

2025 Annual Report

JUNE 2026

City of Merritt

2025 ANNUAL REPORT

Mayor, Council and Staff respectfully acknowledge that the City of Merritt is located on the traditional, ancestral and unceded territory of the Nlaka'pamux and Syilx people.

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City Council



Back Row: Councillors Adam Etchart, Paul Petroczi, Yvette Baxter, Manuel Olguin,
Front Row: Councillor Dana Egan, Mayor Michael Goetz, and Councillor Wendy Charney.

City of Merritt

CITY COUNCIL

City Council is the governing body for the City of Merritt. Council is responsible for providing leadership to address the existing and future needs of the City. Council achieves these needs by establishing policies, bylaws, and strategic priorities that benefit the City.

Council is comprised of the Mayor and six Councillors. The City of Merritt Council was elected to a four-year term on October 15, 2022.

City of Merritt



Mayor Michael Goetz

A MESSAGE FROM THE MAYOR

The City of Merritt's 2025 Annual Report highlights key accomplishments and financial performance over the past year. 2025 was a period of growth, change, and development, marked by new community investment and the appointment of a new Chief Administrative Officer.

The City made progress on several priorities, including bylaw updates, financial planning, a new Accessibility Plan, updates the Official Community Plan (OCP), a new online building permit system, a major pool boiler repair and the completion of the West Merritt Active Transportation Plan.

Proud of these achievements, we remain committed to building on this momentum and keeping Merritt an ideal place to live, work, and play.

MAYOR MICHAEL GOETZ



CAO Rick Green

A MESSAGE FROM THE CAO

2025 has been a year of progress and change, and with change comes opportunity.

City departments have been working steadily on organizational and process updates that will further the goals of sustainability and growth while setting the building blocks that Council, staff and the community as a whole will be able to build on for years to come.

In 2025, the City made steady progress toward long-term growth and financial stability. We increased reserves to support aging infrastructure and advanced a city-wide asset and maintenance management program. The work on Asset Management and long-range capital planning will continue to evolve for a few years and will be a focus for years to come.

As a service provider, city departments have introduced and modified processes that better service the community organizations that partner with the city on many services.

Development Services processed a record number of applications while meeting new provincial requirements, including updates to the Official Community Plan, Zoning Bylaw, and related policies.

We also welcomed new businesses that contribute to a stronger local economy. Important work continued in emergency preparedness and climate resilience, including FireSmart initiatives and dike construction.

These outcomes reflect the strong commitment of our staff and partners. I appreciate their efforts in supporting a vibrant, inclusive, and resilient community, and I thank all who contribute to Merritt's continued success.

RICK GREEN, CHIEF ADMINISTRATIVE OFFICER



Corporate Services

Corporate Services encompasses the roles of:

- Legislative Administration
- Bylaw Enforcement
- Records Management
- Information Technology
- Communications & Engagement.

2025 ACCOMPLISHMENTS

- The Accessibility Plan was developed and adopted by Council in 2025.
- The Community Policing Office Coordinator position transitioned to a Community Safety Officer position under Bylaw Enforcement.
- Hosted a Local Government Management Association Intern with a focus on policy development and GIS projects.

2026 GOALS + PRIORITIES

- In 2025, Legislative Administration will focus on continued updating of City Bylaws and policies, improvements in the records management procedures, and coordinating the 2026 General Local Government Election.

LEGISLATIVE ADMINISTRATION

Legislative Administration manages the administration of meetings, preparation of bylaws, policy development and management of contracts and agreements ensuring adherence to all statutory requirements, delivers effective and efficient governance, and ensures accessibility to information. In 2025 we continued the process to review and update bylaws and policies.

19
BYLAWS ENACTED

50
MEETINGS CONDUCTED

75
HOURS OF MEETINGS SUPPORTED



BREAKDOWN OF MEETING TYPES

- **20** Regular Council meetings
- **6** Committee of the Whole meetings
- **4** Special Council meetings
- **3** Special Closed Council meetings
- **17** Advisory Committee meetings

DISQUALIFICATIONS AND RESIGNATIONS

No Councillors were disqualified from office under section 111 of the Community Charter.

RECORDS MANAGEMENT

A Records Management staff member was added to Corporate Services in 2025 with a focus of identifying the best path forward for managing City records, transitioning from hard copy to electronic records, and standardizing the records management system across the organization.

INFORMATION TECHNOLOGY SERVICES

Information Technology Services plays a vital role in keeping the City connected, efficient, and accessible. By maintaining reliable, modern systems, the team ensures municipal operations run smoothly and that the public can easily access the information and services they need.

In 2025, the City advanced its digital infrastructure by transitioning GIS services to the TNRD platform and upgrading the corporate telephone system to modern standards, thus improving reliability, functionality, and overall service delivery.

Goals for 2026 include support of implementation of the Asset Management system for staff.



BYLAW ENFORCEMENT

The City is dedicated to building a safe, welcoming, and respectful community through proactive bylaw enforcement. Our Bylaw Enforcement team works closely with residents to address the evolving needs of our community, focusing on education and collaboration to encourage voluntary compliance with City bylaws.

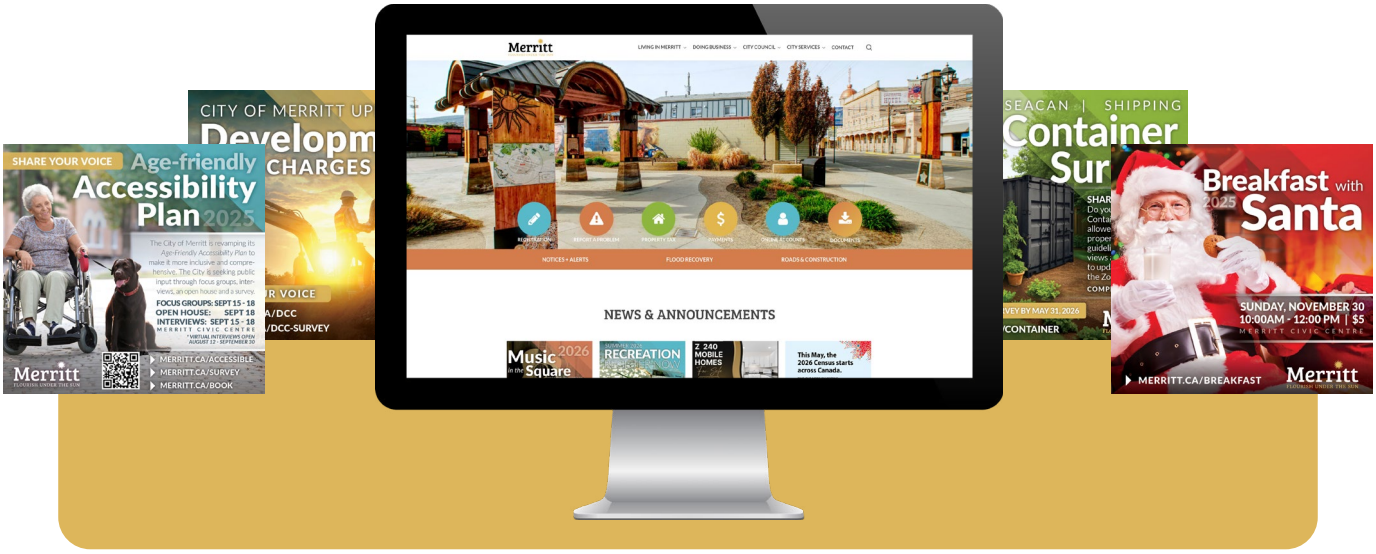
In 2025, the most common concerns reported by residents were unsightly yards, abandoned shopping carts, and overgrown vegetation posing fire risks.

Throughout the year, the Bylaw Enforcement team responded to 480 files. Each response reflected our commitment to working alongside residents to keep our community clean, safe, and connected.

COMMUNITY POLICING

In 2025 the building housing the Community Policing Office was decommissioned; the Community Policing Office Coordinator role evolved into a Community Safety Officer with an enhanced focus on bylaw enforcement. Responsibilities formerly held by the Community Policing Office were redistributed between the RCMP and Bylaw Services team.

Throughout the year, the City remained actively involved in crime prevention and community well being. We supported the Block Watch program, completed three Crime Prevention Through Environmental Design (CPTED) assessments, and facilitated 43 Situation Table sessions; bringing partners together to help individuals at risk and address emerging safety concerns collaboratively.



COMMUNICATIONS AND ENGAGEMENT

The Communications and Engagement team helps keep residents informed about City programs and services by sharing updates through local newspapers, radio, newsletters, social media, and the City website.

In 2025, the department began training other departments to implement their own communications using newly established artwork templates. This work will continue in 2026, with additional frameworks and guidelines being developed to support more departments in sharing their own updates.

In 2026, priorities will include updating the City's website to incorporate accessibility features and streamlining brand management.

2025 COMMUNICATIONS AND ENGAGEMENT STATS

2.6M
WEBSITE IMPRESSIONS

150K
WEB SESSIONS

2.3M
SOCIAL MEDIA IMPRESSIONS

10K
FOLLOWERS

2.4K
POSTS

2.7K
RADIO SPOTS
15,000
REACH

1.2M
WEBSITE HITS

4.6K
ENGAGEMENT IN-PERSON + DIGITAL



Community Services

The Community Services division is responsible for:

- Facilities Management
- Recreation
- Emergency Management
- Economic Development

2025 ACCOMPLISHMENTS

- Launched new programs, such as Tai Chi for adults/seniors.
- Sought grant funding to enhance recreation programs and facility up-grades.
- Started the development of a new mascot: “Milo the Marmot.”
- Hosted two municipal open house events to enhance community engagement opportunities.
- Continued revitalization of the volunteer program, with new recruitment efforts and orientation sessions.
- Increased internal capacity by certifying staff to lead additional programming.

2026 GOALS + PRIORITIES

- Begin preliminary planning for future recreation facility upgrades.
- NV Aquatic Centre back mechanical room floor replacement.
- Increase range of recreation and community programs by actively recruiting qualified instructors.
- Add two new low-barrier programs targeting under-served demographics (e.g. teens and newcomers).
- Build a volunteer network to support events and program delivery.
- Integrate mascot into all city-led youth events and marketing.
- Continue searching for grant funding to enhance recreation programs and facility up-grades.

