

City of Revelstoke
Consolidated Financial Statements
For the year ended December 31, 2023

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City of Revelstoke
Consolidated Financial Statements
For the Year Ended December 31, 2023

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Management's Responsibility for Financial Reporting

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated 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 consolidated financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high 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.

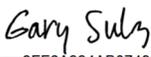
The City is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance Committee.

The Mayor and Council review the City's consolidated 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 consolidated financial statements and the external auditor's report. The Mayor and Council take this information into consideration when approving the consolidated financial statements for issuance to the ratepayers. The Mayor and Council also appoint the engagement of the external auditors.

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

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_____ Director of Finance
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_____ Mayor
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Independent Auditor's Report

To the Mayor and Members of Council of the City of Revelstoke

Opinion

We have audited the financial statements of the City of Revelstoke (the "City"), and its controlled entities (the "Consolidated Entity"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Consolidated Entity as at December 31, 2023, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter - Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 1 of the City's financial statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated Entity'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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity'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 Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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

Revelstoke, British Columbia
May 14, 2024

City of Revelstoke

Consolidated Statement of Financial Position

As at December 31	2023	2022
		(restated)
Financial assets		
Cash and cash equivalents (Note 3)	\$ 1,096,937	\$ 4,363,106
Taxes receivable	1,525,954	1,185,585
Accounts receivable (Note 4)	4,023,406	4,273,981
Portfolio investments (Note 5)	39,236,498	34,206,996
Investment in RCFC (Note 7)	8,778,217	7,346,859
Investment in RCEC (Note 8)	-	1
Deposit - Municipal Finance Authority (Note 11)	<u>832,769</u>	<u>866,753</u>
	<u>55,493,781</u>	<u>52,243,281</u>
Liabilities		
Accounts payable and accrued liabilities	6,926,413	7,901,405
Deferred revenue (Note 9)	10,684,150	9,272,275
Long term debt (Note 10)	10,671,141	11,617,410
Reserve - Municipal Finance Authority (Note 11)	832,769	866,753
Due to related party - RCFC (Note 8)	1,207,622	-
Asset retirement obligation (Note 20)	<u>1,740,030</u>	<u>1,668,773</u>
	<u>32,062,125</u>	<u>31,326,616</u>
Net financial assets	<u>23,431,656</u>	<u>20,916,665</u>
Non-financial assets		
Tangible capital assets (Note 12)	102,746,329	90,937,809
Prepaid expenses	80,503	119,610
Inventories of supplies	<u>567,772</u>	<u>578,953</u>
	<u>103,394,604</u>	<u>91,636,372</u>
Accumulated surplus	<u>\$ 126,826,260</u>	<u>\$ 112,553,037</u>

See commitments and contingencies (Note 16)

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Director of Finance

City of Revelstoke
Consolidated Statement of Operations

For the year ended December 31	Budget 2023	2023	2022
	(Note 18)		(restated)
Revenues			
Taxation - net (Note 14)	\$ 19,657,368	\$ 19,506,548	\$ 18,148,961
Government and other grants (Note 15)	13,784,972	11,502,161	6,563,871
Contributions by developers and property owners	3,616,950	350,181	80,789
User fees and service charges	8,861,098	9,405,763	7,935,951
Investment and other income	405,337	1,566,852	913,624
Equity income from RCFC (Note 7)	100,000	1,431,357	1,739,258
Other	365,943	388,726	292,548
	46,791,668	44,151,588	35,675,002
Expenses (Note 19)			
General government	3,230,481	3,230,673	3,148,577
Protection services	4,911,958	5,516,781	4,635,129
Transportation services	7,365,116	8,133,568	8,608,958
Environmental services	338,199	280,160	307,702
Health services	114,509	144,118	150,141
Economic development services	3,836,350	4,040,360	2,864,866
Recreation and cultural services	4,088,589	4,430,521	3,856,929
Planning and development	1,606,920	1,173,216	1,072,043
Sewer services	1,127,473	1,515,345	1,170,572
Water services	1,774,385	1,699,885	1,623,816
	28,393,980	30,164,627	27,438,733
Annual surplus	18,397,688	13,986,961	8,236,269
Accumulated surplus, beginning of year, as previously stated	112,553,037	112,553,037	105,829,429
Change in accounting policy (Note 1)	-	-	(1,512,661)
Accumulated surplus - RCEC (Note 8)	-	286,262	-
Accumulated surplus, beginning of year, restated	112,553,037	112,839,299	104,316,768
Accumulated surplus, end of year	\$ 130,950,725	\$ 126,826,260	\$ 112,553,037

