters

43rd
Annual Toy Drive donated to Food Bank

21
Years in Community Safety Net fire prevention program

$500
Bursary awarded to Stanley Humphries student

2025 Accomplishments

- Completed Phase 2 wildfire mitigation and prescription work at Millennium Park & Ponds with Selkirk College.
- FireSmart program delivery to City staff, supported by a new Wildfire Mitigation Specialist and Climate Readiness Coordinator.
- Launch a self-compliance inspection program for low-risk businesses and develop a hazard classification system.
- Implemented Fire Services and Emergency Management Review recommendations, including recruitment, flexible training, a tiered Paid-On-Call compensation model and restructured the department organizational chart to include 1 Fire Chief, 1 Deputy Fire Chief and 2 Assistant Fire Chiefs.
- Continuing to deliver further emergency and wildfire training in partnership with provincial agencies.
- Completed training programs, including Live Fire training in Kamloops, Rescue Canada Ropes course, and First Responder Instructor certification.
- Hosted S-231 Engine Boss and SPP-115 Structure Protection courses with BC Wildfire Service.

2026 Priorities

- Update the Fire Services Bylaw to reflect the *Fire Safety Act*.
- Deliver advanced officer training programs for the departments paid-on-call officers.
- Deliver advanced training program for new paid-oncall fire fighters, including Hazmat Awareness, Hazmat Operations, and First Responder Level 3 with scope upgrade.
- Implementing new Fire Department Records Management System.
- Host Wildfire Mitigation Specialist course.
- Expanding the self-compliance inspection program for low-risk businesses and develop a hazard classification system.
- Training on new pumper tender engine expected delivery third quarter 2026.
- Implementation of updating the departments' Standard Operating Guidelines and Procedures.
- City to begin providing FireSmart Assessments.

Key Stats

95%
Winter reliability when factoring in the Air Canada bus service

2025
Airport Terminal Expansion Design initiated

30,130
Total passengers

West Kootenay Regional Airport

The West Kootenay Regional Airport is owned and operated by the City of Castlegar.

The Airport provides vital air travel services to the entire West Kootenay region and is a key driver of regional economic development. The airport supports commercial air travel, general aviation, medevac services, and wildfire response through the Southeast Fire Centre. Focused on improving reliability, enhancing passenger experience, and planning for growth, the West Kootenay Regional Airport is the region's connection to the world.

2025 Accomplishments

- Appointed a new Airport Manager, with continued focus on strengthening airport operations and advancing initiatives for long term sustainability, and positioning the West Kootenay Regional Airport for future growth.
- Achieved significant milestone in the YCG Required Navigation Performance (RNP) Project with support from Transport Canada committing the necessary resources to support the review of the RNP Application, advancing efforts to improve reliability and accessibility during challenging weather conditions.
- Continued advancement of the Air Terminal Building Expansion project, with the development of the initial architectural design phase, laying the foundation for future development.
- Continued support of the Air Canada flight disruption shuttle, helping passengers maintain travel continuity and reducing the impact of weather related challenges.

2026 Priorities

- Continue strengthening the airports operational and financial sustainability through stakeholder engagement and the pursuit of opportunities that support long term growth and regional connectivity.
- Further advance the YCG RNP project through Transport Canada's approval process, working with regulatory and industry partners to improve service and reliability.
- Progress the Air Terminal Building Expansion project through detailed design, and project planning activities to support upcoming construction to enhance passenger experience.
- Strengthen partnerships with airlines, government agencies and regional stakeholders to support infrastructure investments, economic development and expanded air service opportunities.

Finance & Technology

The Finance and Technology Department provides financial expertise, risk management, technology systems, and guidance to support all City operations.

The Finance and Technology Department provides financial expertise, risk management, technology systems, and guidance to support all City operations. In addition to leading process improvements, it sets and maintains best financial and security practices, policies and standards. This department's core services include: accounting services, budgeting, long-range financial planning, revenue services, procurement & risk management, network security, asset management, and business software development.

2025 Accomplishments

- Finalized and executed new service agreements for community groups to provide clarity, accountability, and alignment with Council's strategic funding priorities.
- Initiated payroll timesheet project software design phase.
- Awarded a new Information Technology Managed Services contract and began implementing enhanced IT support,improving system reliability, security, and organizational capacity.
- Trained a portion of the staff on budgeting software Questica.
- Completed ground up staff driven budgeting with intention to improve financial literacy, accountability & transparency throughout the organization.

2026 Priorities

- Complete the transition to SharePoint as part of the Records Information Management system.
- Complete the build and implement the payroll timesheet software.
- Streamline the accounts payable process by implementing automation tools, improving efficiency, accuracy, and turnaround times.
- Review and update the stormwater funding model to create a sustainable long-term approach for maintaining infrastructure and meeting asset renewal needs.
- Develop a Tax Class Distribution policy to ensure a fair, transparent, and well-researched allocation of property tax revenues across all property classes.
- Introduce updated financial processes (Accounts Receivable, Budget Variance, Reporting, Credit Card & Coding Standardization) that establish clear standards for usage, monitoring, and accountability to strengthen financial controls.

Key Stats

96
Computers maintained

17
Servers

19
Smart phones and tablets maintained

85
Office phones maintained

17
Printers maintained

13,375
Utility bills

3,278
Active utility tax accounts

4,000
Property Tax notices

Eremenko Building Demolition

The Eremenko Building at 310 Columbia Avenue was originally constructed in 1948, with an addition to the west (1224 3rd Street) later added in 1968. In 2025, the City demolished the buildings in order to facilitate redevelopment of the lot.

Community Events

The City continued to deliver signature community celebrations that bring residents together and strengthen civic pride. Council-led events, including Canada Day and Winter Wonderland, are supported by the Cultural and Civic Pride Committee and made possible through strong partnerships with community volunteers, local organizations, and sponsors.

In 2025, both events drew strong attendance and participation, offering residents and visitors opportunities to connect, celebrate, and share experiences. From family-friendly activities and live entertainment to seasonal attractions, these events continue to reflect the spirit of Castlegar and the people who make it special.


Happy
Canada Day
CASTLEGAR

From the Director of Finance & Technology

I am pleased to present the City of Castlegar's 2025 Annual Report. This report provides a comprehensive overview of the City's strategic goals and objectives, as well as the City's financial performance and condition, reflecting our ongoing commitment to transparency, accountability, and sound financial management. The annual report is intended to help you understand how your tax dollars are being utilized to maintain and improve our community.

As we look back on 2025, this was a year defined by steady progress and thoughtful financial stewardship for the City of Castlegar. Our community continued to grow and evolve, and with that growth came new opportunities to strengthen the services and infrastructure that residents rely on every day.

Here are some of the highlights of this year's financial performance:

- $3.7 million dollars of capital investment.
- Land sales of $5.2 million dollars.
- $3.8 million dollar annual surplus.
- Reserve balance increase of $7.9 million dollars.

Throughout the year, we remained focused on ensuring that public resources were managed responsibly and transparently, while supporting the projects and initiatives that help make Castlegar a vibrant and resilient place to live. The City ending the year with a surplus of $3.8 million reflects both careful planning and the collective efforts of staff, Council, and community partners. The City's total revenue increased by 0.8% over the previous year. This growth was primarily driven by land sales and investment revenues due to a moderate interest rate environment. At the same time, we continued to deliver essential services—from protective services and transportation to recreation and utilities—while keeping expenses aligned with expectations.