FACILITIES MANAGEMENT

The Facilities Management team oversees the operations of a wide variety of City-owned buildings, parks, and areas, including the Nicola Valley Aquatic Centre, the Merritt Civic and Conference Centre, the Nicola Valley Memorial Arena, City Hall, the Merritt Municipal Airport terminal building, the Community Policing Office, Cadet Hall, park facilities, and temporary housing units.

MAINTENANCE

The City employs nine full-time and casual maintenance staff, who are responsible for building inspections and repairs, washroom maintenance, chemical applications, arena operations, and regular maintenance and janitorial tasks.

CONTRACTED FACILITY SERVICE AGREEMENTS

The Facilities Management team is also responsible for the administration and negotiation of most public contracted activities on City-owned property, including the Merritt Golf and Country Club, Museum & Seniors Center, Baillee House, Merritt Tennis Courts, Cadet Hall, and office rentals in the Merritt City Hall building. These contracts are reviewed and adjusted annually.

CAPITAL PROJECTS 2025

- NVAC (Gym Equipment replacement, Pool Shower boiler replacement, Sound System upgrade, viewing dek tiles/railing, Shower tile and valves)
- Arena (Ammonia Relief Valve replacement, Arena Chiller ½ life inspection)
- City Hall (lighting upgrade, safety glass installation)
- MCC (Chair upgrade project, round table replacement)



FACILITIES MANAGEMENT
NICOLA VALLEY MEMORIAL ARENA



FACILITIES MANAGEMENT TEAM
NICOLA VALLEY MEMORIAL ARENA



2026 GOAL:

Integrate mascot into all city-led youth events and marketing.

RECREATION PROGRAMS + EVENTS

The Recreation team is dedicated to providing inclusive programs and services for people of all ages, demographics, and abilities. Programs are primarily delivered through the Merritt Civic Centre, the Nicola Valley Aquatic Centre, the Nicola Valley Memorial Arena, and occasionally in City parks.


CLIFF MCDOUGALL MURAL - NICOLA VALLEY MEMORIAL ARENA

640 PEOPLE
REGISTERED FOR RECREATION PROGRAMS

4,690 HOURS
RENTED AT THE MERRITT CIVIC CENTRE



MERRITT CIVIC CENTRE

18,938 USERS
ENJOYED THE AQUATIC CENTRE FACILITIES

2,400 HOURS
ICE AT THE ARENA WAS RENTED FOR


NICOLA VALLEY AQUATIC CENTRE

10 SPECIAL EVENTS
HOSTED BY THE CITY

6,700 PEOPLE
ATTENDED 10 SPECIAL EVENTS HOSTED BY THE CITY

CIVIC CENTRE PROGRAMS

In 2025, programs included Fitness Classes, Yoga, Run Club, Mindful Chair Mobility & Stretch and Strength, Soccer, Gymnastics, Tai Chi, and similar programming.

Fun-oriented programming included spring and summer camps, Family Fun Days, and Tiny Tots Time.

ARENA PROGRAMS

In the Arena, programming included a seniors skate, a tots skate, ice hockey, ball hockey, and regularly scheduled public skating.

POOL PROGRAMS

Programming at the Nicola Valley Aquatic Centre includes Aquaboard, Stretch & Stability, and Aquafit, as well as swimming lessons and lifesaver training.

Special pool programming includes Youth Night, Junior Lifeguard Club, Summer Kick-off Pool Party, End of Summer Pool Party, Craft & Splash, Summer Fun Days, City free swim, or a Dive-in Movie.

COMMUNITY PROGRAMS

Sports and events programming is also organized by and/or supported by local community groups and organizations such as Merritt Youth Ball and Slow Pitch, Merritt Minor Hockey, Merritt Youth Soccer Association, Nicola Valley Figure Skating Club, Merritt Pickle Ball Club, Girl Guides of Canada, Love to Dance Society, and Merritt Centennials, and the Merritt Arts Council.

SPECIAL EVENTS

Special events organized by the City, with the support of community groups, include the Family Day Celebrations, Spring Community Yard Sale, Easter Eggstravaganza, Canada Day, Music in the Park, GoByBike, Halloween, Breakfast with Santa, Christmas Festivities, and New Year's Eve family-friendly countdown.



SPOOKTACULAR HALLOWEEN



COUNTRY CHRISTMAS CRAFT FAIR



BC AMBULANCE



Emergency Management

The City of Merritt's Emergency Management team prepares Merritt for large-scale emergencies, taking an "all-hazards" approach that is inclusive of all four phases of emergency management: Mitigation, Preparedness, Response, and Recovery.

2025 ACCOMPLISHMENTS

- Acquired sandbagging machine to support flood response.
- Implemented DJI Matrice 4TD drone aircraft to assist with information gathering in emergency events.
- Developed new geographic information system (GIS) maps to support emergency planning.
- Refreshed the City of Merritt evacuation plan and developed business continuity plans for key services.
- Conduct regular training to ensure that the City of Merritt Emergency Operations Centre (EOC) and Emergency Support Services (ESS) teams are prepared for future emergency events.

2026 GOALS + PRIORITIES

- Complete a new Hazard, Risk, and Vulnerability Analysis (HRVA) risk assessment.
- Submit the new Emergency Management Plan for adoption by Mayor and Council.
- Redesign the EOC so that the facility can be quickly moved to a new location in the event of an evacuation or major emergency.
- Integrate Emergency Program GIS mapping with other City of Merritt mapping to support a common operational picture across all departments.
- Grow the ESS team with new volunteers.

The Emergency Management office supports the Merritt and Nicola Valley Emergency Support Services (ESS) volunteer team. The ESS team works with local businesses to provide supports like food and temporary accommodations to evacuees.

EMERGENCY MANAGEMENT

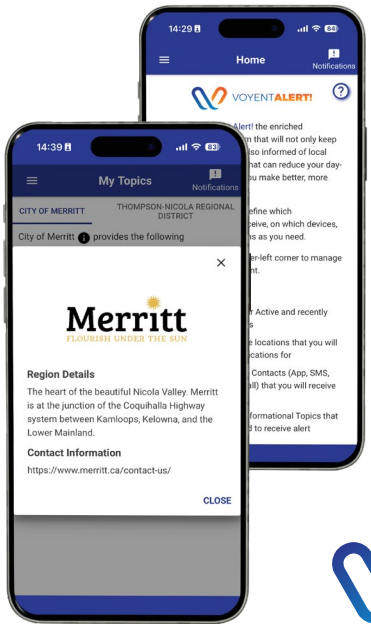
- For staff, in 2025, the City hosted two courses that qualified 27 staff members on Incident Command System 100, hosted four Emergency Preparedness seminars with staff, and facilitated one tabletop exercise with City of Merritt Public Works staff.
- Emergency Management completed risk assessments for 27 items of City of Merritt critical infrastructure.
- For ESS, in 2025, the City hosted a Canadian Disaster Animal Response Team (CDART) training session to learn about supporting animals in emergencies, sent five volunteers to the Network of Emergency Support Services Team (NESST) conference, and qualified nine volunteers on basic first aid.
- The City Voyent Alert! program currently has 5,623 registered recipients.



STAFF TRAINING



ESS RECRUITMENT



5,623
REGISTERED RECIPIENTS

VOYENTALERT!



Economic Development

Economic Development focuses on programs and policies that enhance a community's economic well-being and quality of life.

This function supports business growth and retention through investment attraction, property development, and assistance for local businesses.

2025 ACCOMPLISHMENTS

- Labour Market Study
- Community Business Investment Profile
- Engagement with new business and developers
- Economic Development Marketing Strategy Plan
- Engagement with community partners on Economic Development
- Concept Design & Revitalization Strategy for Fairley Park, Spirit Square and Quilchena Avenue

2026 GOALS + PRIORITIES

- Film Industry Collaboration with the Thompson Nicola Film Commission, film producers and scouts.
- Engagement with community partners on Economic Development
- Education and Employment Career Fair with NVIT
- Engagement with new business and developers
- Engagement with Merritt Businesses on Concept Design & Revitalization Strategy for Fairley Park, Spirit Square and Quilchena Avenue
- Business-to-Business engagement and continual community collaboration



Housing

The City of Merritt administers a City held housing fund dedicated exclusively to affordable housing through planning, analyzing, community engagement and workforce housing needs supported primarily through provincial Housing and Municipal Affairs funding and without reliance on municipal property taxes.

2025 ACCOMPLISHMENTS

- Completed the Property Management of the Emergency Transitional Housing Program.
- Completed the Municipal Development Corporation Feasibility Study with a presentation to Council.
- Presented the City of Merritt Housing Action Update to Council.
- Completed the Move of 28 Mobile Homes to the Airport, and the Sale of 2 Mobile Homes.
- Explored Options for Workforce Housing.

2026 GOALS + PRIORITIES

- Sell the 29 Mobile Homes.
- Complete the Workforce Housing “What We Heard Report”.
- Start a New Housing Project.
- Explore Additional Housing Funding Options.



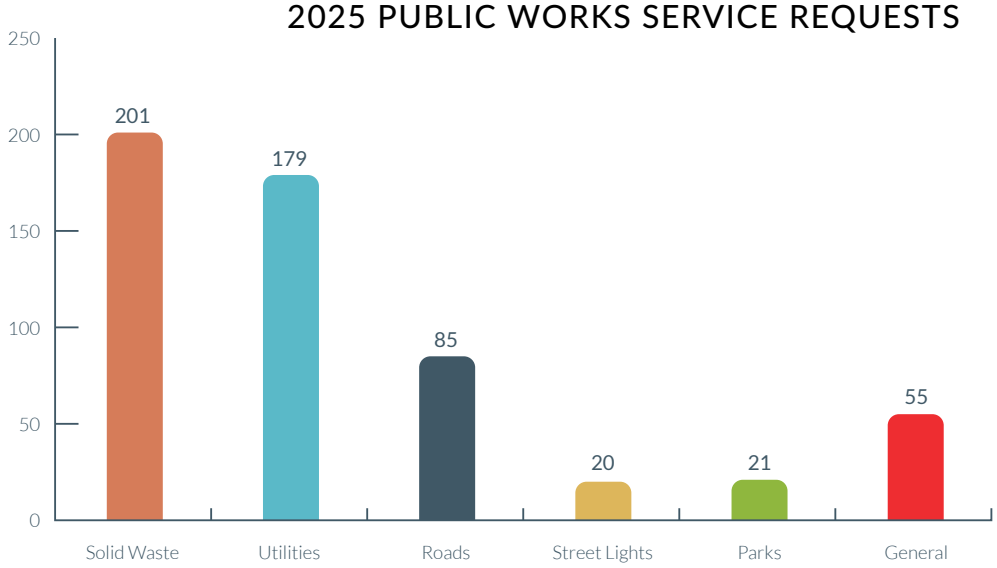
Public Works / Infrastructure

Public Works & Operations manages the engineering, construction, operations, and maintenance of:

- Streets
- Parks
- Water
- Sewer
- Utilities Infrastructure
- Sanitation
- Building and Development

2025 ACCOMPLISHMENTS

2025 PUBLIC WORKS SERVICE REQUESTS



Solid Waste - 201

Utilities - 179

Roads - 85

Street Lights - 20

Parks - 21

General - 55

Emergency Callouts - 51

2026 GOALS

- Ensure the reliable maintenance and continuous improvement of essential city services – including water, sanitation, streets, and public infrastructure – to promote public health, safety, and quality of life for all residents.