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

City of Revelstoke
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2023	2023	2022
	(Note 15)		(restated)
Annual surplus	\$ 18,397,688	\$ 13,986,961	\$ 8,236,269
Acquisition of tangible capital assets	-	(12,969,599)	(5,313,519)
Amortization of tangible capital assets	-	3,219,029	3,095,258
Net book value of tangible capital assets disposed (Note 12)	-	3,398	-
	18,397,688	4,239,789	6,018,008
Decrease (increase) in inventory of supplies	-	11,181	(34,097)
Decrease (increase) in prepaid expenses	-	39,107	(48,688)
Acquisition of RCEC tangible capital assets (Note 8)	-	(2,061,348)	-
Net change in net financial assets	18,397,688	2,228,729	5,935,223
Net financial assets, beginning of year, as previously stated	20,916,665	20,916,665	16,581,876
Change in accounting policy (Note 1)	-	-	(1,600,434)
Accumulated surplus - RCEC (Note 8)	-	286,262	-
Net financial assets, beginning of year, restated	20,916,665	21,202,927	14,981,442
Net financial assets, end of year	\$ 39,314,353	\$ 23,431,656	\$ 20,916,665

City of Revelstoke
Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		(restated)
Annual surplus	\$ 13,986,961	\$ 8,236,269
Items not involving cash		
Gain from subsidiary operations	(1,431,357)	(1,739,258)
Amortization	3,219,029	3,095,258
Non-cash operating balances adjusted on consolidation	(567,464)	-
Actuarial recognized on long-term debt	(403,801)	(373,515)
Changes in non-cash operating balances		
Taxes receivable	(340,369)	56,875
Accounts receivable	250,575	(1,008,236)
Inventories of supplies	11,181	(34,097)
Prepaid expenses	39,107	(48,688)
Accounts payable and accrued liabilities	(974,992)	(215,690)
Deferred revenue	1,411,875	1,366,912
Asset retirement obligation	71,257	-
	<u>15,272,002</u>	<u>9,335,830</u>
Capital transactions		
Acquisition of tangible capital assets	(12,969,599)	(5,313,519)
Proceeds on disposal of capital assets	3,398	-
	<u>(12,966,201)</u>	<u>(5,313,519)</u>
Investing transactions		
Net change in portfolio investments	<u>(5,029,502)</u>	<u>(5,163,906)</u>
Financing transactions		
Net change in long term debt	<u>(542,468)</u>	<u>(761,419)</u>
Net change in cash and cash equivalents	<u>(3,266,169)</u>	<u>(1,903,014)</u>
Cash and cash equivalents, beginning of year	<u>4,363,106</u>	<u>6,266,120</u>
Cash and cash equivalents, end of year	<u>\$ 1,096,937</u>	<u>\$ 4,363,106</u>