Our capital program advanced key priorities, even as some multi-year projects progressed more slowly. Investing in infrastructure not only improves the quality of life for residents but also positions the City for future growth and improved service levels. Our debt management strategy focuses on minimizing debt levels while balancing the need for investing in critical infrastructure. The City only incurs debt to fund one-time capital expenditures and not for ongoing operations. This year, the City's debt levels increased by $1.2 million dollars over last year to end the year at $13.9 million.

Behind the numbers is a story of stability and intention. The City benefited from the sale of several capital assets, which helped bolster our reserves which are essential for managing risks, responding to emergencies and helping fund future major capital projects such as the replacement of sewer infrastructure. The City's reserve balances totaled $28.9 million at the end of 2025, which is an increase of $7.9 million over last year.

The audited financial statements included in the annual report have been prepared in compliance with Section 167 of the Community Charter, and in accordance with Canadian public sector accounting standards. The preparation of the financial statements is the responsibility of Council and management. The City's management is also responsible for maintaining a system of internal controls for the safeguarding of assets and to provide reasonable assurance that reliable information is produced to allow the City to make sound decisions.

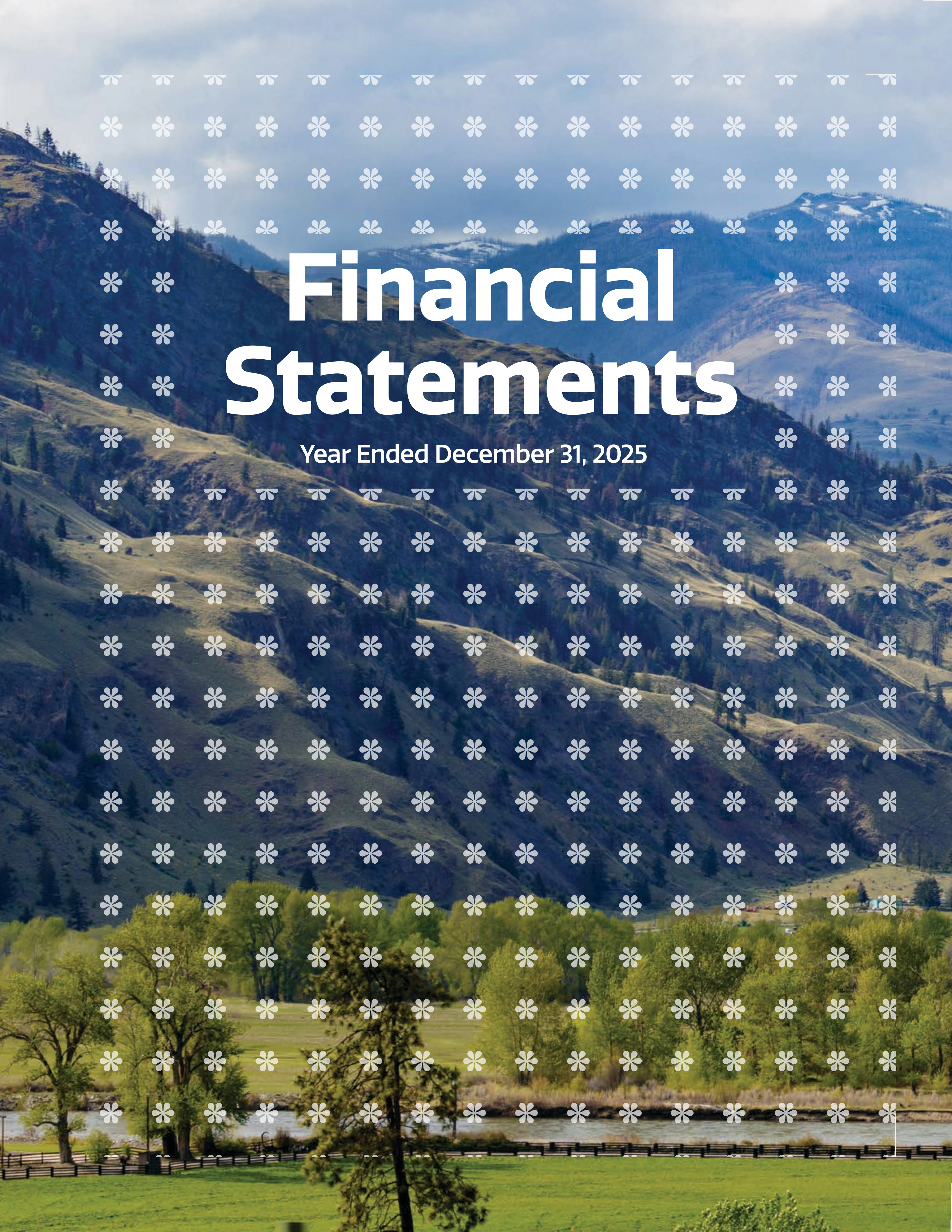
The City once again received an unmodified audit opinion from Doane Grant Thornton LLP, affirming the accuracy and fairness of our financial reporting. This independent validation underscores our commitment to accountability and good governance. Our goal remains the same: to support a thriving community today while preparing responsibly for the needs of tomorrow. I am proud of the progress we have made together and look forward to the opportunities ahead as we continue building a strong and connected Castlegar.

I want to express my gratitude to the residents for their continued support and trust. We believe that an informed and engaged community is crucial for effective governance. Throughout the year, we have made concerted efforts to communicate our financial activities and decisions to the residents through public meetings, our website, and media channels. Your feedback and participation are invaluable, and we encourage you to continue to be involved in the City's financial planning and decision making process. Our City's financial success is a collaborative achievement made possible by the collaboration between Mayor and Council, City staff, and the community.

Regards,

Steffan Klassen, CPA, CA

Director of Finance & Technology



Financial Statements

Year Ended December 31, 2025

The City of Castlegar
Management Report
For the Year Ended December 31, 2025

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the accompanying financial statements. The financial statements have been prepared in accordance with the accounting principles disclosed in Note 1 and include amounts that are based on estimates and judgments. Management believes that the financial statements fairly present the City of Castlegar'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 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 City of Castlegar's assets are safeguarded and that reliable financial records are maintained to form a proper basis for preparation of the financial statements.

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

C Barlow

Chris Barlow
Chief Administrative Officer

Steffan Klassen

Steffan Klassen
Director of Finance and IT

Doane Grant Thornton

Independent Auditor's Report

To the Mayor and Council of
City of Castlegar

Opinion

We have audited the financial statements of City of Castlegar (the “City”), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of City of Castlegar 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 Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Schedules 1 – 3 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplemental information has not been subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 23 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

Doane Grant Thornton LLP

Castlegar, Canada
May 19, 2026

Chartered Professional Accountants

City of Castlegar
Statement of Financial Position

As at December 31, 2025

		2025		note 23 2024 Restated
Financial Assets				
Cash and investment deposits, note 1	$	27,815,746	$	21,385,443
Taxes and accounts receivable, note 2, note 23		8,310,836		9,227,012
Deposit - municipal finance authority, note 3		378,919		110,902
		36,505,501		30,723,357
Liabilities				
Accounts payable and accrued liabilities, note 5		5,431,396		4,658,286
Deferred revenue, note 6		3,703,458		3,397,159
Holdbacks, refundable, and other deposits		736,793		966,692
Equipment financing loans, note 7		2,617,953		2,976,032
Reserve - municipal finance authority, note 3		378,919		110,902
Long term debt, note 7		13,904,813		12,741,178
Asset retirement obligations, note 21		504,769		1,321,156
		27,278,101		26,171,405
Net Financial Assets		9,227,400		4,551,952
Non Financial Assets				
Tangible capital assets, note 13		88,518,328		89,653,337
Land held for resale		228,177		-
Inventory of supplies		124,073		124,073
Prepaid expenses		318,736		282,319
		89,189,314		90,059,729
Accumulated Surplus, note 9	$	98,416,714	$	94,611,681