UTILITIES

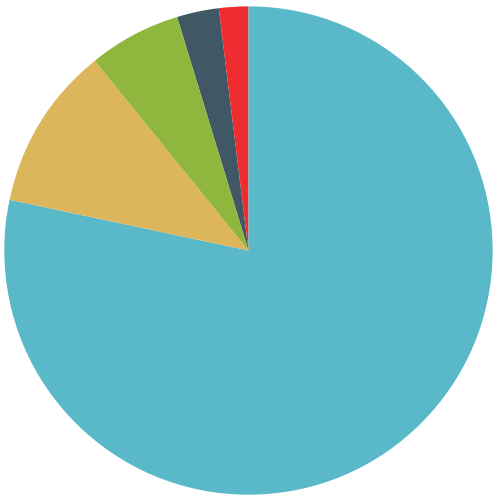
Responsible for the operation and maintenance of the municipality's underground water, sewer, and stormwater infrastructure. This includes water mains, sanitary sewer lines, service connections, fire hydrants, isolation valves, and curb stops.

The department performs routine inspections, leak detection, flushing, and repairs to ensure the safe and continuous delivery of potable water and the efficient collection of wastewater.

PARKS

Responsible for maintenance of the municipality's parks, trails, open spaces, cemetery, and outdoor recreational amenities. Core responsibilities include landscape maintenance, playground inspections and repairs, irrigation management and cemetery interments.

- 11.7 ha park space
- 47 Interments
  - 7 Full Burial
  - 5 Columbarium
  - 35 Cremation
- 26 Cemetery Marker Installations



BREAKDOWN OF UTILITY CALLS

- Water On/Off - 168
- Water/Sewer Installation Inspections – 23
- Emergency Water Leak Repairs – 13
- Isolation valve replaced - 6
- Fire hydrants replaced – 4





ROADS

Responsible for the maintenance and repair of the municipality's transportation network, including roads, sidewalks, signage, and surface drainage systems. Core activities include asphalt repairs, gravel road grading, as well as snow & ice control.
The department also manages the installation and upkeep of traffic signs, street banners, and lighting. In addition to the roadway network, the Roads Department oversees maintenance operations at the airport.

FLEET MANAGEMENT

The shop is responsible for the repair, servicing, and lifecycle management of the municipality's fleet, which includes over 200 units ranging from line trimmers and pumps to dump trucks, snowplows, garbage trucks and fire trucks.

- New (to us) Grader
- Cross Connection Van



SOLID WASTE & RECYCLING

Responsible for the collection, and disposal of residential and commercial waste streams, including garbage and recycling. The department oversees curbside collection services, public waste receptacles as well as commercial waste collection.

- Residential truck picks up 950 cans/ day on average 4 days/ week
- Commercial truck picks up 300 bins / week
- 101 solid waste receptacles emptied 2 times / week

COMPOST FACILITY

The Compost Facility manages the processing of residential and municipal organic waste into nutrient-rich compost, supporting the community's sustainability and waste diversion goals. The facility receives organic materials and processes them through controlled aerobic decomposition.

WATER & WASTEWATER TREATMENT

Responsible for the safe and effective treatment of all municipal wastewater before it is returned to the environment. The facility operates continuously, treating domestic and commercial sewage using a multi-stage process that removes solids, nutrients, and contaminants in accordance with provincial and federal regulations. The plant is staffed by certified operators who monitor flows, conduct lab testing, and maintain equipment to ensure consistent performance and regulatory compliance.



WATER METER

WATER

- Total water pumped – 2,321,177 m3
- Daily water pumped avg – 6,349.8 m3
- Minimum day demand – January 30th – 3,257 m3
- Maximum day demand – July 29th – 12,049 m3
- 100% Bacteriological testing compliance - 304 samples taken within the year



FLOW INSPECTION

WASTEWATER

- Total wastewater processed from the treatment plant – 1,036,521 m3
- Minimum volume day – Dec 26, 2025
- Maximum volume day – Jan 06, 2025
- 251.1 dry metric tonnes of bio-solids produced

CROSS CONNECTION CONTROL

The Cross Connection Control Program protects the municipal water supply from potential contamination caused by backflow. The program ensures that backflow prevention devices are installed, tested, and maintained on commercial, industrial, and select residential properties where there is a risk of pollutants entering the potable water system.

- 355 water meters read 4 times/year
- 25 Cross connection surveys
- 506 Backflow assembly tests tracked

ENGINEERING AND PROJECTS

CONSTRUCTION PROJECTS:

- Nicola Reservoir Watermain Replacement
- Juniper Outfall
- Nicola River Crossing – Pipe Bridge replacement
- Compost Facility Water main installation
- Universal Water Meter program
- Gordon Ave and Voght St, Voght St and River Ranch Rd traffic light improvements
- Voght Park UV Facility electrical room separation



VOGHT STREET CONSTRUCTION

MAINTENANCE PROJECTS:

- Mosquito control
- Line Painting
- Sidewalk Inspections
- Bridge Inspections
- Dike Inspections
- Reservoir Inspections



DIKE INSPECTION

ENGINEERING PROJECTS:

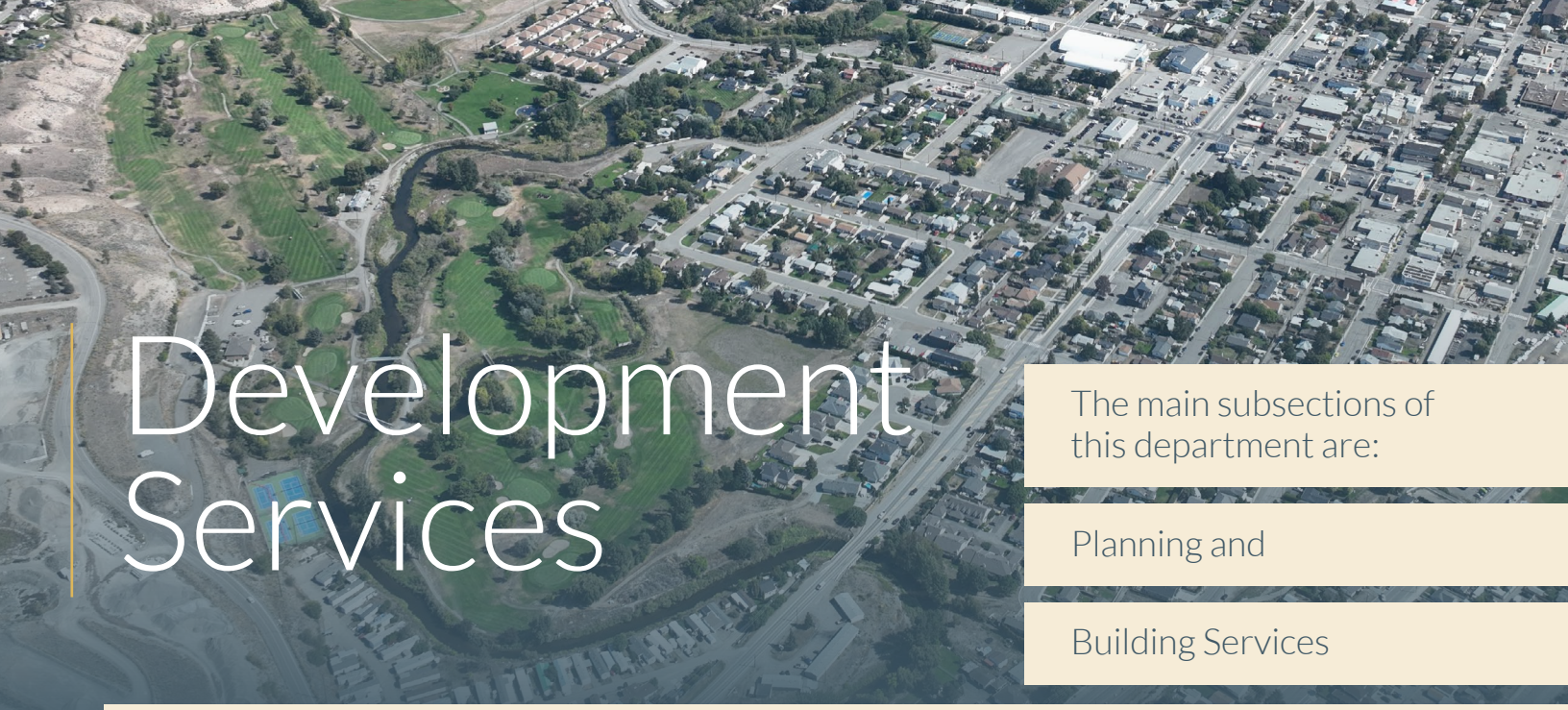
- WWTP Master Plan Implementation Strategy
- Water Master Plan
- Quilchena Alley Watermain replacement
- Asset Management implementation

DEVELOPMENT CONSTRUCTION & INSPECTION PROJECTS:

- Gateway 286 Subdivision
- Merritt Data Center
- Conklin Ave Apartment Building
- Grandview Heights Phase 4



VOGHT PARK UV FACILITY ELECTRICAL ROOM SEPARATION



Development Services

The main subsections of this department are:

- Planning and
- Building Services

Development Services is responsible for land use planning, zoning, and the regulation of new development, as well as building construction and inspections in the City of Merritt.