City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2023

Government Reporting Entity	The City of Revelstoke (the "City") was incorporated on March 1, 1899 under the statute of the Province of British Columbia and operates under the provisions of the Local Government Act and Community Charter of British Columbia. Its principal activities include the provisions of local government services to the residents of the Revelstoke area. The City provides municipal services such as protective services, public works, planning, parks, recreation and other general government services.				
Basis of Consolidation	<p>The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the City. The following entities are owned or controlled by the City:</p> <table style="margin-left: 40px;"><tr><td style="padding-right: 20px;">Revelstoke Community Energy Corporation</td><td style="text-align: right;">100%</td></tr><tr><td>RCFC Holding Company Ltd.</td><td style="text-align: right;">100%</td></tr></table> <p>The investment in RCFC Holding Company Ltd. (RCFC) which is a government business enterprise ("GBE"), is accounted for using the modified equity method. Under this method, the business enterprises' accounting principles are not adjusted to conform with those of the City. This subsidiary has a fiscal year end of April 30.</p> <p>Revelstoke Community Energy Corporation (RCEC), no longer meets the requirements to be classified as a GBE and is considered to be a governmental unit. Effective December 14, 2023, RCEC has been accounted for under the consolidation method.</p>	Revelstoke Community Energy Corporation	100%	RCFC Holding Company Ltd.	100%
Revelstoke Community Energy Corporation	100%				
RCFC Holding Company Ltd.	100%				
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.				
Portfolio Investments	Portfolio investments are recorded at cost unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value.				
Non-financial assets	Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.				
Inventory Held for Consumption	Inventory of supplies are held for consumption and are stated at the lower of cost and replacement cost. Cost is generally determined on a first-in, first-out basis.				
Reserves	Reserves for future expenditures, included in accumulated surplus, represents amounts set aside for future operating and capital expenditures.				

City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2023

Tangible Capital Assets	<p>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 useful life of the tangible capital asset commencing once the asset is available for productive use. Amortization is recognized, as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Land</td> <td>not amortized</td> </tr> <tr> <td>Buildings</td> <td>40 - 75 years</td> </tr> <tr> <td>Equipment</td> <td>5 - 25 years</td> </tr> <tr> <td>Roads and bridges</td> <td>10 - 100 years</td> </tr> <tr> <td>Water/sewer infrastructure</td> <td>10 - 100 years</td> </tr> <tr> <td>Projects in progress</td> <td>not amortized</td> </tr> </table>	Land	not amortized	Buildings	40 - 75 years	Equipment	5 - 25 years	Roads and bridges	10 - 100 years	Water/sewer infrastructure	10 - 100 years	Projects in progress	not amortized
Land	not amortized												
Buildings	40 - 75 years												
Equipment	5 - 25 years												
Roads and bridges	10 - 100 years												
Water/sewer infrastructure	10 - 100 years												
Projects in progress	not amortized												
Leased Assets	<p>Leases entered into, that transfer substantially all the benefits and risks associated with ownership, are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the City and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.</p>												
Collection of Taxes on Behalf of Other Taxation Authorities	<p>The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities, with respect to the operations of entities, are not reflected in these financial statements.</p> <p>The entities, the City collects taxation revenue on behalf of, are as follows:</p> <ul style="list-style-type: none"> Province of British Columbia - School Tax Columbia Shuswap Regional District British Columbia Assessment Authority Municipal Finance Authority North Okanagan Columbia Shuswap Regional Hospital District Okanagan Regional Library 												
Trust Funds	<p>Trust 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.</p>												
Retirement Benefits	<p>The City's contributions, due during the period to its multi-employer defined benefit plan, are expensed as incurred (Note 14 (b)).</p>												
Government Transfers	<p>Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>												

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City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2023

Revenue Recognition Taxes are recorded at estimated amounts when they meet the definition of an asset, have 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 decisions, could result in changes to the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Charges for sewer and water usage are recorded as sales of service and are recognized on an accrual basis. Connection fee revenues are recognized when the connection has been established.

In accordance with the Local Government Act of BC, development cost charges (DCCs) funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCC's are recognized as revenue.

Sales of service and other revenue is recognized when the service or product is provided by the City.

Deferred Revenue Deferred revenue includes grants, contributions, and other amounts received from third parties pursuant to legislation, regulation, or agreement, which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services are performed, or tangible capital assets are acquired.

Contaminated Sites A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No contaminated sites have been identified within the City.

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City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2023

Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- 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.

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. The accounts that are affected are accounts receivable, inventories, accrued liabilities, amortization of tangible capital assets and asset retirement obligations.

Financial Instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The city recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments, bank overdraft, accounts payable and accrued liabilities, long term debt and other liabilities.

Except for portfolio investments in equity instruments quoted in an active market that are recorded at fair value, all financial assets and liabilities are recorded at cost or amortized cost and the associated transaction costs are added to the carrying value of these investments upon initial recognition and amortized using the effective interest rate method. Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability.