Contingencies, note 4
Contracts and Commitments, note 17
Segmented Information, note 18
Contractual Rights, note 20
Prior Period Adjustment, note 23

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

City of Castlegar
Statement of Operations

For the Year Ended December 31, 2025

	Budget 2025 note 19	Actual 2025	note 23 Actual 2024 Restated
REVENUES			
Taxation, note 10	$ 13,537,579	$ 13,793,145	$ 12,890,855
Government transfers, note 16	3,031,402	1,378,941	5,442,735
Fees and service charges, note 10	7,725,781	7,633,949	7,044,300
Community works funding	-	443,073	443,073
Developer contributions	-	757,410	2,094,807
Other revenue	2,085,594	1,002,561	1,383,464
Gain on sale of tangible capital assets	-	5,054,599	64,634
Interest and other investment income	181,684	774,257	1,229,975
	26,562,040	30,837,935	30,593,843
EXPENSES, note 15			
General government	4,176,822	4,145,944	3,860,525
Environmental development	1,403,070	619,952	674,852
Transportation and civic works	3,962,531	3,072,939	4,085,150
Waste disposal and recycling	1,290,159	1,383,201	1,170,033
Protection	3,628,743	4,843,331	4,467,776
Public health and welfare	238,404	182,827	179,795
Recreation and culture	1,830,714	2,360,237	1,871,201
Water system	1,661,504	1,528,861	1,431,719
Sewer system	1,454,177	1,851,356	1,383,152
Storm system	206,655	244,184	196,728
Airport	1,712,432	1,513,437	1,670,707
Interest on long term debt and agreements payable	3,000	554,818	604,981
Amortization	3,862,000	4,711,795	4,521,652
Accretion, note 21	-	20,020	-
	25,430,211	27,032,902	26,118,271
Annual surplus	1,131,829	3,805,033	4,475,572
Accumulated surplus, beginning of year	94,611,681	94,611,681	90,136,109
Accumulated surplus, end of year, note 9	$ 95,743,510	$ 98,416,714	$ 94,611,681

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

CITY OF CASTLEGAR
Statement of Change in Net Financial Assets

For the Year Ended December 31, 2025

	Budget 2025 note 19	Actual 2025	note 23 Actual 2024 Restated
Annual surplus	$ 1,131,829	$ 3,805,033	$ 4,475,572
Acquisition of tangible capital assets	(16,072,099)	(3,705,878)	(11,063,476)
Amortization of tangible capital assets	3,862,000	4,711,795	4,521,652
Proceeds on sale of tangible capital assets	-	5,183,691	234,514
(Gain) on disposition of tangible capital assets	-	(5,054,599)	(64,634)
Change in land held for resale	-	(228,177)	-
Change in prepaid expense	-	(36,417)	(69,215)
Increase (Decrease) in Net Financial Assets	(11,078,270)	4,675,448	(1,965,587)
Net Financial Assets, beginning of year previously reported	4,551,952	4,551,952	6,517,539
Prior Period Adjustment (note 23)	-	-	2,192,258
Net Financial Assets, beginning of year - restated	4,551,952	4,551,952	8,709,797
Net Financial Assets, end of year	$ (6,526,318)	$ 9,227,400	$ 4,551,952

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

CITY OF CASTLEGAR
Statement of Cash Flows

For the Year Ended December 31, 2025

		2025		note 23 2024 Restated
Cash provided by (used for) :				
Operating Activities				
Annual surplus	$	3,805,033	$	4,475,572
Change in non cash items:				
Amortization		4,711,795		4,521,652
Accretion		20,020		-
(Decrease) in ARO liability		(438,580)		-
(Gain) on disposition of tangible capital assets		(5,054,599)		(64,634)
Decrease (increase) in prepaid expenses		(36,417)		(69,215)
Change in financial assets and liabilities:				
Decrease (increase) in taxes and accounts receivable		916,176		(4,395,601)
Increase (decrease) in accounts payable and accrued liabilities		773,110		1,458,949
Increase (decrease) in deferred revenue		306,299		156,389
Increase (decrease) in holdbacks, refundable and other deposits		(229,899)		246,743
Increase (decrease) in land held for resale		(228,177)		-
Increase (decrease) in asset retirement obligations		(397,827)		-
		4,146,933		6,329,855
Investing Activities				
Acquisition of tangible capital assets and work in progress		(3,705,878)		(11,063,476)
Proceeds from sale of tangible capital assets		5,183,691		234,514
		1,477,813		(10,828,962)
Financing activities				
Proceeds from temporary borrowing		1,380,000		5,000,000
Repayment of temporary borrowing		(6,200,000)		(5,000,000)
Proceeds from long-term borrowing		6,200,000		1,000,000
Repayment of long-term borrowing		(216,365)		(210,674)
Proceeds from equipment financing		-		3,054,018
Repayment of equipment financing		(358,078)		(77,986)
		805,557		3,765,358
Increase (decrease) in cash		6,430,303		(733,749)
Cash and investment deposits, beginning of year		21,385,443		22,119,192
Cash and investment deposits, end of year	$	27,815,746	$	21,385,443

The accompanying summary of significant accounting policies and notes are an integral part to these financial statements

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

Nature of Operations

The Corporation of the City of Castlegar (the "City") is incorporated by Letters Patent under the laws of British Columbia and its principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, infrastructure, environmental, planning, building, recreational, waterworks, sanitary sewer and storm services.

Significant Accounting Policies

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

a) Basis of Presentation

The financial statements of the City of Castlegar are the responsibility of, and prepared by, management in accordance with Canadian Public Sector Accounting Standards (PSAS). The financial statements include the result of operations for all functions.

b) Investment deposits are recorded at cost.

c) Inventories are recorded at the lower of cost, determined on a first in, first out basis, or replacement cost.

d) Tangible capital assets

Purchased or constructed tangible capital assets are recorded at cost in the period they are put into use. The cost of a tangible capital asset includes the purchase price and other acquisition costs such as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation, insurance costs, and duties. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over their estimated useful lives, as follows:

Asset	Rate
Buildings	10 - 70 years
Roads and road features	15 - 50 years
Water	10 - 60 years
Storm sewers	40 - 50 years
Parks and recreation	5 - 25 years
Traffic control and lighting including airport hazard beacons	15 years
Vehicles and equipment	6 - 25 years
Sanitary sewers	5 - 50 years
Fibre optics cable	20 years
Furniture and office equipment	10 years
Technology and computer equipment	5 - 10 years
Other	5 - 40 years

Tangible capital assets includes capital work-in-progress which are recorded at cost. The cost will be amortized when the capital asset is put into use.

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset and enhance the service potential of capital assets are capitalized.

When a tangible capital asset no longer contributes to the City's ability to provide services, its carrying amount is written down to its residual value with no reversals of such write downs in subsequent periods.

The City holds and maintains a collection of nineteen sculptures as works of art. Works of art, artifacts, cultural and historical assets are not recorded as assets in the financial statements.

e) Use of Estimates

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as disclosure of contingent assets and liabilities in the financial statements. Actual results may differ from these estimated amounts. Significant areas requiring the use of management estimates include the determination of the estimated useful life of tangible capital assets, asset retirement obligations, and accrued liabilities included in accounts payable and accrued liabilities.