The department collaborates closely with other City departments and provincial ministries to provide information to the Council regarding development proposals, subdivision applications, zoning amendments, and changes to the Official Community Plan.

Development Services is supported by a dedicated team of planning, building, and administrative professionals. The staff manage current development applications, offer guidance on land use policies, ensure building safety through inspections, and support long-term planning initiatives that align with legislative requirements and community goals.

2025 ACCOMPLISHMENTS

- E-Permitting is operational and running successfully.
- Official Community Plan compliance update completed.

2026 GOALS

- Zoning Bylaw review and revisions.
- Inclusionary Zones and Density Bonusing compliance.
- DCC Bylaw update (to reflect legislative and local changes).
- Develop Infrastructure Construction & Servicing Standard.

PLANNING

CATEGORIZE LAND USE PERMITS:

- Subdivisions
- Strata Conversions
- Sign Permits
- Development Permits
- Development Variance Permits
- Temporary Use Permits
- OCP Amendments
- Rezoning Applications
- Historic Land Use



OCTOBER 2025 OPEN HOUSE

BUILDING

BUILDING PERMITS & INSPECTIONS FOR:

- Buildings
- Accessory Building
- Decks
- Sheds
- Garages / Workshops
- Secondary Suites
  - BC Building Code Compliance
  - Building Information Requests (BIR)


GATEWAY 286

KEY DEVELOPMENTS

SUBDIVISIONS COMPLETED:

- 5-lot – Gateway 286 Site (Comprehensive Development)
- 2-lot Industrial – 3998 Airport Rd (Airport Area)


AIRPORT RD

IN PROGRESS:

- 2 lot Residential – 2190 Blackwell Ave
- 3 Lot Industrial – 2845 Nelson Ave
- 17 Lot Residential - Bann St
- 3 Lot Residential – Lindley Creek Road

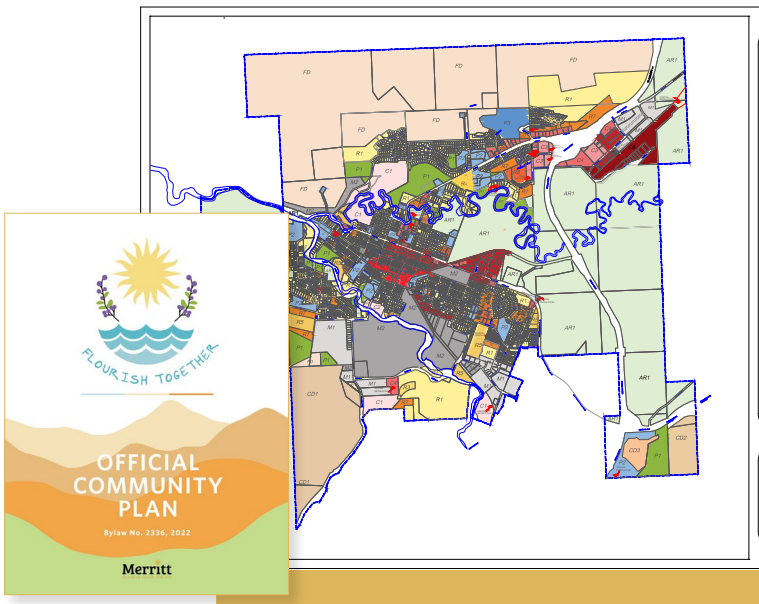

IN PROGRESS

DEVELOPMENT PERMITS

- 2088 Conklin Ave – 106 Unit Apartment Building
- 1799 Menzies – 50 Unit Apartment Building
- 3998 Airport Rd – Data Centre
- 4155 Belshaw – NVIT Student Housing and Daycare
- 2040 Voght St – Canada Post
- 4074 Airport Rd - Airport Hanger

LONG-RANGE PLANNING

- Amended Official Community Plan (SSMUH compliance)
- Amended Zoning Bylaw to allow mobile homes on single-family lots
- **In progress:** Subdivision Standards
- **In progress:** Minor housekeeping update in Zoning Bylaw



ZONING BYLAW AMENDMENTS



2025 BUILDING DEPARTMENT PERMITS / FEES STATS

	TOTAL FEES RECEIVED	# PERMITS ISSUED
BUILDING PERMITS	$586,061	52
PLUMBING PERMITS	$25,501	28
DEMO PERMITS	$1761	-15

	#UNITS CREATED	# UNITS REMOVED
APARTMENT	6	-15
Conklin	106	
Merrit Ave	40	
Merritt Ave (2)	49	
Menzies Ave	50	
NVIT STUDENT HOUSING	15	

2025 DEVELOPMENT SERVICES STATS

	TOTAL FEES RECEIVED	# RECEIVED	# ISSUED
NEW DEVELOPMENT PERMITS	$17,346.24	20	16
NEW DISCRETIONARY USE PERMITS	$467.44	8	6
NEW TEMPORARY USE PERMITS	$1,872.00	3	2
NEW DEVELOPMENT VARIANCE PERMITS	$3,861.91	6	3
NEW SUBDIVISION APPLICATIONS	$5480.20	6	2
SIGN PERMIT	$2,311.00	17	15
EARTHWORKS	$1,031.94	10	8
REZONING	$8,356.92	3	2
BUILDING INFORMATION REQUEST (BIR)	$7,542.90	126	126



Flood Mitigation

The Flood Mitigation team is working on flood resilience as outlined in the 2022 Flood Mitigation Plan, while embracing environmental stewardship.

2025 marked a significant year of progress for the City of Merritt's Flood Mitigation Program.

Following several years of recovery and planning after the 2021 flood event, the Department has now moved into active implementation of long-term flood protection projects across the community. and social responsibility.

2025 ACCOMPLISHMENTS

- $60 million secured for the Dike 129/130 project, a major step toward long-term flood protection.
- Funding secured for engineering and construction of Middlesboro Phase 1.
- Funding secured for engineering of Middlesboro Phase 2.
- Continued advancement of the STUWI(x) Naturalization Project.
- Completion of key construction work, including the Claybanks Dike.
- Launch of the Coldwater Land Acquisition Program.

2026 GOALS + PRIORITIES

- The Flood Mitigation Program currently includes more than 16 active projects across Merritt.
- Maintain alignment with strict regulatory and environmental requirements during planning, engineering and execution phases of all projects.
- Continue to engage closely with local First Nations and community members.
- Engineering work will begin on the Dike 129/130 project, with additional construction activities planned across the corridor.



STUWI(X) STEERING COMMITEE MEETING



STUWI(X) COMMUNITY WALK DOWN



HON. KELLY GREENE,
MINISTER OF EMERGENCY MANAGEMENT AND CLIMATE READINESS

FLOOD MITIGATION

CONSTRUCTION AND ENVIRONMENTAL CONSIDERATIONS

Flood mitigation work in Merritt must align with strict environmental requirements. The Coldwater River has one of the shortest construction windows in British Columbia, with only 11 days each year where in-stream work can occur with careful environmental measures. Despite this, several key projects were successfully completed in 2025.

COLDWATER LAND ACQUISITION PROGRAM

In late 2025, the City began issuing voluntary purchase offers to property owners in high-risk flood areas. This program is an important step in creating space for setback dikes and reducing long-term flood risk.

INDIGENOUS ENGAGEMENT

The Flood Mitigation Department continues to engage closely with local First Nations and community members. This includes participation in community events, open houses, and ongoing dialogue to ensure projects reflect local knowledge, priorities, and environmental stewardship.

LOOKING AHEAD TO 2026

In 2026, engineering work will begin on the Dike 129/130 project, with additional construction activities planned across the corridor.

The Flood Mitigation Department will continue to provide regular updates and maintain open communication with residents as projects advance.



Merritt Fire Rescue

Merritt Fire Rescue is responsible for fire protection, highway rescue, safety education, fire safety inspections, wildfire resiliency, the WEP training program and more.

Established in 1907, the Merritt Fire Rescue Department (MFRD) is committed to protecting life, property, and the environment by providing prompt and effective emergency response. The MFRD responds to a wide range of incidents — including structural and wildland fires, technical rescues, hazardous materials situations, motor vehicle collisions and extrications, medical emergencies, and public assistance calls — while continually undergoing professional development and advanced training to address the increasingly complex and evolving challenges of modern emergency services.

2025 ACCOMPLISHMENTS

- Responded to 1,293 incidents, reflecting a 13% increase in call volume compared to the previous year.
- Delivered essential fire protection, rescue, and emergency response services to approximately 12,000 residents in the City of Merritt and the broader Nicola Valley region.
- Provided specialized highway rescue coverage across key transportation corridors, supporting millions of travelers annually.
- Promoted fire and life safety education during non-emergency periods.
- Conducted fire safety inspections of public buildings to ensure compliance with the BC Fire Code.
- Led the administration of the FireSmart™ program to help the community proactively reduce wildfire risk and enhance resilience.
- Completed 78 Wildfire Mitigation Program Assessments and distributed nearly $80,000 in residential homeowner rebates, as part of the Wildfire Mitigation Program (WMP).
- Deployed provincially to support wildfire response operations in Fort Nelson and regionally in Brookmere, generating cost-recovery revenue.

2026 GOALS + PRIORITIES

KEY PRIORITY:

- MFRD will develop a practical Wildfire Structure Protection Plan to strengthen preparedness, improve coordination, and better protect the community from growing wildfire risks.

PRIORITY:
Volunteer Firefighter Retention & Recruitment

OBJECTIVE:

Retention and recruitment of volunteer firefighters remain a major challenge across North America, and the City of Merritt is no exception. This continues to be a top annual priority to be carried forward year after year.

PROJECT DESCRIPTION:

Community Engagement: Partner with local organizations, schools, and businesses to raise awareness about the need for volunteer firefighters.

Targeted Outreach: Focus on youth and underrepresented groups to broaden recruitment efforts.

PRIORITY:
FireSmart™ Program & Fuel Management

OBJECTIVE:

Enhance the FireSmart™ presence in our community to assist homeowners to increase their resiliency to wildfire.

PROJECT DESCRIPTION:

Utilize grant funding, to promote the FireSmart™ Program.