City of Revelstoke
Summary of Significant Accounting Policies

December 31, 2023

Financial Instruments
(continued)

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. There are no measurement gains or losses during the periods presented; therefore, no statement of remeasurement gains or losses is included in these financial statements.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

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

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

1. Change in Accounting Policy - PS 3280 - Asset Retirement Obligation

Effective January 1, 2023, the City adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	2022 Restated	2022 Originally presented	Restatement
Tangible capital assets - cost	\$ 149,163,681	\$ 148,948,786	\$ 214,895
Accumulated amortization - tangible capital assets	58,225,873	58,095,851	130,022
Asset retirement obligation	1,668,772	-	1,668,772
Accumulated surplus	112,553,037	114,136,936	1,583,899
Annual surplus	8,236,269	8,307,507	(71,238)
Amortization of tangible capital assets	3,095,259	3,092,359	2,900
Accretion expense	68,339	-	68,339

2. Change in Accounting Policy - PS 3450 - Financial Instruments

On January 1, 2023, the City adopted PS 3450 Financial Instruments (“PS 3450”). The standard was adopted prospectively from the date of adoption. The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument.

In accordance with the provisions of this new standard, as at December 31, 2023, no changes to the current measurement of financial instruments was required. Management will continue to assess financial instruments through the course of operations to determine whether financial instruments require remeasurement or adjustment based on characteristic changes, or City adoption of new types of financial instruments.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

3. Cash and Cash Equivalents

The City's bank accounts earn interest ranging from 0 % - 1.5 % and are held in one financial institution. The City has available an operating line of credit in the amount of \$3,000,000 (2022 - \$3,000,000), bearing interest at Revelstoke Credit Union's prime lending rate. As of December 31, 2023, the City had an undrawn credit capacity under this facility of \$3,000,000 (2022 - \$3,000,000). The credit union's prime rate as at December 31, 2023 was 7.20% (2022 - 6.45%).

4. Accounts Receivable

	2023	2022
Trades receivable	667,719	1,235,840
Government transfers receivable	1,278,881	990,988
GST receivable	326,557	344,343
Big Eddy Waterworks local area service agreement	1,271,346	1,329,477
Thomas Brook local area service agreement	353,234	361,530
Other	125,669	11,803
	\$ 4,023,406	\$ 4,273,981

5. Portfolio Investments

	2023	2022
Municipal Finance Authority of British Columbia	\$ 5,351,871	\$ 5,184,767
Scotiabank - PHISA	2,597,481	-
Revelstoke Credit Union	12,217,595	9,014,540
RBC Dominion Securities Inc.	3,496,342	3,396,301
Raymond James Ltd.	8,245,688	8,157,530
Cannacord Genuity Corp.	6,607,547	8,031,723
Accrued interest	719,974	422,134
	\$ 39,236,498	\$ 34,206,995

Investments held with the Municipal Finance Authority of British Columbia, earn variable interest and are available on demand. Investments held in Scotiabank Pooled High Interest Savings earn variable interest and are available on demand. Investments held with RBC Dominion Securities Inc. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from June 2024 to September 2026. Interest rates on the GICs range from 1.35% - 5.39%. Investments held with Raymond James Ltd. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from April 2024 to November 2027. Interest rates on the GICs range from 1.40%-6.10%. Investments held with Canaccord Genuity Corp. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from March 2024 to April 2028. Interest rates on the GICs range from 1.50% - 5.60%. Investments held with Revelstoke Credit Union are Guaranteed Investment Certificates (GICs) with maturity dates of July 2024 to April 2026. Interest rates on the GICs range from 4.00% - 5.35%.

The market value of the City's portfolio investments is \$39,054,268 (2022 - \$ 33,737,812).

December 31, 2023

6. Financial Instruments

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk.

Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework to oversee investment practices and provide strategic guidance and recommended actions to support the compliance of Investment policy. This note presents information on how the City manages those financial risks

Market and interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the City's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on investments. The investment balance comprises of GIC's and funds held in trust. The GICs and funds held in trust are deemed to be low risk and are not subject to significant changes in market prices or interest rates.