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

Significant Accounting Policies (continued)

f) Financial Instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses (if applicable). Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged, cancelled or expire.

The City's financial instruments consist of cash and investment deposits; taxes and accounts receivable; accounts payable and accrued liabilities; holdbacks, refundable, and other deposits; long term debt; and asset retirement obligations.

g) Expenses

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

h) Budget Figures

The budget figures are from the Annual Five Year Financial Plan Bylaw adopted by May 15 of each year. Subsequent amendments to the Five Year Financial Plan may have been made by Council to reflect budgetary changes as required by Council.

i) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

j) Revenue recognition

Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted grants or contributions received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred.

Taxation revenue is recognized as revenue in the year it is levied. Fees and service charges and other revenue are recognized when the services are rendered.

Community works funding is recognized when received or receivable.

Interest and other investment income is recorded on the accrual basis and recognized when earned.

Transactions where goods or services are provided for consideration include performance obligations to a specific payor. Revenue from these transactions is recognized as the performance obligations are satisfied. Transactions without performance obligations are recognized when the revenue is received or receivable.

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

Significant Accounting Policies (continued)

k) Government transfers

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

l) Contaminated sites

Accrued liabilities for the costs to remediate a contaminated site are recognized when an environmental standard exists, contamination exceeds the standard, the City has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities including, sites that are no longer in productive use and sites which the City accepts responsibility. There are no such sites that had contamination in excess of an environmental standard which required remediation at this time, therefore no liability was recognized as at December 31, 2025.

m) Asset Retirement Obligation

A liability is recognized when, as at the financial reporting date:
(a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
(b) the past transaction or event giving rise to the liability has occurred;
(c) it is expected that future economic benefits will be given up; and
(d) a reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the City has been initially recognized using the modified retroactive method. The liability has been measured using a discount rate equal to MFA's long term lending rate. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset. Assumptions used in the calculations are reviewed annually.

1 Cash and Investment Deposits

Cash and investment deposits are held in Canadian Chartered Bank current bank accounts earning interest at a rate of prime minus 1.75% and in a short-term Municipal Finance Authority (MFA) money market fund. Included in cash and investment deposits is $2,953,133 (2024 - $2,771,883) held for statutory reserves.

The Canada Deposit Insurance Corporation (CDIC) insures each of the Canadian Chartered Bank current accounts up to $100,000. The aggregate funds held in one account may exceed the CDIC insured limit from time to time and funds held by the institution may not be covered by CDIC insurance. The MFA money market funds are not insured. Management does not anticipate any material effect on the financial position of the City as a result of this concentration.

2 Taxes and Accounts Receivable

	2025	2024 Restated
Taxes, current	$ 946,066	$ 441,418
Taxes, arrears	181,300	224,885
Province of British Columbia	103,371	(7,583)
Federal Government	215,143	263,374
Other Receivables	6,864,956	8,304,918
	$ 8,310,836	$ 9,227,012

3 Deposit and Reserve - Municipal Finance Authority

The City issues its debt instruments through the MFA. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the MFA as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The details of the cash deposits and demand notes at year end are as follows:

	2025	2024
Demand notes	$ 240,157	$ 69,387
Cash deposits	138,762	41,515
	$ 378,919	$ 110,902

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

4 Contingencies

a) Regional District debt is, under the provisions of the *Local Government Act* and the *Community Charter* , a direct joint and several liability of the District and each City within the District, including the City of Castlegar.

b) The nature of the City's activities is such that there is litigation pending or in progress at any time. The City cannot predict, with any certainty, the outcome of such litigation. Management is of the opinion, based upon information presently available, that it is unlikely that any liability will exist, to the extent not provided through insurance.

c) The City is a subscribed member of the Municipal Insurance Association of British Columbia (the "MIABC"), which was created for the purpose of establishing and administering a reciprocal insurance exchange within the meaning of Division 3 of the Financial Institutions Act of British Columbia. The main purpose of the MIABC is to pool the risks of liability so as to lessen the impact upon any subscriber and purchase additional insurance as necessary. Under the Reciprocal Insurance Exchange Agreement. The City is assessed a liability premium and can choose one of ten liability deductible options, subject to a minimum deductible based on population. The City is assessed property premium based on Total Insured Values (TIV), and can select the primary and specific peril-based deductibles, subject to its unique property risk profile. The obligation of the City with respect to the MIABC and/or contracts and obligations entered into by the MIABC on behalf of its subscribers in connection with the Exchange are in every case several, not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against losses and costs which the other subscriber may suffer.

5 Accounts Payable and Accrued Liabilities

	2025	2024
Province of British Columbia	$ 600,140	$ 63,094
Regional and other levels of government	(126,168)	31,880
Other payables and trade payables	-	3,506,152
Wages, vacation, sick and banked liabilities	1,079,184	1,057,160
	$ 1,553,156	$ 4,658,286

6 Deferred Revenue

a)

	2025	2024
Development cost charges, note 11	$ 2,248,695	$ 2,160,618
Prepaid taxes	1,052,453	1,004,183
Prepaid utility rates	48,126	78,884
Other	354,184	153,474
	$ 3,703,458	$ 3,397,159

b) Restricted flows

In "Other" Deferred Revenue is certain government transfers with certain restrictions that have not been realized in fiscal 2025. Deferred Revenues will be recognized in the year that the approved project is undertaken. The following provides a summary of funds received that are included in "Other" Deferred Revenue on the Statement of Financial Position.

	December 31, 2024	Externally restricted inflows	Revenue earned	December 31, 2025
Emergency Social Services	$ -	$ 17,942	$ -	$ 17,942
Flood Plain Management	-	194,060	-	194,060
Transportation Master Plan	-	25,000	-	25,000
FireSmart Community	-	48,008	-	48,008
Next Generation 911	22,500	-	(22,500)	-
Local Government Housing Initiative	121,202	-	(121,202)	-
Developer Contributions	-	62,202	-	62,202
Various small grants	9,772	2,000	(4,800)	6,972
	$ 153,474	$ 349,212	(148,502)	$ 354,184

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

7 Equipment Financing Loans, Long-Term Debt and Temporary Borrowing

a) Equipment Financing Loans

Equipment financing loans are demand loans payable to the MFA in monthly installments with an interest rate based on the Canadian Dealer Offered Rate, which at December 31, 2025 was 2.81%. They are repayable in blended monthly principal and interest payments and are approved under section 175 of the Community Charter. The following equipment loans are outstanding:

	2025	2024
Monthly installments of $2,769, maturing in 2029	$ 104,828	$ 133,984
Monthly installments of $2,621, maturing in 2029	107,461	134,782
Monthly installments of $8,936, maturing in 2029	367,501	460,625
Monthly installments of $11,952, maturing in 2029	521,443	645,018
Monthly installments of $11,453, maturing in 2029	1,516,720	1,601,623
	$ 2,617,953	$ 2,976,032

b) Long-Term Debt and Temporary Borrowing

The City issues debt instruments through the MFA, pursuant to loan security issuing bylaws under the authority of section 179 of the Local Government Act, to finance certain capital expenditures. Debenture debt principal is disclosed net of sinking fund balances managed by the MFA. Interest on long-term debt is charged on the original issue amount of the loan throughout the term of the loan.