1. Promote Wildfire Mitigation Program & expand FireSmart initiatives.
2. Develop additional Fuel Management Prescriptions, in preparation for future operational treatment and grant opportunities.

PRIORITY:
Fire Apparatus Replacements

OBJECTIVE:

Prioritizing fire apparatus replacement enhances fire protection, boosts reliability and safety, ensures compliance with standards, and can reduce costs. It also supports positive insurance ratings, helping fire departments operate more effectively and better serve their communities.

PROJECT DESCRIPTION:

Quint 1, MFRD's aerial ladder apparatus, will reach the end of its 20-year service life in 2029. Four-year manufacturing lead times require that design and procurement begin in 2026. This aligns with proactive asset management and long-term capital planning, and supports the City's approval of six-storey buildings and ongoing development.

MERRIT FIREFIGHTING SERVICE 2025 STATISTICS

432 PUBLIC BUILDINGS INSPECTIONS

6533 STAFF HOURS ALLOCATED TO RESPONDING TO EMERGENCIES

116 PRE-INCIDENT SURVEYS

116 SCHEDULED ON-CALL HOURS LOGGED BY PAID ON CALL FIREFIGHTERS

113 CAMPFIRE PERMITS ISSUED

100% SUCCESS RATE
DEPLOYING 10 PERSONNEL WITHIN 10 MINUTES TO FIRE INCIDENTS

1293 TOTAL NUMBER OF INCIDENTS

- **112** FIRE INCIDENTS
- **645** MEDICALS
- **269** MOTOR VEHICLE INCIDENTS
- **129** MISCELLANEOUS
- **138** FIRE ALARM (RINGING/RESET)

FIREFIGHTER TRAINING PROGRAM

429 SESSIONS

103 SUBJECTS

8000 STAFF HOURS DEDICATED

FireSmart™ Canada

78 WILDFIRE MITIGATION ASSESSMENTS COMPLETE

3 COMMUNITY CHIPPING DAYS

$80,000 IN HOMEOWNER REBATES



Financial Services

The Financial Services division oversees:

- Financial Planning & Reporting
- Human Resources & Payroll
- Permissive Tax Exemptions

The team also manages the BC Transit contract.

2025 ACCOMPLISHMENTS

- $4M in Government Grants and Transfers Revenue (excl. $6M in flood recovery and mitigation funding) supporting projects from Community Services programming (Canada Day celebrations, empowerment programs, etc.) to a hose replacement project at the fire hall. Successful applications also continue into 2026 including Canada Summer Jobs and the Kengard well design project.
- Financial statements were finalized and, in the auditor's opinion, the statements present fairly, in all material respects, the financial position of the City as at December 31, 2025, and its results of operations and its cash flows for the year ended in accordance with Canadian public sector accounting standards.
- 239% increase in reserve contributions (vs. 2023) with the top two, water and sewer, aligned with public feedback on priorities for long-term infrastructure investment.
- Successfully shifted the property insurance program to a new provider securing savings after exponential increases post-flood.
- Continued efforts to engage stakeholders on city finances and budget with initiatives ranging from presentation at the Merritt Senior's Centre to three workshops with all full-time city staff.
- Completed the second phase of asset management implementation with the development of the asset management plan.
- CUPE Union contract negotiated and in place for 2025 – 2028, 11 new employees hired into budgeted positions, 11 employee position changes, and new safety management software SiteDocs fully operational with all employees set up to record certifications and safety documentation.

2026 GOALS + PRIORITIES

- Development of a project planning template supporting grant applications, project management, and reporting, development of a funding page on the city website to acknowledge funded projects and continuing to support local organizations on funding opportunities.
- Establish a GHG emissions inventory to support annual reporting implementing process changes as required and develop the Community Sustainability & Environmental Action Plan; both of which will support future grant applications.
- Continue building the asset management program with the next phase focused on levels of service, risk analysis/framework, and data governance/management and supporting the implementation of the maintenance stream and ongoing infrastructure planning.
- Update policies and bylaws including investment policy, reserve and surplus policy and bylaw to establish city reserve funds.
- Source and provide the required safety training to all Joint Occupational Health and Safety committee members, hire a full-time safety coordinator, and create a strong safety culture with safety as a core value.

FINANCE

The Finance team is responsible for receiving all money paid to the City, banking, investments, expending money in the manner authorized by Council in the financial planning process, preparing annual financial statements in accordance with GAAP for local governments, and exercising control and supervision over all financial affairs of the City. The team is also responsible for grant coordination including applications and reporting.

HUMAN RESOURCES

The Human Resources team is responsible for managing the employee life cycle including recruitment, hiring, onboarding, and training as well as payroll and benefit administration.



TRACTOR

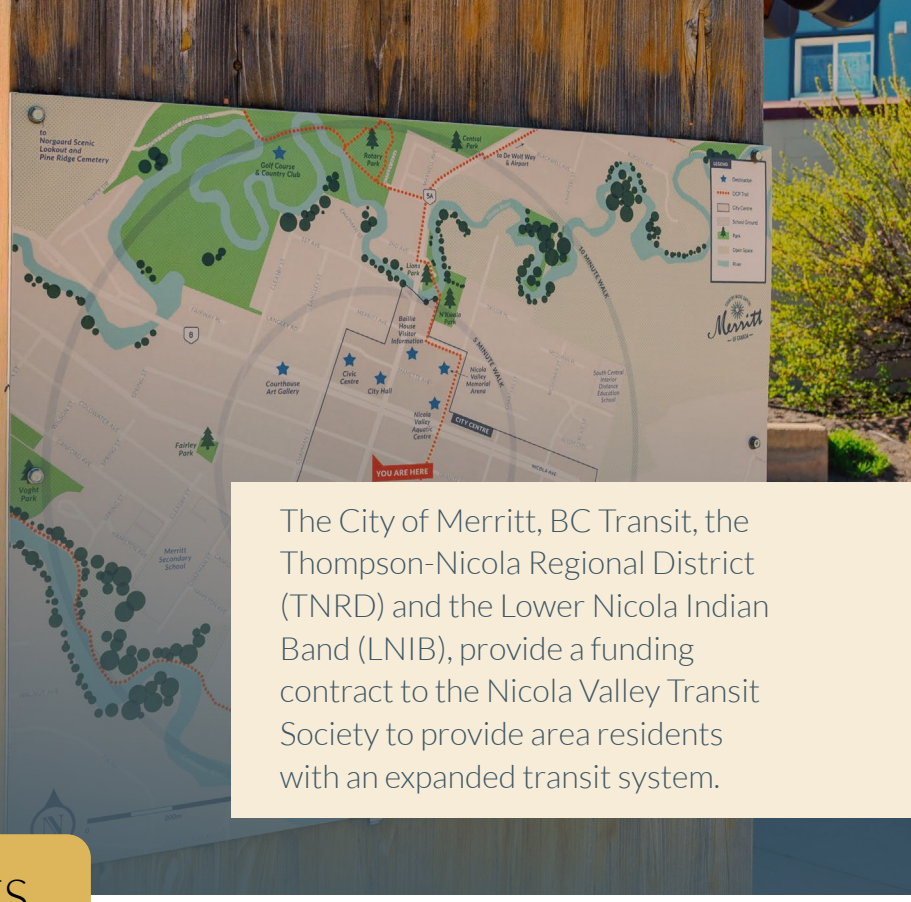
PERMISSIVE TAX EXEMPTIONS

Under the Community Charter, the City of Merritt may grant a permissive tax exemption to non-profit, philanthropic, and charitable organizations at the discretion of council when budget permits.

Council may also consider permissive municipal tax exemptions less than 100%. All organizations that wish to receive exemptions under this bylaw are required to submit an application.

2025 PERMISSIVE TAX EXEMPTIONS	
CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS IN CANADA	$4,781.22
CITXW NLAKAPAMUX ASSEMBLY	$1,366.21
CONAYT FRIENDSHIP SOCIETY	$2,200.57
FRASER BASIN PROPERTY SOCIETY	$437.73
HELEWU CHILD CARE SOCIETY	$1,427.20
MERRITT BAPTIST CHURCH	$575.82
MERRITT BUSINESS & ECONOMIC DEVELOPMENT SOCIETY	$1,091.75
MERRITT CROSSROADS COMMUNITY CHURCH	$2,005.74
MERRITT CURLING CLUB	$3,183.76
MERRITT ELKS	$1,898.10
MERRITT GOLF & COUNTRY CLUB	$14,689.92
MERRITT SIKH SOCIETY	$1,342.60
MERRITT YOUTH & FAMILY RESOURCES SOCIETY	$1,971.13
NICOLA NATIVE LODGE SOCIETY	$2,901.41
NICOLA VALLEY ASSOCIATION FOR COMMUNITY LIVING	$4,952.51
NICOLA VALLEY COMMUNITY HUMAN SERVICES ASSOCIATION	$1,589.44
NICOLA VALLEY EVANGELICAL FREE CHURCH	$1,516.92
NICOLA VALLEY FOOD BANK SOCIETY	$6,196.74
NICOLA VALLEY HEALTH CARE AUXILIARY	$1,828.53
NICOLA VALLEY HEALTH CARE ENDOWMENT FOUNDATION SOCIETY	$9,356.10
NICOLA VALLEY RODEO ASSOCIATION	$8,154.24
NICOLA VALLEY SENIOR HOUSING SOCIETY	$6,027.45
ROMAN CATHOLIC BISHOP OF KAMLOOPS	$1,172.14
ROYAL CANADIAN LEGION MERRITT BRANCH NO. 096	$ 2,304.02
SEVENTH-DAY ADVENTIST CHURCH BC CONFERENCE	$564.54
TRUSTEES MERRITT JEHOVAH'S WITNESS	$977.92
UNITED CHURCH TRUSTEES	$734.70
TOTAL VALUE OF EXEMPTIONS	**$85,248.41**

Transit Services



The City of Merritt, BC Transit, the Thompson-Nicola Regional District (TNRD) and the Lower Nicola Indian Band (LNIB), provide a funding contract to the Nicola Valley Transit Society to provide area residents with an expanded transit system.