Interest rate risk is the risk that the fair market value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the city is not exposed to significant interest rate risk arising from its financial instruments.

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The city is exposed to credit risk from its operating activities, which are primarily accounts receivable, and its investing activities, which include deposits with financial institutions. Accounts receivable include municipal taxes, utilities and grants receivable from the Federal and Provincial government, trade receivable, and local area receivables.

The credit risk on accounts receivable is mitigated by the agreement approval and monitoring processes. A majority of the accounts receivable balances are compliant with signed funding agreements and signed general agreements for recovery work. The city undergoes continuous monitoring of amounts that are not collectible or realizable and accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable.

The City has deposited cash and investments held with reputable financial institutions. Management believes the risk of loss is unlikely, however the balance to exceed insured amounts.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

6. Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due.

The City manages this risk by monitoring cash activities and expected outflows through budgeting and forecasting cash flows from operations and anticipated investing and capital activities. It is management's opinion that the City is not exposed to significant liquidity risk arising from its financial instruments.

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

Financial Instrument Classification

The carrying value of each class of the City's financial instruments are recorded at amortized cost.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

7. Investment in RCFC Holding Company Ltd.

RCFC Holding Company Ltd. ("RCFC") is 100% owned by the City. The Company manages Revelstoke Community Forest Corporation, a wholly-owned subsidiary, which manages a tree farm license near Revelstoke. The condensed supplementary financial information is as follows:

	December 31, 2023	December 31, 2022
Financial position		
Current assets	\$ 7,108,927	\$ 6,796,258
Other assets	1,911,271	1,957,949
Capital assets	1,209,637	917,745
Total assets	10,229,835	9,671,952
Current liabilities	267,065	777,221
Accrued silviculture	912,111	885,360
Deferred revenue	272,442	304,126
Long term debt	-	358,386
Total liabilities	1,451,618	2,325,093
Total net assets	\$ 8,778,217	\$ 7,346,859
	12 months ended	12 months ended
Results of operations		
Revenue	\$ 7,224,315	\$ 9,748,811
Cost of goods sold	(5,088,505)	(7,185,586)
Log-yard operations	169,661	(63,070)
Administrative expenses	(874,114)	(760,897)
Net income for the year	\$ 1,431,357	\$ 1,739,258

RCFC has a year-end of April 30. In the current year, the equity pickup was for the 12 month period ended December 31, 2023. The comparative period presented is for the 12 months ended December 31, 2022.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

8. Revelstoke Community Energy Corporation - governmental unit

During the year, the status of Revelstoke Community Energy Corporation ("RCEC") changed from a government business enterprise to a governmental unit due to the investment no longer meeting the definition of a government business enterprise effective December 14, 2023. As a result, the City has accounted for RCEC using the modified equity method until December 14, 2023. Subsequent to December 14, 2023 the City has consolidated the governmental unit in these consolidated financial statements. The change in status had the following financial effect on the City:

	<u>2023</u>
Cash and cash equivalents	\$ (58,265)
Accounts receivable	46,817
Investment in RCEC	(1)
Accounts payable and accrued liabilities	141,363
Deferred revenue	338,182
Long-term debt	76,471
Due to related party - RCFC	1,207,622
Tangible capital assets, net of accumulated amortization	2,061,348
Accumulated surplus	286,262

A due to related party balance was included in the consolidated financial statements of the City - this related to an inter-company balance owing from RCEC to Revelstoke Community Forest Corporation at consolidation - a balance of \$1,207,622 is now recorded as owing to RCFC from the City. The balance bears interest on the principal amount at prime, compounded annually, is due on demand, and has no fixed terms of repayment.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

9. Deferred Revenue

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Economic Development Grants	\$ 290,246	\$ 320,000	\$ -	\$ (270,313)	\$ 339,933
Tourism Infrastructure	37,129	1,195,820	-	(1,034,804)	198,145
Deferred Development Cost Charges	6,903,100	914,016	300,555	(350,181)	7,767,490
Prepaid Licenses & Utilities	107,407	318,715	-	(124,625)	301,497
Other	1,934,393	2,876,431	-	(2,733,739)	2,077,085
	<u>\$ 9,272,275</u>	<u>\$ 5,624,982</u>	<u>\$ 300,555</u>	<u>\$ (4,513,662)</u>	<u>\$ 10,684,150</u>