The City has temporary borrowing through the MFA. Temporary borrowing financing agreements provide cash flow for ongoing projects, with a maximum term of five years during which the regular principal payments are not required. These loans must either be repaid or converted to long-term borrowing through a debenture issue at maturity, with interest at a variable rate calculated daily and payable monthly. The interest rate as at December 31, 2025 was 2.85% (2024 - 4.05%).

	2025	2024
Temporary borrowing repayable to MFA, to be converted to long-term debt in the spring of 2027	$ 1,380,000	-
Temporary borrowing repayable to MFA, converted to long-term debt in 2025	-	6,200,000
Debenture debt repayable to the MFA through semi annual payments of $247,147 in June (principal & interest) and $128,030 in December (interest only). The existing debenture matures in the year 2055 and annual interest payable is $256,060	6,200,000	-
Debenture debt repayable to the MFA through semi annual payments of $41,790 in April (principal & interest) and $9,648 in October (interest only). The existing debenture matures in the year 2041 and annual interest payable is $19,297	667,728	702,089
Debenture debt repayable to the MFA through semi annual payments of $40,267 in April (principal & interest) and $13,608 in October (interest only). The existing debenture matures in the year 2042 and annual interest payable is $27,216	734,931	767,720
Debenture debt repayable to the MFA through semi annual payments of $124,884 in April (principal & interest) and $40,782 in October (interest only). The existing debenture matures in the year 2044 and annual interest payable is $81,564	2,522,294	2,619,791
Debenture debt repayable to the MFA through semi annual payments of $67,658 in April (principal & interest) and $19,280 in October (interest only). The existing debenture matures in the year 2046 and annual interest payable is $38,560	1,399,860	1,451,578
Non-interest bearing grant repayable to Columbia Basin Trust through annual payments of $40,000 beginning in October 2026. The repayable grant matures in the year 2050	1,000,000	1,000,000
	$ 13,904,813	$ 12,741,178

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

7 Equipment Financing Loans, Long-Term Debt and Temporary Borrowing (continued)

c) Future Payments

Future minimum principal payments on the equipment financing loans, long-term debt and temporary borrowing for the next five years and thereafter, including actuarial adjustments, are due as follows:

		Principal
2026	$	728,847
2027		775,708
2028		787,578
2029		703,178
2030		489,252
2031 and subsequent		8,191,847
		11,676,410
Actuarial Addition*		4,846,356
	$	16,522,766

* Actuarial Addition represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of outstanding debt as it is earned.

8 Reserve Funds

		2025		2024 Restated
Statutory reserves, note 9				
Regional Infrastructure		611,508		603,850
Property Tax Sale		-		(3,612)
Equipment Replacement		1,058,454		1,309,193
Parkland Acquisition		460,141		389,721
Community Works Fund		1,045,108		672,322
Land Sale		5,469,337		388,069
Growing Communities Fund		2,506,459		-
		11,151,007		3,359,543
Operating reserves, note 9				
General fund		8,271,409		9,155,652
Water fund		5,697,538		5,268,692
Sewer fund		519,738		866,045
Storm fund		2,485,277		2,246,927
Airport fund		784,178		707,902
		17,758,141		18,245,218
	$	28,909,147	$	21,604,761

Statutory reserves funds represent amounts that are restricted by the Community Charter and associated Municipal Bylaws. The funds are set aside for the specific purpose stipulated and can only be used for this purpose.

Operating reserves represent amounts that are set aside for anticipated future expenditures. The funds are not governed by bylaw and are not restricted.

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

9 Accumulated surplus

	2025	2024 Restated
Equity in tangible capital assets	$ 71,490,793	$ 72,614,971
Statutory reserve funds, note 8	11,151,007	3,359,542
Operating reserve funds, note 8	17,758,141	18,245,218
Cemetery trust funds	479,032	463,417
Current funds	(2,462,259)	(71,467)
	$ 98,416,714	$ 94,611,681

Equity in tangible capital assets represents the net book value of total tangible capital assets, plus work in progress, less long term debt obligations assumed to acquire tangible capital assets and asset retirement obligations.

10 Taxation and Fees and Services Revenues

Taxation and fees and services revenues comprise the following amounts raised:

	2025		2024	
Collection for City purposes:				
General	$ 12,260,738	39%	$ 11,376,540	38%
Parcel Tax	535,200	2%	537,150	2%
Grants in lieu of taxes	997,207	3%	977,165	3%
	13,793,145	44%	12,890,855	43%
Waste disposal fees	1,038,076	3%	970,742	3%
Other fees and service charges	870,136	3%	704,352	2%
Water utility fees	2,566,427	8%	2,352,333	8%
Sewer utility fees	2,078,555	7%	1,826,953	6%
Airport fees	1,080,755	3%	1,189,920	4%
	7,633,949	23%	7,044,300	24%
Total for City purposes	$ 21,427,094	67%	$ 19,935,155	67%

The City is required to collect taxes on behalf of and transfer to the following government agencies:

Province of BC - School taxes				
Residential	$ 2,940,562	9%	$ 2,770,661	9%
Non-residential	2,624,926	8%	2,409,620	8%
	5,565,488	18%	5,180,281	17%
Regional District of Central Kootenay	3,904,215	12%	4,041,964	14%
Regional Hospital Districts	486,434	2%	452,676	2%
B.C. Assessment Authority	175,241	1%	161,947	1%
Municipal Finance Authority	623	0%	578	0%
	4,566,513	15%	4,657,164	16%
Total for Other Governments	10,132,001	33%	9,837,445	33%
Total Taxation	$ 31,559,095	100%	$ 29,772,600	100%

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

11 Development Cost Charges

The City collects development cost charges in accordance with the Local Government Act and the City's Development Cost Charge Bylaw. These funds must be used for specific purposes as stipulated by the Local Government Act and the Municipal Development Cost Charges Bylaw.

	Total	Road	Water	Sewer	Drainage	Open Space
Balance, beginning of year	$ 2,160,618	$ 1,100,417	$ 320,399	$ 647,251	$ 63,208	$ 29,343
Interest earned	51,656	26,308	7,660	15,474	1,511	702
Contributions	36,422	20,343	5,226	10,024	44	785
Expenditures	-	-	-	-	-	-
Balance, end of year	$ 2,248,695	$ 1,147,068	$ 333,285	$ 672,749	$ 64,763	$ 30,830

12 Pension Liability

The City of Castlegar and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2025, 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 Castlegar paid $598,452 (2024 - $545,045) 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.

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

Note 13: Schedule of Tangible Capital Assets - As at December 31, 2025

				Engineering Structures							
	Land	Buildings	Equipment / Furniture / Vehicles	Water	Sewer	Roads	Drainage	Other Tangible Capital Assets	Work in Progress	2025 Total	2024 Total
COST											
Opening Balance	$ 14,576,694	$ 18,733,292	$ 16,484,753	$ 33,334,028	$ 28,510,232	$ 52,623,112	$ 9,711,671	$ 8,841,040	$ 1,708,762	**$ 184,523,584**	**$ 171,810,760**
Add: Additions	-	72,817	772,860	172,870	124,786	694,674	33,614	133,572	1,700,685	**$ 3,705,878**	**12,956,409**
Less: Disposals	-	643,886	566,407					-		**1,210,293**	**243,585**
Closing Balance	14,576,694	18,162,223	16,691,206	33,506,898	28,635,018	53,317,786	9,745,285	8,974,612	3,409,447	**187,019,169**	**184,523,584**
ACCUMULATED AMORTIZATION											
Opening Balance	-	12,126,590	11,335,851	19,018,725	17,596,854	23,880,436	6,057,754	4,854,037	-	**94,870,247**	**90,422,300**
Add: Amortization		729,371	906,952	760,150	582,623	1,158,709	124,994	448,996	-	**4,711,795**	**4,521,652**
Less: Acc. Amortization on Disposals		643,886	437,315							**1,081,201**	**73,705**
Closing Balance	-	12,212,075	11,805,488	19,778,875	18,179,477	25,039,145	6,182,748	5,303,033	-	**98,500,841**	**94,870,247**
Net Book Value for year ended December 31, 2025	**$ 14,576,694**	**$ 5,950,148**	**$ 4,885,718**	**$ 13,728,023**	**$ 10,455,541**	**$ 28,278,641**	**$ 3,562,537**	**$ 3,671,579**	**$ 3,409,447**	**$ 88,518,328**	
Net Book Value year ended December 31, 2024	$ 14,576,694	$ 6,606,702	$ 5,148,902	$ 14,315,303	$ 10,913,378	$ 28,742,676	$ 3,653,917	$ 3,987,003	$ 1,708,762	$ 89,653,337	$ 89,653,337