2025 ACCOMPLISHMENTS

- In 2025/26, Merritt Transit delivered 61,100 rides and had total revenues of $95,300 to offset operating expenses.
- With the reopening of Middlesboro Bridge, transit service returned to Main Street and Coldwater Avenue in May 2025. Route 2 Collettville and Route 3 Diamond Vale were reinstated.
- Transit fares were changed in May 2025. Increased fares improve the City's ability to manage the rising costs of operating transit.
- The Transit Future Service Plan was approved by Council in July 2025 and published on the BC Transit website.

2026 GOALS + PRIORITIES

- Maintain core services for transit customers.
- Evaluate and update agreements with local transit partners for transit service beyond the City of Merritt municipal boundary.
- Secure funding under the Canada Public Transit Fund's Baseline Funding stream.



Financial Statements

City of Merritt

Financial Statements

For the year ended December 31, 2025

Pages 38-68

City of Merritt
Financial Statements
For the year ended December 31, 2025

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the City of Merritt (the "City") are the responsibility of management and have been approved by the Mayor and Council of the City.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The City of Merritt maintains systems of internal accounting and administrative controls of reasonable quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance Committee.

The Mayor and Council review the City's financial statements and recommend their approval. The Mayor and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Mayor and Council take this information into consideration when approving the financial statements for issuance to the taxpayers. The Mayor and Council also appoint the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the taxpayers. BDO Canada LLP has full access to the Council and management.



Director of Finance

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BDO Canada LLP
300 – 275 Lansdowne Street
Kamloops, BC V2C 6J3

Independent Auditor's Report

To the Members of Council, of the City of Merritt

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 1 on page 30 of these financial statements.

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.

Chartered Professional Accountants

Kamloops, British Columbia
May 12, 2026

City of Merritt
Statement of Financial Position

As at December 31	2025	2024
Financial assets		
Cash	$60,005,105	$ 41,278,857
Portfolio investments (Note 2)	8,029,897	7,861,418
Taxes and utilities receivable	1,369,737	1,053,090
Accounts receivable	5,611,834	11,347,916
Inventories for resale	35,048	39,808
Property subject to redemption	1,517	1,517
	75,053,138	61,582,606
Liabilities		
Accounts payable and accrued liabilities	3,474,286	5,732,672
Employee payables (Note 3)	783,919	614,153
Refundable deposits	2,154,966	3,428,001
Deferred revenue (Note 4)	41,228,413	29,393,820
Long-term debt (Note 5)	9,719,762	14,049,244
Asset retirement obligation (Note 10)	193,076	184,886
	57,554,422	53,402,776
Net financial assets	17,498,716	8,179,830
Non-financial assets		
Tangible capital assets (Note 6)	127,298,835	121,892,690
Prepaid expenses and deposits	12,211	7,521
	127,311,046	121,900,211
Accumulated surplus (Note 7)	$ 144,809,762	$130,080,041

Contingent liabilities (Note 11)

Director of Finance

Mayor

The accompanying notes are an integral part of these financial statements.

City of Merritt
Statement of Operations

For the year ended December 31	Fiscal Plan	2025	2024
Revenue			
Taxation - net (Note 8)	$14,543,396	$14,583,211	$ 13,190,554
User fees, sales and rentals	7,389,882	8,234,593	6,116,596
Government grants and transfers (Note 10)	14,347,065	10,086,978	21,825,048
Investment income	570,436	1,863,854	2,245,558
Penalties and interest	203,124	215,369	334,174
Insurance proceeds	-	1,700	5,679,451
Other income	659,253	564,056	1,806,095
Actuarial adjustment of debt	211,432	211,432	193,764
Loss on sale of tangible capital assets	-	(86,698)	-
Write down of tangible capital assets	-	-	(13,246)
Local service area tax	-	3,376,000	-
	37,924,588	39,050,495	51,377,994
Expenses			
General government	4,126,769	3,832,670	3,333,601
Protective services	6,565,742	6,313,848	5,962,975
Transportation services	4,123,940	3,666,319	3,631,120
Community environmental and public health services	2,919,935	2,645,542	1,621,982
Leisure, parks and cultural development	3,914,085	3,739,104	3,674,892
Water utility	2,494,559	1,997,960	2,023,903
Sewer utility	1,844,557	1,374,530	1,368,922
Recovery	1,648,695	750,801	1,002,586
	27,638,282	24,320,774	22,619,981
Annual surplus	10,286,306	14,729,721	28,758,013
Accumulated surplus, beginning of year	130,080,041	130,080,041	101,322,028
Accumulated surplus, end of year	$140,366,347	$ 144,809,762	$130,080,041

The accompanying notes are an integral part of these financial statements.

City of Merritt
Statement of Change in Net Financial Assets

For the year ended December 31	Fiscal Plan	2025	2024
Annual surplus	$10,286,306	$14,729,721	$ 28,758,013
Acquisition of tangible capital assets	(17,085,190)	(9,445,141)	(32,999,368)
Amortization of tangible capital assets	3,632,794	3,580,353	3,282,482
Loss on sale of tangible capital assets	-	86,698	-
Proceeds on sale of tangible capital assets	-	371,945	-
Write-down of tangible capital assets	-	-	13,246
	(3,166,090)	9,323,576	(945,627)
Change in prepaids	-	(4,690)	7,729
Net change in net financial assets	(3,166,090)	9,318,886	(937,898)
Net financial assets, beginning of year	8,179,830	8,179,830	9,117,728
Net financial assets, end of year	$ 5,013,740	$17,498,716	$ 8,179,830

The accompanying notes are an integral part of these financial statements.

City of Merritt
Statement of Cash Flows

For the year ended December 31	2025	2024
Operating transactions		
Annual surplus	$14,729,721	$ 28,758,013
Items not involving cash		
Amortization	3,580,353	3,282,482
Loss on disposal of tangible capital assets	86,698	-
Write-down of tangible capital assets	-	13,246
Actuarial reduction of long-term debt	(211,432)	(193,764)
Changes in non-cash operating balances		
Taxes and utilities receivable	(316,647)	(159,379)
Accounts receivable	5,736,083	(3,039,031)
Inventories for resale	4,760	26,002
Property subject to redemption	-	13,997
Accounts payable and accrued liabilities	(2,258,387)	(114,921)
Employee benefits plan liability	169,766	170,001
Refundable deposits	(1,273,035)	556,045
Deferred revenue	11,834,594	(8,022,467)
Prepaids	(4,690)	7,729
Asset retirement obligation liability	8,190	7,843
	32,085,974	21,305,796
Capital transactions		
Acquisition of tangible capital assets	(9,445,141)	(32,999,368)
Proceeds on disposal of tangible capital assets	371,945	-
	(9,073,196)	(32,999,368)
Investing transaction		
Disposal (acquisition) of portfolio investments	(168,479)	42,481,423
Financing transactions		
Proceeds of long-term debt	4,178,000	7,000,112
Principal payment on long-term debt	(8,296,051)	(777,377)
	(4,118,051)	6,222,735
Net increase (decrease) in cash	18,726,248	37,010,586
Cash, beginning of year	41,278,857	4,268,271
Cash, end of year	$ 60,005,105	$ 41,278,857

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Government Reporting Entity

The City of Merritt (the "City") was incorporated on April 1, 1911 under the statute of the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities include the provision of local government services to the residents of the Merritt area. These include general government, protective services, transportation services, community, environmental and public health services, leisure, parks and cultural development, and water and sewer utilities.

Basis of Presentation

The financial statements of the City have been prepared in accordance with Canadian Public Sector Accounting Standards.

Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	25 to 35 years
Buildings and building improvements	10 to 100 years
Vehicles, machinery and equipment	5 to 20 years
Roads and linear assets	10 to 100 years
Water and sewer infrastructure	10 to 100 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as a reduction of revenue in the statement of operations.

1. Significant Accounting Policies (continued)

Inventories for Resale Inventories held for resale are recorded at cost which does not exceed net realizable value. Cost is determined on a first in, first out basis.

Collection of Taxes on Behalf of Other Taxation Authorities The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Thompson-Nicola Regional District, Hospital District and any other government entities with which the City interacts are not reflected in these financial statements.

Trust Funds Funds held in trust by the City, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Reserve Funds Reserves represent amounts set aside for specific or future expenditures. Statutory reserves require the passing of a by-law before funds can be expended. Reserve accounts require an approved council budget and resolution.

Retirement Benefits and Other Employee Benefit Plans The City's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other pensions and other retirement benefits that accumulate over the period of service provided by employees are actuarially determined using the projected benefit method prorated on services based on management's best estimate of retirement ages, inflation rates, investment returns, wage and salary escalation, insurance and health care costs trends, employee turnover and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

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

Government Grants and Transfers Government grants and 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.

1. Significant Accounting Policies (continued)

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Contaminated Sites

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Revenue Recognition

Taxation for municipal purposes is recorded at estimated amounts when it meets the definition of an asset, has been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decision, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Revenues from transactions with performance obligations are recognized (at a point in time) or as (over a period of time) the City satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Water and sewer user rates, connection fees, sale of services and interest and penalties assessed on taxes are recognized as revenue in the year the related service is provided and if and when the amount to be received can be reasonably estimated and collection is reasonably assured.

1. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue from transactions without performance obligations is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Other revenue is recognized on an accrual basis.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one – quoted market prices). All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Long-term Debt

Term debt acquired through the Municipal Finance Authority ("MFA") is recorded net of related sinking fund balances. Earnings on sinking funds investments are allocated to the City as an actuarial adjustment, which is recorded as a revenue and a reduction in the related debt.

Property Subject to Redemption

Property subject to redemption is recorded at the lower of cost and net realizable value. Cost is defined as the cost deemed paid to acquire the property at tax sale, plus amounts for improvements to prepare the property for sale or servicing. Net realizable value is defined as the outstanding taxes receivable by the City on that property, plus land title registry and other fees payable at the time of the tax sale.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Portfolio Investments

	2025	2024
MFA money market fund	$ 6,029,897	$ 5,861,427
Royal Bank of Canada GICs	2,000,000	1,999,991
	$ 8,029,897	$ 7,861,418

The income from portfolio investments for the year was $1,863,854 (2024 - $2,245,558). The fair value of the money market fund is equal to its cost base. The Royal Bank of Canada GIC matures June 2026 with interest at 2.85%.

3. Employee Future Benefits

Municipal Employees Retirement System

The City and its employees contribute to the Municipal Pension Plan (a jointly trusteed pension plan). The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2024, the Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local government.