Tourism Infrastructure Program

Tourism Infrastructure funding is provided by a 10% tax on hotel room rentals. It is collected by the Province of British Columbia and 3% is remitted to the City on a monthly basis. Expenditures from the Tourism Infrastructure Program are restricted to those set out in the establishing Order in Council.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

10. Long-Term Debt

Long-term debt outstanding:

	2023	2022
Balance at January 1	\$ 11,617,410	\$ 12,752,344
Revelstoke Credit Union Loan - RCEC	76,471	-
Principal repayments	(618,939)	(761,419)
Actuarial adjustments	(403,801)	(373,515)
Balance at December 31	\$ 10,671,141	\$ 11,617,410

On December 14, 2023, the City acquired the debts of its governmental unit, Revelstoke Community Energy Corporation. This loan with Revelstoke Credit Union has monthly payments of \$6,611 and bears a variable interest rate of 7.3% as at December 31, 2023, final payment of loan to occur in 2025.

Principal repayments and sinking fund contributions on long-term debt over the next five years and thereafter are as follows:

	Principal Repayments	Sinking Fund Contributions	Total
2024	\$ 655,215	\$ 411,206	\$ 1,066,421
2025	579,062	450,053	1,029,115
2026	578,903	490,478	1,069,381
2027	578,903	532,548	1,111,451
2028	501,552	431,334	932,886
Thereafter	2,775,382	2,686,505	5,461,887
	\$ 5,669,017	\$ 5,002,124	\$ 10,671,141

The weighted average interest on long-term debt is 2.26% (2022 - 2.24%). Consolidated interest paid on the above long-term debt was \$480,191 (2022 - \$459,783).

Sinking fund assets, managed by the Municipal Finance Authority, are used to reduce long-term debt to be repaid. In the event that the City does not default under any of its obligations, the sinking fund earnings will be used to offset future principal repayments.

11. Deposit and Reserve - Municipal Finance Authority

The City issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a Debt Reserve Fund. At December 31, 2023 the cash deposits in the Debt Reserve Fund were \$324,833 (2022 - \$330,945). The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. At December 31, 2023, the demand notes were \$507,936 (2022 - \$535,808).

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

12. Tangible Capital Assets

2023

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning of year	\$15,239,272	\$16,922,656	\$24,134,948	\$44,889,627	\$29,112,131	\$16,966,660	\$ 1,898,387	\$149,163,681
Additions	-	1,077,555	2,359,077	4,502,240	2,856,350	1,485,186	689,191	12,969,599
RCEC tangible capital asset acquisition, at cost	46,500	2,618,033	2,547,343	-	-	-	-	5,211,876
Disposals	-	-	(101,941)	-	-	-	-	(101,941)
Cost, end of year	<u>\$15,285,772</u>	<u>\$20,618,244</u>	<u>\$28,939,427</u>	<u>\$49,391,867</u>	<u>\$31,968,481</u>	<u>\$18,451,846</u>	<u>\$ 2,587,578</u>	<u>\$167,243,215</u>
Accumulated amortization, beginning of year	\$ -	\$ 4,660,572	\$13,050,186	\$23,636,271	\$10,374,603	\$ 6,504,240	\$ -	\$ 58,225,872
Amortization	-	458,934	998,570	817,334	568,128	376,063	-	3,219,029
Disposals	-	-	(98,543)	-	-	-	-	(98,543)
RCEC accumulated amortization acquisition	-	1,905,948	1,244,580	-	-	-	-	3,150,528
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 7,025,454</u>	<u>\$15,194,793</u>	<u>\$24,453,605</u>	<u>\$10,942,731</u>	<u>\$ 6,880,303</u>	<u>\$ -</u>	<u>\$ 64,496,886</u>
Net carrying amount, end of year	<u>\$15,285,772</u>	<u>\$13,592,790</u>	<u>\$13,744,634</u>	<u>\$24,938,262</u>	<u>\$21,025,750</u>	<u>\$11,571,543</u>	<u>\$ 2,587,578</u>	<u>\$102,746,329</u>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