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

14 Cemetery Trust

The City operates the cemetery and maintains a cemetery perpetual care fund in accordance with the *Cremation, Internment and Funeral Services Act* . The trust fund assets and liabilities are not included in the consolidated financial statements. At December 31, 2025, the balance held in trust was $479,032 (2024 - $463,416)

15 Expenses by Object

		2025		2024
Salary, wages and taxable employee benefits	$	9,266,920	$	8,537,655
Materials, goods, utilities, services, contracts		12,479,349		12,453,983
Accretion		20,020		-
Amortization		4,711,795		4,521,652
Interest on long term debt and agreements payable		554,818		604,981
Total Expenses	$	27,032,902	$	26,118,271

16 Government Transfers

The City received and recorded as revenue the following transfers:

		2025		2024 Restated
Provincial Unconditional Transfers				
Small Community Grant	$	441,000	$	493,100
Climate Action Revenue Incentive Program		-		281,527
Traffic Fine Revenue Sharing Grant		72,000		71,000
		513,000		845,627
Provincial Conditional Transfers				
Airports Capital Assistance Program	$	-	$	3,852,327
Canada Community-Building Fund		-		90,781
Local Government Housing Initiative		121,202		67,952
FireSmart		57,310		47,374
UBCM - ADU Program		-		45,000
Indigenous Engagement Requirements Funding		-		40,000
Investing in Canada Infrastructure Program		-		39,633
Canada Day Fund		-		4,000
Flood Mapping		165,868		-
Health Care Grant		25,000		-
Next Generation 911		43,314		-
Emergency Social Services		8,964		-
		421,657		4,187,067
Federal Conditional Transfers				
Municipal Asset Management Program	$	-	$	11,880
Airports Terminal Expansion- Strategic Priorities Fund		117,300		-
		117,300		11,880
Regional and Other External Conditional Transfers				
Other Conditional Transfers	$	326,984	$	398,161
Total Government Transfers Revenue	$	1,378,941	$	5,442,735

17 Contracts and Commitments

a) Contractual Obligations

In October 2021, the City of Castlegar and Dexterra Integrated Facilities Management entered into a five year agreement to operate and maintain the West Kootenay Regional Airport. The terms of the contract require that Dexterra Integrated Facilities Management provide all labour, materials, superintendence and other services necessary to provide operations and maintenance services at the Airport.

In August 2023, the City of Castlegar and Waste Management of Canada Corporation entered into a five year agreement to provide residential curbside and disposal services for solid waste.

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

17 Contracts and Commitments (continued)

Minimum payments required under the contract with Dexterra Integrated Facilities Management and Waste Management are as follows:

	Dexterra	Waste Management
Year	**Amount**	**Amount**
2026	583,962	944,841
2027	-	982,632
2028	-	1,021,915

b) Capital Projects

The City has purchase and service contracts related to current capital projects, valued at $2,709,809, plus taxes.

18 Segmented Information

The City of Castlegar is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water, sewer and roads maintenance. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services:

This item is related to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to specific segments.

Protection Services:

Protection Services is comprised of police services, fire protection, municipal emergency programming, building inspection and animal control. The police services department is responsible for ensuring the safety of the lives and property of citizens, preserving the peace and good order, preventing crimes from occurring, detecting offenders, and enforcing the law. Police services are contracted, under a Municipal Police Service Agreement with the Province of British Columbia, to the Royal Canadian Mounted Police. The Fire Department is responsible for providing fire suppression services, fire prevention programs, training and education. The members of the fire department consist of a Fire Chief, a Deputy Fire Chief and a number of volunteer fire fighters. Building inspection ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards, and by-laws for the protection of occupants.

Transportation and Civic Works:

The Department of Transportation and Civic Works is responsible for the delivery of municipal public works services relating to the development and maintenance of roadway systems, the maintenance and development of parks and open space, street lighting, and storm sewer systems.

Waste Disposal and Recycling:

Waste disposal and recycling consists of providing waste disposal services to citizens.

Public Health and Welfare:

Public Health and Welfare consists of the operation, maintenance, and development of a public cemetery and community health care initiatives.

Environmental Development Services:

The Environmental Development Services Department provides a diverse bundle of services such as city planning, urban development for business interests, environmental concerns, and downtown planning. It facilitates economic development by providing services for the approval of all land development plans, and the application and enforcement of zoning by-laws. It processes building permits and business licenses, develops the City's geographic information systems and provides by-law enforcement services.

Recreation and Cultural Services:

The municipality owns facilities which house The Castlegar and District Heritage Museum, The Kootenay Gallery of Arts, The Doukhobor Discovery Centre and The Castlegar and District Public Library. The City also provides funding to these organizations. The Recreation and Cultural Services also provides maintenance of City parks.

Water, Sewer and Storm:

The Water Service provides the City's drinking water. The Sewer Service processes and cleans sewage. The Storm Services provides storm water drainage.

Airport:

The City owns and operates the West Kootenay Regional Airport. Operation and maintenance of the Airport is contracted to a third party (note 17).

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

Note 18: Schedule of Segment Disclosure - For the Year Ended December 31, 2025

	General Government Services	Protection Services	Transportation and Civic Works	Waste Disposal and Recycling	Public Health and Welfare	Environmental Development Services	Recreation and Cultural Services	Water, Sewer & Storm	Airport	2025 Total
Taxation	$ 1,263,709	$ 4,767,211	$ 4,824,174	$ 86,860	$ 128,004	$ 353,668	$ 2,369,519	$ -	$ -	$ 13,793,145
Government grants	373,984	109,588	-	-	-	146,202	466,000	165,868	117,300	1,378,941
Community works funding	443,073	-	-	-	-	-	-	-	-	443,073
Fees and charges	225,044	32,841	2,778	1,295,777	43,053	308,719	-	4,644,983	1,080,755	7,633,949
Other revenue	6,725,468	77,332	-	-	11,770	-	-	-	-	6,814,570
Interest, actuarial, other income	724,087	-	-	-	-	-	-	46,558	3,612	774,257
	9,755,365	4,986,972	4,826,952	1,382,637	182,827	808,589	2,835,519	4,857,409	1,201,667	30,837,935
Salaries and benefits	2,794,575	1,809,119	1,835,301	28,566	93,618	259,240	682,305	1,586,862	177,333	9,266,920
Goods and services	1,351,369	3,034,212	1,237,638	1,354,635	89,208	360,712	1,677,932	2,037,539	1,336,104	12,479,349
Interest and other charges	555,593	(775)	-	-	-	-	-	-	-	554,818
Accretion	20,020	-	-	-	-	-	-	-	-	20,020
Amortization	696,533	144,415	1,754,013	-	-	-	475,282	1,467,587	173,965	4,711,795
	5,418,090	4,986,971	4,826,952	1,383,201	182,827	619,952	2,835,519	5,091,988	1,687,402	27,032,902
Annual Surplus (Deficit)	$ 4,337,275	$ -	$ -	$ (565)	$ -	$ 188,637	$ -	$ (234,579)	$ (485,736)	$ 3,805,033