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 paid $605,414 (2024 - $529,752) for employer contributions while employees contributed $542,578 (2024 - $475,432) to the Plan in fiscal 2025.

Employers participating in the plan record their pension expenses 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.

Sick Leave Benefits

The City provides benefits for sick leave to all its unionised employees. All employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Under the terms of the current collective agreement, employees earn sick leave benefits at a rate of 1.5 days for every month of service, which accumulate and carry forward year-to-year, up to a maximum of 180 days per employee. Upon retirement, employees are entitled to a payout of the accumulated sick leave benefits based on the number of sick days in their entitlement, as follows:

0 - 89 days nil
90 - 179 days 2 weeks
180 days 4 weeks

The total liability for these retirement benefits recorded on the statement of financial position in respect of obligation under this plan amounts to $12,032 (2024 - $17,318).

The total sick leave entitlement accumulated to date that is available to employees amounts to 21,136 hours (2024 - 18,930) or approximately $788,304 (2024 - $651,136).

4. Deferred Revenue

Included in deferred revenue are amounts relating to grant funding for the coming year:

	Balance at December 31, 2024	Collected	Interest	Recognized	Balance at December 31, 2025
General fund					
Taxes	$ 239,334	$ 279,271	$ -	$ (239,334)	$ 279,271
Recovery	18,074,514	17,425,000	-	(4,991,407)	30,508,107
Other	4,041,068	1,099,618	-	(2,774,342)	2,366,344
	22,354,916	18,803,889	-	(8,005,083)	33,153,722
Development cost charges	7,038,904	836,117	199,670	-	8,074,691
	$ 29,393,820	$ 19,640,006	$ 199,670	$ (8,005,083)	$ 41,228,413

5. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2025	2024
Municipal Finance Authority, short term debt instruments, repayable in blended monthly repayments ranging from $1,413 to $8,525, bearing interest at 2.85% per annum maturities ranging from March 2026 to April 2029.	$ 575,045	$ 8,447,913
Municipal Finance Authority, debt instruments, repayable in blended annual repayments ranging from $11,029 to $88,674, bearing interest at rates ranging from 2.41% to 4.52% per annum, maturities ranging from December 2027 to October 2055.	9,144,717	5,601,331
	$ 9,719,762	$ 14,049,244

5. Long-term Debt (continued)

Principal payments relating to long-term debt of $9,719,762 outstanding are due as follows:

2026	$ 796,392
2027	717,684
2028	503,400
2029	406,497
2030	320,686
Thereafter	3,455,088
Sinking funds	3,520,015
	$ 9,719,762

Total interest on long-term liabilities reported in the statement of operations amounts to $478,711 (2024- $695,572). The long-term liabilities above have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit described by the Ministry of Municipal Affairs.

Sinking fund assets, managed by the Municipal Finance Authority (the "MFA"), are used to reduce long-term debt and have a market value of $581,355 (2024 - $458,184).

As a condition of the MFA borrowings made by the City, and as required by legislation, a debt reserve fund is maintained in the amount of one-half the average annual instalment of principal and interest as set out in the agreements entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in these financial statements, the cash deposits have been recorded in accounts receivable. Details of the cash deposits and demand notes on hand at year end are as follows:

	2025	2024
Demand notes	$ 373,524	$ 297,249
Cash deposits	207,831	160,935
	$ 581,355	$ 458,184

6. Tangible Capital Assets

	2025							
	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water and sewer infrastructure	Assets under construction	Total
Cost, beginning of year	$ 7,690,486	$ 11,749,859	$ 30,346,589	$ 21,343,625	$ 55,888,273	$ 29,568,491	$ 15,361,258	$ 171,948,581
Additions	-	100,362	223,881	815,770	178,169	262,145	7,864,814	9,445,141
Transfers	-	2,885,294	86,316	4,762	-	8,314,016	(11,290,388)	-
Disposals	(28,320)	-	(450,259)	-	-	-	-	(478,579)
Cost, end of year	7,662,166	14,735,515	30,206,527	22,164,157	56,066,442	38,144,652	11,935,684	180,915,143
Accumulated amortization, beginning of year	-	2,545,765	10,968,219	12,307,707	15,201,066	9,033,134	-	50,055,891
Amortization	-	368,881	629,154	1,119,762	920,446	542,110	-	3,580,353
Disposals			(19,936)					(19,936)
Accumulated amortization, end of year	-	2,914,646	11,577,437	13,427,469	16,121,512	9,575,244	-	53,616,308
Net carrying amount, end of year	$ 7,662,166	$ 11,820,869	$ 18,629,090	$ 8,736,688	$ 39,944,930	$ 28,569,408	$ 11,935,684	$ 127,298,835

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located in City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

6. Tangible Capital Assets (continued)

2024

	Land	Land improvements	Buildings and building improvements	Vehicles, machinery and equipment	Roads and linear assets	Water and sewer infrastructure	Assets under construction	Total
Cost, beginning of year	$ 7,400,488	$ 8,003,061	$ 30,084,087	$ 20,114,147	$ 36,078,832	$ 28,346,309	$ 8,935,535	$ 138,962,459
Additions	289,998	2,300,322	262,502	1,010,020	17,519,289	864,592	10,752,645	32,999,368
Transfers	-	1,446,476	-	219,458	2,290,152	357,590	(4,313,676)	-
Write-downs	-	-	-	-	-	-	(13,246)	(13,246)
Cost, end of year	7,690,486	11,749,859	30,346,589	21,343,625	55,888,273	29,568,491	15,361,258	171,948,581
Accumulated amortization, beginning of year	-	2,271,051	10,340,808	11,206,164	14,400,468	8,554,918	-	46,773,409
Amortization	-	274,714	627,411	1,101,543	800,598	478,216	-	3,282,482
Accumulated amortization, end of year	-	2,545,765	10,968,219	12,307,707	15,201,066	9,033,134	-	50,055,891
Net carrying amount, end of year	$ 7,690,486	$ 9,204,094	$ 19,378,370	$ 9,035,918	$ 40,687,207	$ 20,535,357	$ 15,361,258	$ 121,892,690

7. Accumulated Surplus

The City segregates its accumulated surplus in the following categories:

	2025	2024
Investment in tangible capital assets	$ 117,385,997	$107,658,560
Unrestricted	15,671,314	13,319,809
	133,057,311	120,978,369
Statutory reserves:		
Sale of City owned lands	15,343	14,920
Non-statutory reserves:		
General capital reserve	12,379	19,822
Water system infrastructure reserve	1,185,128	532,896
Sewer system infrastructure reserve	2,127,969	1,265,035
Fire protection and equipment reserve	518,377	499,562
Equipment acquisition and replacement reserve	83,980	328,080
Transportation infrastructure reserve	414,210	228,334
Facilities reserve	764,265	782,010
Interest funded infrastructure EMCR25184 reserve	297,308	-
TransMountain Scholarship reserve	50,000	-
Information technology reserve	102,191	64,868
Financial stabilization reserve	604,113	587,449
Protective services reserve	395,891	23,400
Active transportation and parking reserve	8,268	2,206
Climate action reserve	210,533	353,041
Community works fund	3,562,890	3,550,317
Interest funded infrastructure reserve	493,277	166,554
Election reserve	30,426	15,000
Parks, recreation and land improvement reserve	576,403	444,613
Interest funded housing reserve	299,500	223,565
	11,737,108	9,086,752
	$ 144,809,762	$130,080,041

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

8. Municipal Taxation and Grants-in-Lieu of Taxes

	2025	2024
Municipal and school property tax levied	$19,452,975	$ 17,616,485
Grant in lieu	191,542	174,366
Water/Sewer parcel taxes levied	1,383,246	1,309,801
	21,027,763	19,100,652
Transfers		
Thompson-Nicola Regional District	1,497,945	1,362,210
Thompson Regional Hospital District	712,121	663,919
Province of British Columbia - school taxes	4,131,019	3,789,720
British Columbia Assessment Authority	102,994	93,809
Municipal Finance Authority	473	440
	6,444,552	5,910,098
Available for municipal purposes	$14,583,211	$ 13,190,554

9. Government Grants and Transfers

	2025	2024
Provincial transfers		
Small Community Protection	$ 486,000	$ 540,700
Recovery Funding	5,778,680	18,385,151
Traffic Fine Revenue Sharing	111,000	106,000
Local Government Climate Action Program	-	266,877
Universal Water Metering Program	1,266,609	22,797
BC Air Access Program	-	518,308
Economic Development	229,422	71,495
Active transportation	691,670	892,250
Other contributions	734,004	362,054
	9,297,385	21,165,632
Federal transfers		
Community Works Fund	384,472	384,470
Regional transfers		
Recreation	73,557	72,116
Aquatic Centre	172,431	169,050
Transit	12,000	18,800
Other funding	147,133	14,980
	405,121	274,946
	$10,086,978	$ 21,825,048

10. Asset Retirement Obligations

The City's asset retirement obligations consist of the following:

a) Asbestos abatement obligation
The City recognized an obligation relating to the removal and post-removal care of the asbestos in its buildings. Estimated costs of $166,000 have been discounted to the present value using a discount rate of 4.43% per annum (2024 - 4.43%).

b) Wells decommissioning obligation
The City owns water wells which will require decommissioning at the end of their useful lives under BC Regulations. The City recognized an obligation relating to the decommissioning of the wells. Estimated costs of $75,000 have been discounted to the present value using a discount rate of 4.43% per annum (2024 - 4.43%).

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

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2025
Opening balance	$ 134,797	$ 50,089	$ 184,886
Accretion expense	5,971	2,219	8,190
Closing balance	$ 140,768	$ 52,308	$ 193,076

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2024
Opening balance	$ 129,079	$ 47,964	$ 177,043
Accretion expense	5,718	2,125	7,843
Closing balance	$ 134,797	$ 50,089	$ 184,886

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change.

11. Contingent Liabilities

Debts of the Thompson-Nicola Regional District (the "TNRD") are, under the provisions of the British Columbia Community Charter, a direct, joint and several liability of the TNRD and each member municipality within the TNRD, including the City of Merritt.

From time to time the City is brought forth as a defendant in various lawsuits. The City reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim would materially affect the financial statements of the City. The City is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the financial statements.

The City is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it it possible the City, along with other participants, would be required to contribute towards the deficit.