12. Tangible Capital Assets (continued)

2022

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning of year	\$ 15,239,272	\$ 16,522,630	\$ 23,628,156	\$ 43,279,180	\$ 28,898,839	\$ 15,902,660	\$ 379,425	\$ 143,850,162
Additions	-	400,026	506,792	1,610,447	213,292	1,064,000	1,518,962	5,313,519
Cost, end of year	\$ 15,239,272	\$ 16,922,656	\$ 24,134,948	\$ 44,889,627	\$ 29,112,131	\$ 16,966,660	\$ 1,898,387	\$ 149,163,681
Accumulated amortization, beginning of year	\$ -	\$ 4,326,947	\$ 11,927,932	\$ 22,872,707	\$ 9,839,859	\$ 6,163,169	\$ -	\$ 55,130,614
Amortization	-	333,625	1,122,254	763,564	534,744	341,071	-	3,095,258
Accumulated amortization, end of year	\$ -	\$ 4,660,572	\$ 13,050,186	\$ 23,636,271	\$ 10,374,603	\$ 6,504,240	\$ -	\$ 58,225,872
Net carrying amount, end of year	\$ 15,239,272	\$ 12,262,084	\$ 11,084,762	\$ 21,253,356	\$ 18,737,528	\$ 10,462,420	\$ 1,898,387	\$ 90,937,809

The net book value of tangible capital assets not being amortized because they are under construction, is \$2,587,578 (2022 - \$1,898,387). The City holds various works of art. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

As of December 31, 2023, the City acquired the tangible capital assets (TCAs) of its governmental unit, Revelstoke Community Energy Corporation (RCEC), the balances of these assets were included in the TCA table above, for 2023.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

13. Accumulated Surplus

	2023	2022
Operating surpluses		
General	\$ 1,957,369	\$ 1,913,898
Water	829,599	829,727
Sewer	573,933	573,971
Big Eddy Water	96,626	96,626
RCEC Utility	286,271	-
	3,743,798	3,414,222
Restricted operating surpluses		
Tax equalization	371,448	356,534
Reserves		
Arena Re-development	742,284	-
Big Eddy Water Works	1,654,950	1,658,281
Community Works Gas Tax	813,299	1,189,069
Electric utility	2,565,122	2,408,234
Financial stabilization	854,292	1,651,923
General capital	4,525,135	4,224,637
Greening City	297,464	270,821
Growing Communities	3,400,669	-
Information technology	271,607	162,709
Insurance & legal	351,088	327,192
Land sale	262,771	1,215,598
Parkland acquisition	594,513	486,369
Public Art	40,425	35,995
Sewer capital	2,490,041	2,493,144
Transportation infrastructure	1,331,215	1,415,966
Vehicle & equipment	729,887	587,801
Water capital	2,794,143	3,865,447
	23,718,905	21,993,186
Segregated reserves		
Revelstoke Community Forest Corporation dividends	1,745,923	1,675,821
Investments		
Revelstoke Community Energy Corporation	-	1
Revelstoke Community Forest Corporation	8,778,217	7,346,859
Equity in tangible capital assets	88,467,969	77,766,414
	97,246,186	85,113,274
Accumulated surplus	\$ 126,826,260	\$ 112,553,037

In 2023, the City of Revelstoke established an Affordable Housing reserve, no funds have yet been allocated to this reserve as at December 31, 2023.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