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

19 Budget

The Financial Plan (Budget) By-Law adopted by Council on April 7th, 2025 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on April 7th, 2025 with adjustments as follows:

		2025
Financial Plan (budget) Bylaw surplus for the year	$	-
Budgeted Transfers		(3,560,197)
Amortization		(3,862,000)
Debt Proceeds		(7,518,073)
Capital expenditures		16,072,099
Budgeted surplus per statement of operations	$	1,131,829

20 Contractual Rights

The City has leased multiple properties to third parties with the following terms:

Lease Expiry Date		Minimum Annual Lease Payment
November 30, 2027	$	44,396
February 28, 2030		43,138
January 1, 2074		42,916
August 31, 2028		31,500
November 30, 2026		9,000
September 30, 2026		4,380
July 31, 2028		4,045

21 Asset Retirement Obligations

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some City owned buildings that will undergo major renovations or demolition in the future. The obligation has been measured at a discount rate of 4.13% (2024 - 4.45%), MFA's long term lending rate. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

During the year, the City completed remediation activities on city owned buildings. Actual remediation costs were less than the related asset retirement obligations. As a result, general government expenses were reduced by the excess retirements obligations in prior years.

		2025		2024
Opening balance	$	1,321,156	$	1,321,156
Adjustment to present value (accretion)		20,020		-
Current year abatement		(397,827)		-
Annual liability adjustment		(438,580)		-
Asset Retirement Obligations, closing balance	$	504,769	$	1,321,156

CITY OF CASTLEGAR
Notes to the Financial Statements

For the Year Ended December 31, 2025

21 Asset Retirement Obligations (continued)

The liability is estimated using a present value technique that discount the expected future expenditures. The discount rate used was based on the average Municipal Finance Authority's long term borrowing rate of 4.13% (2024 - 4.45%). The total undiscounted expenditures and the time period over which they are expected to be incurred is as follows:

2026 - 2030	$	186,929
2031 - 2040		412,774
2041 and beyond		273,332
Asset Retirement Obligations, undiscounted	$	873,036

22 Financial Instruments

a) Credit Risk

Credit risk is the risk of financial loss to the City if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the City). The City is exposed to this risk arising from its cash, investments, grants receivable and accounts receivable. The City holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the City's cash accounts are insured up to $100,000 (2024 - $100,000).

Accounts receivable is primarily due from government, corporations and individuals. The City mitigates credit risk by regular submission of reporting requirements for grant installments to be paid within six months to a year of the grant approval. Property tax receivable risk is mitigated by regular notification to the residents of outstanding amounts and ultimately tax sale for recovery, if necessary. If an accounts receivable is held for a long period of time, an impairment allowance is setup to offset the receivable. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

		2025		2024 Restated
Due from other governments (current)	$	318,514	$	255,791
Taxes receivable (current)		1,127,366		666,303
Other receivables (current)		6,864,956		8,304,918
Total	$	8,310,836	$	9,227,012

b) Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet all cash outflow obligations as they come due. 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. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities:

		Within 1 year		1 to 2 years		2 to 5 years		Over 5 years		Total
Accounts payable	$	1,553,156	$	-	$	-	$	-	$	1,553,156
Debt		728,847		775,708		1,490,756		8,681,099		11,676,410
Total	$	2,282,003	$	775,708	$	1,490,756	$	8,681,099	$	13,229,566

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.

c) 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 section 183 of the Community Charter, which puts limits on the types of investments the City may invest in. The Section permits the City's funds to be invested in securities of the Municipal Finance Authority; specified pool investments; securities issued by the Government of Canada, a Canadian province, municipality, or regional district; improvements guaranteed by a chartered bank; and deposits in savings institutions or non-equity membership shares of a credit union.

CITY OF CASTLEGAR

Notes to the Financial Statements

For the Year Ended December 31, 2025

22 Financial Instruments (continued)

d) Currency risk

During the year, the City became exposed to currency risk when it entered into transactions in United States Dollar (USD). Management monitors exchange rates and the markets and may make use of derivative contracts if it expects the exchange rates to fluctuate significantly.

e) 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.

f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial statement will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The City is not exposed to other price risk as the City does not have any investments or equity instruments.

23 Prior Period Adjustment

During the 2025 year end, management identified that government transfers revenue related to the Airports Capital Assistance Program contribution agreements originally executed in 2023 was not appropriately recognized by the City during the year ended December 31, 2024 even though the transfers were authorized and the eligibility criteria had been met.

In addition, project costs incurred in 2024 were temporarily financed through internal reserves in advance of long-term funding being received. The related impact on accumulated surplus, including transfers within surplus, was not reflected in the 2024 figures.

As a result, the financial information presented for the year ended December 31, 2024 has been restated as follows:

	as originally stated	adjustment	as restated
Statement of Financial Position			
Taxes and accounts receivable	$ 7,034,754	$ 2,192,258	$ 9,227,012
Accumulated surplus, end of year	92,419,423	2,192,258	94,611,681
Statement of Operations			
Government transfers	$ 3,250,477	$ 2,192,258	$ 5,442,735
Annual surplus	2,283,314	2,192,258	4,475,572
Statement of Change in Net Financial Assets			
Annual Surplus	$ 2,283,314	$ 2,192,258	$ 4,475,572
Statement of Cash Flows			
Annual Surplus	$ 2,283,314	$ 2,192,258	$ 4,475,572
Increase in taxes and accounts receivable	(2,203,343)	(2,192,258)	(4,395,601)