The City has a letter of credit issued by the Royal Bank of Canada for an amount of $1,380,766. This letter of credit is intended to secure aid as required by the Department of Fisheries and Oceans for monitoring work on the capital diking projects. As of the balance sheet date, the conditions for payment have not been met, and therefore, the liability has not been recognized in the financial statements.

12. Contaminated Sites

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

13. Funds Held in Trust

The City operates the Pine Ridge cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act of British Columbia. Trust fund assets, the related reserve balance and the operations of the fund have been excluded from the financial statements as the assets are beneficially held only, in trust for unrelated third parties. At December 31, 2025 the City held $229,783 (2024 - $214,734) in trust.

14. Budget

The Financial Plan (Budget) Bylaw adopted by Council on April 8, 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 $10,286,306. The budget expensed all tangible capital expenditures. As a result, the budget figures presented in the statements of financial operations and change in net financial assets represent the Financial Plan adopted by Council on April 8, 2025 with adjustments as follows:

	2025
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Capital expenditures	17,085,190
Debt principal payments	1,193,819
Less:	
Transfers from surpluses and reserves	(2,449,146)
Long-term debt proceeds	(1,910,763)
Transfer from equity in tangible capital assets for amortization	(3,632,794)
Financial Plan (Budget) Bylaw surplus per statement of financial operations	$10,286,306

15. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for long-term land leases that grant rights to the City, upon termination of the lease (if the lease is not renewed), to any Building(s) the Tenant has constructed on the land. The current market value of the building under this lease is $353,500 with the lease set to expire in 2027.

16. Comparative Figures

Certain of the comparative figures have been restated to conform with the current year financial statement presentation.

17. Financial Instruments

The City is potentially exposed to credit risk, market and interest rate risk, and liquidity risk from the City's financial instruments. Qualitative and quantitative analysis of the significant risks from the City's financial instruments is provided below by type of risk.

There have not been any changes from the prior year in the City's exposure to above risks or the policies, procedures and methods it uses to manage and measure the risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City is exposed to credit risk through its cash, accounts receivable, and short-term investments.

The City manages credit risk by holding investments through MFABC and its primary banking institution. The City manages credit risk for accounts receivable by identifying aged receivables that can be transferred to property taxes under the Community Charter. Properties with unpaid delinquent taxes are sold at the annual tax sale to recover receivables owed to the City. The City measures its exposure to credit risk based on the number of months or years between the original account receivable and the earliest date the property can be sold at a tax sale. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable arise primarily as a result of utilities, and grants receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The City manages exposure to credit risk for short-term investments by ensuring adequate diversification and by maintaining its investments in the Municipal Finance Authority which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As a result, the City has reduced exposure to market or value risk. The maximum exposure to credit risk on short-term investments is outlined in Note 2.

Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk through its accounts payable, long-term debt, and investments.

The City manages this risk by building reserves and increasing revenues to increase the City's ability to service debt. Also to help manage the risk, the City has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The City's five-year financial plan is approved by the Mayor and Council, which includes operational activities and capital investments. The City measures its exposure to liquidity risk based on the percent of borrowing capacity utilized and the amount of reserves required to balance the operational budget.

17. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk through its long-term debt and the value of short-term investments.

The City manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 5 for interest rates and maturity dates for long term debt.

Investments that are subject to interest rate risk are MFA pooled investment funds (see Note 2). The risk is caused by changes in interest rates. As interest rates rise, the fair value of the MFA pooled investment funds notes decrease and, as interest rates fall, the fair value of these investments increase.

As a result of diversification by security type, only a portion of the overall investment portfolio is exposed to interest rate risk. As at December 31, 2025 the amount of the investment portfolio exposed was $8,029,897 (2024 - $7,861,418) per Note 2.

To mitigate interest rate risk and market risk on its short-term investments, the City holds its MFA long term pooled investment funds for 10 years or longer. To mitigate interest rate risk on short-term borrowing, the City is building reserves such that portions of future projects can be funded with cash on hand.

18. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, public housing, police, fire and water. 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
General government operations provide the functions of corporate administration, finance, human resources, legislative services, building services and maintenance, and any other functions not categorized to a specific department.

Protective services
Protective services is comprised of police services, bylaw enforcement, and the fire department. The mandate of the police department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The mandate of the fire department is to provide fire suppression services, fire prevention programs, training and education related to prevention and detection or extinguishing of fires.

18. Segmented Information (continued)

Transportation services
Transportation services includes the municipal public works services related to the planning, development, and maintenance of roadway systems, street lighting and transit services.

Community, environmental and public health services
Community, environmental and public health services comprises of planning, economic development, cemetery, environmental sustainability services and the collection, disposal and recycling of solid waste.

Leisure, parks and cultural development
Leisure, parks and cultural development provides for the delivery of municipal recreation programs and the services related to the planning, development and maintenance of parklands and park infrastructure, and the maintenance of open space and other recreation space and facilities.

Water and sewer utilities
The City is responsible for environmental programs including the engineering and operation of the potable water and wastewater systems.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budget net expenditure. The various user charges and other revenues have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer is made. Development charges earned and developer contributions received are allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Recovery
The recovery segment captures the response, insurance and ongoing recovery activities following the November 2021 atmospheric river.

18. Segmented Information (continued)

2025

	General Government	Protective Services	Transportation Services	Community, Environmental, Public Health Services	Leisure, Parks and Cultural Development	Water Utility	Sewer Utility	Recovery	Total
Revenue									
Taxation - General Government	$ 1,908,604	$ 5,938,527	$ 2,813,371	$ -	$ 2,539,463	$ 679,591	$ 703,655	$ -	$ 14,583,211
User fees - General Government	43,075	1,283,316	326,658	1,886,802	911,090	2,065,954	1,717,698	-	8,234,593
Government transfers	1,096,708	533,490	707,630	1,012,564	310,223	1,316,731	-	5,109,632	10,086,978
Investment income	1,863,854	-	-	-	-	-	-	-	1,863,854
Penalties and interest	215,369	-	-	-	-	-	-	-	215,369
Insurance proceeds	-	-	-	-	-	-	-	1,700	1,700
Other income (loss)	245,946	-	-	-	5,905	219,726	90,512	1,967	564,056
Actuarial adjustment of debt	98,140	-	-	-	-	113,292	-	-	211,432
Gain (loss) on disposal	-	-	51,079	(137,777)	-	-	-	-	(86,698)
Local service area tax	-	-	-	-	-	2,203,000	1,173,000	-	3,376,000
	5,471,696	7,755,333	3,898,738	2,761,589	3,766,681	6,598,294	3,684,865	5,113,299	39,050,495
Expenditures									
Salaries, wages and benefits	1,740,295	2,303,000	1,099,488	965,625	2,094,546	544,247	530,766	548,182	9,826,149
Operating	1,423,892	3,737,693	1,189,686	1,587,594	1,145,739	609,693	538,645	202,619	10,435,561
Debt services	264,671	11,328	13,880	-	-	177,412	11,420	-	478,711
Amortization	403,812	261,827	1,363,265	92,323	498,819	666,608	293,699	-	3,580,353
	3,832,670	6,313,848	3,666,319	2,645,542	3,739,104	1,997,960	1,374,530	750,801	24,320,774
Surplus (deficit)	$ 1,639,026	$ 1,441,485	$ 232,419	$ 116,047	$ 27,577	$ 4,600,334	$ 2,310,335	$ 4,362,498	$ 14,729,721

18. Segmented Information (continued)

2024

	General Government	Protective Services	Transportation Services	Community, Environmental, Public Health Services	Leisure, Parks and Cultural Development	Water Utility	Sewer Utility	Recovery	Total
Revenue									
Taxation - General Government	$ 1,389,535	$ 5,269,597	$ 2,662,883	$ 204,230	$ 2,354,508	$ 646,411	$ 663,390	$ -	$ 13,190,554
User fees - General Government	39,347	893,052	389,958	1,568,757	723,302	1,582,448	919,732	-	6,116,596
Government transfers	1,212,695	299,396	1,440,216	368,661	251,654	29,588	-	18,222,838	21,825,048
Investment income	2,245,558	-	-	-	-	-	-	-	2,245,558
Penalties and interest	334,174	-	-	-	-	-	-	-	334,174
Insurance proceeds	-	-	-	-	-	-	-	5,679,451	5,679,451
Other income (loss)	419,659	-	3,750	-	-	769,506	193,245	419,935	1,806,095
Actuarial adjustment of debt	89,801	-	-	-	-	103,963	-	-	193,764
Loss on Impairment	-	-	-	-	(13,246)	-	-	-	(13,246)
	5,730,769	6,462,045	4,496,807	2,141,648	3,316,218	3,131,916	1,776,367	24,322,224	51,377,994
Expenditures									
Salaries, wages and benefits	1,415,195	2,132,114	1,175,857	655,046	2,121,954	479,590	441,619	378,729	8,800,104
Operating	1,270,292	3,543,518	1,247,326	866,296	1,104,442	620,930	558,101	623,857	9,834,762
Debt services	241,839	23,991	29,794	576	-	308,396	98,037	-	702,633
Amortization	406,275	263,352	1,178,143	100,064	448,496	614,987	271,165	-	3,282,482
	3,333,601	5,962,975	3,631,120	1,621,982	3,674,892	2,023,903	1,368,922	1,002,586	22,619,981
Surplus (deficit)	$ 2,397,168	$ 499,070	$ 865,687	$ 519,666	$ (358,674)	$ 1,108,013	$ 407,445	$ 23,319,638	$ 28,758,013

City of Merritt
Schedule 1: COVID-19 Safe Restart Grant
(Unaudited)

For the year ended December 31 2025

	2025	2024
Balance, beginning of year	$ 302,032	$ 665,913
Expenses		
Wages and salaries	-	351,020
Operating	-	12,861
	-	363,881
Balance, end of year	$ 302,032	$ 302,032

LOOKING **AHEAD**

"As we step into 2026, we reflect on the profound impact the 2021 Flood had on our community. In the years since, we have witnessed not only the rebuilding of infrastructure, but the regeneration of spirit, energy, and community connection.

The resilience shown by residents, businesses, Indigenous partner communities, volunteers, and frontline teams continues to demonstrate the strength and character that make Merritt so remarkable."

- CAO Rick Green



City Council
City of Merritt
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Merritt
FLOURISH UNDER THE SUN