24 Comparative Figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

CITY OF CASTLEGAR

Schedule 1

Consolidated Schedule Surplus and Reserves

Unaudited

As at December 31, 2025

	Balances, Beginning of Year	Contributions from Operations	Withdrawals for Capital Purposes	Withdrawals for Operating Purposes	Interest Earnings	Balances, End of Year
OPERATING FUND RESERVES						
OPERATING RESERVES						
General Operating Reserve	295,706	842,749	(114,761)	-	25,156	1,048,850
Water Operating Reserve	162,866	-	-	-	-	162,866
Financial Stabilization Reserve	247,765	-	-	(117,078)	11,061	141,748
Winter Reserve	298,873	83,228	-	-	13,343	395,444
RCMP Reserve	608,903	-	-	(445,146)	27,183	190,940
Election Reserve	35,518	15,000	-	-	1,585	52,103
Staff Overhead	-	-	-	-	-	-
	1,649,631	940,977	(114,761)	(562,224)	78,328	1,991,951
NON STATUTORY RESERVES						
Climate Action Reserve	538,326	30,000	-	-	24,033	592,359
Host Agreement Reserve	697,760	498,045	-	(488,159)	31,151	738,797
Regional Playing Fields Reserve	448,845	75,000	(26,586)	-	20,039	517,298
	1,684,931	603,045	(26,586)	(488,159)	75,223	1,848,454
TOTAL OPERATING RESERVES	3,334,562	1,544,022	(141,347)	(1,050,383)	153,551	3,840,405
CAPITAL REPLACEMENT RESERVES						
Infrastructure Renewal Reserve	469,445	50,000	(219,909)	-	20,958	320,494
Roads Reserves	974,660	1,070,478	(839,537)	-	43,512	1,249,113
Facilities Reserves	253,891	89,635	(43,128)	-	11,335	311,732
Parks Reserves	175,752	67,226	(13,451)	-	7,846	237,373
General Capital Reserve	1,176,475	924,981	-	-	52,522	2,153,978
Community Enhancement Reserve	32,868	25,000	(3,525)	-	-	54,343
Information Technology Reserve	176,318	100,000	(181,063)	-	7,871	103,126
Economic Development Reserve	163,710	-	-	-	-	163,710
Airport Capital Reserve	(5,831)	991,960	(217,964)	-	16,014	784,178
Water Capital Reserve	5,268,692	550,106	(414,269)	-	130,144	5,534,672
Sewer Capital Reserve	866,045	320,615	(433,961)	(254,354)	21,393	519,738
Storm Capital Reserve	2,246,927	336,195	(108,269)	(45,079)	55,502	2,485,277
	11,798,952	4,526,195	(2,475,076)	(299,433)	367,098	13,917,736
STATUTORY RESERVES						
Parkland Acquisition Reserve	389,722	53,020	-	-	17,399	460,141
Land Sale Reserve	388,069	5,069,560	-	-	11,708	5,469,337
Vehicle and Equipment Reserve	1,309,193	708,516	(991,082)	-	31,827	1,058,454
Community Works (Gas Tax)	672,322	443,073	(103,461)	-	33,173	1,045,108
Future Regional Infrastructure	603,850	-	(19,301)	-	26,958	611,508
Property Tax Sale Reserve	(3,612)	-	-	3,612	-	-
Growing Communities Reserve	2,560,835	-	(168,700)	-	114,324	2,506,459
	5,920,379	6,274,169	(1,282,543)	3,612	235,389	11,151,007
TOTAL RESERVES	**21,053,893**	**12,344,387**	**(3,898,966)**	**(1,346,204)**	**756,038**	**28,909,147**

CITY OF CASTLEGAR

Growing Communities Fund Grant

Schedule 2

For the Year Ended December 31, 2025

	Actual 2025	Actual 2024
Opening Balance	$ 2,560,835	$ 3,219,875
Grant funding received	-	-
Interest earned	114,324	163,785
Airport Required Navigational Performance License	(168,700)	(206,441)
South Sewage Treatment Plant Geotube System	-	(616,385)
Closing Balance	2,506,459	2,560,835
Balance Carried Forward	$ 2,506,459	$ 2,560,835

CITY OF CASTLEGAR

Schedule 3

Local Government Housing Initiatives Grant

For the Year Ended December 31, 2025

	Actual 2025	Actual 2024
Opening Balance	$ 121,202	$ -
Grant funding received	-	189,154
Zoning Bylaw	-	(59,252)
Parking Supply & Demand Study	(31,300)	(8,700)
Water & Sewer Model Update	(89,902)	-
Closing Balance	-	121,202
Balance Carried Forward (Deferred Revenue)	$ -	$ 121,202

CITY OF CASTLEGAR
Cemetery Trust Funds

Schedule 4

For the Year Ended December 31, 2025

Cemetery Care Fund		Actual 2025		Actual 2024
Opening Balance	$	449,271	$	422,741
Transfers in		-		7,010
Interest earned		15,005		19,520
Withdrawls		-		
Closing Balance		464,275		449,271

Cemetery Replacement Trust		Actual 2025		Actual 2024
Opening Balance	$	14,146	$	18,906
Transfers in		-		7,245
Interest earned		611		200
Withdrawls		-		(12,205)
Closing Balance		14,757		14,146
Balance Carried Forward	$	479,032	$	463,417

Permissive Tax Exemptions Granted for 2025

Total tax levy exemption for Castlegar and other authorities (unaudited)

ORGANIZATION	Total Exemption	Municipal Portion of Exemption
Places of Public Worship		
St Peter Lutheran Chruch of Castlegar	964	420
Synod of the Diocese of Kootenay	1,154	503
Pentecostal Assemblies of Canada	1,628	710
Trustee's of the Congregation of Castlegar-Kinnaird Pastoral Charge	1,767	771
Living Waters Faith Fellowship	1,132	494
Trustees of the Congregation of Kinnaird Church of God	1,161	506
Trustees for the Castlegar South Congregation of Jehovah's Witnesses	1,190	519
Castlegar Baptist Church	956	417
Calvary Baptist Church in Castlegar/Kinnaird Park Community Church	2,679	1,169
	$12,631	**$5,509**
Community Housing Organizations		
Castlegar Villa Society	3,026	1,206
Habitat for Humanity Southeast BC	6,686	2,664
Castlegar & District Community Services Society	528	210
Castlegar & District Community Services Society	3,569	1,422
Castlegar & District Community Services Society	3,207	1,278
Castlegar & District Community Services Society	832	331
Castlegar & District Community Services Society	10,173	5,343
Kootenay Society for Community Living	8,981	4,717
Kootenay Society for Community Living	3,149	1,255
Kootenay Society for Community Living	2,803	1,117
Kootenay Society for Community Living	3,846	1,532
Kootenay Society for Community Living	3,605	1,436
Kootenay Society for Community Living	3,141	1,251
Woodland Park Housing Co-Operative	12,313	4,905
	$65,859	**$28,667**
Recreation and Not for Profit		
Portuguese Social Centre Society	1,001	437
Royal Canadian Legion	2,145	459
Association of West Kootenay Rock Climbers	568	226
Fortis BC Energy Inc. - Terasen BTW Park	13,258	6,963
	$16,972	**$8,085**

ORGANIZATION	Total Exemption	Municipal Portion of Exemption
Community Service Organizations		
Kootenay Family Place	1,067	425
Kootenay Family Place	296	156
Kootenay Family Place	9,179	4,821
British Columbia Society for the Prevention of Cruelty to Animals	22,605	11,873
Castlegar & District Hospital Auxiliary	10,672	5,605
Circle of Indigenous Nations Society	2,373	1,035
Blueberry Creek Community School Council	27,303	14,341
Blueberry Creek Community School Council	942	375
Freedom Quest Youth Services Society	8,511	4,470
	$82,948	**$43,101**
Regional Health Board		
Interior Health Authority	8,014	4,209
Interior Health Authority	18,989	9,974
	$27,003	**$14,183**
Cultural Organizations		
Castlegar and District Heritage Society	3,415	1,794
Castlegar and District Heritage Society	1,185	623
Castlegar and District Heritage Society	3,204	1,398
Kootenay Doukhobor Historical Society (Doukhobor Village)	25,406	13,344
Kootenay Gallery of Art, History and Science Society	6,017	3,160
Castlegar and District Chamber of Commerce	31,080	16,324
	$70,307	**$36,643**
City Water Supply/Partnership Agreement		
Zellstoff Celgar Ltd.	6,240	4,688
	$6,240	**$4,688**
Corporation Vetted for Non-Profit Status		
CTN Labor Holding Ltd - Kinnaird Hall	8,609	4,522
	$8,609	**$4,522**
Total Permissive Tax Exemptions for 2025	**$290,569**	**$145,398**

CASTLEGAR

Castlegar City Hall
460 Columbia Avenue
Castlegar, BC V1N 1G7

250 365 7227
info@castlegar.ca
castlegar.ca