14. Taxation - Net

	Budget 2023	2023	2022
Property taxes and payments-in-lieu	\$ 19,657,368	\$ 19,506,548	\$ 18,148,961
Collections for other governments			
Province of British Columbia - School Tax	-	5,905,088	5,432,934
North Okanagan Columbia Shuswap			
Regional Hospital District	-	966,434	936,868
Columbia Shuswap Regional District	-	781,005	731,965
Municipal Finance Authority	-	826	729
British Columbia Assessment Authority	-	153,337	142,000
Libraries	-	406,527	397,570
	19,657,368	27,719,765	25,791,027
Transfers			
Province of British Columbia - School Tax	-	5,905,088	5,432,934
North Okanagan Columbia Shuswap			
Regional Hospital District	-	966,434	936,868
Columbia Shuswap Regional District	-	781,005	731,965
Municipal Finance Authority	-	826	729
British Columbia Assessment Authority	-	153,337	142,000
Libraries	-	406,527	397,570
	-	8,213,217	7,642,066
Available for general municipal purposes	\$ 19,657,368	\$ 19,506,548	\$ 18,148,961

15. Government and Other Grants

	2023	2022
Government grant conditional	\$ 6,756,708	\$ 5,219,140
Government grant unconditional	3,834,000	632,986
Non-government grant conditional	911,453	711,745
Total grants	\$ 11,502,161	\$ 6,563,871

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

16. Commitments and Contingencies

- (a) The City is responsible, as a member of the Columbia Shuswap Regional District, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the Plan, including investment 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, 2023, the Plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$792,616 (2022 - \$692,081) for employer contributions to the Plan in fiscal 2023. The next valuation will be as at December 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

- (c) The City is the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not determinable. These claims have not been provided for in the financial statements. Settlement, if any, made with respect to these actions would be expected to be accounted for as a change to expenditures in the period in which realization is known.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

17. Funds Held in Trust

At year end, the City held \$191,148 (2022 - \$182,648) in trust for the cemetery. These funds are not included in these financial statements.

18. Budget

The Financial Plan (Budget) Bylaw adopted by Council on April 11, 2023 was prepared, as required by the Community Charter, on a modified accrual basis. This basis is not consistent with that used to report actual results in accordance with Public Sector Accounting Standards. These standards require a full accrual basis. The budget figures anticipated using prior year surpluses to reduce current year expenditures, in excess of revenues, to \$Nil. In addition, the budget expensed all tangible capital expenditures. As a result, the budget figures presented in the Consolidated Statements of Operations and Consolidated Change in Net Debt represent the Budget adopted by Council on April 11, 2023 with adjustments as follows:

	<u>2023</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	22,783,536
Principal repayments	1,017,174
Budgeted transfers to reserves	12,549,564
Budgeted transfer to surplus	-
Budgeted profit from RCEC/RCFC	100,000
Less:	
Budgeted transfers from reserves	(15,102,586)
Amortization	<u>(2,950,000)</u>
Budget surplus per Consolidated Statement of Operations	<u>\$ 18,397,688</u>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

19. Statement of Expense by Object

	<u>2023</u>	<u>2022</u>
Accretion expense	\$ 71,257	\$ 68,339
Advertising and publication	51,211	44,777
Amortization	3,219,029	3,095,256
Contract services	4,533,963	4,264,271
Grants in aid	94,728	88,150
Insurance	371,721	232,263
Interest	505,088	480,625
Membership and licenses	79,834	187,356
Miscellaneous	2,074,504	1,797,269
Office, freight and other	78,452	87,573
Policing costs	1,743	1,368
Professional fees	158,806	175,041
Recreation programs	1,217,584	640,647
Rental	84,282	82,967
Repairs and maintenance	3,193,845	3,315,318
Supplies and materials	1,265,955	1,137,640
Telephone and utilities	1,302,540	1,153,296
Travel and conference	202,224	157,544
Vehicles and fuel cost	410,071	262,722
Salaries and wages	11,247,790	10,166,311
Total expense for the year	<u>\$ 30,164,627</u>	<u>\$ 27,438,733</u>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

20. Asset Retirement Obligation

The City's asset retirement obligation consists of the following obligations:

a) Asbestos abatement obligation

The City owns and operates several buildings that are known to contain asbestos, which various regulations require specific considerations upon asset retirement or remediation. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022. The buildings have an estimated useful lives of between 75 and 130 years from the date of completion of construction, of which various numbers of years remain. Estimated costs of \$2,182,219 have been discounted to the present value using a discount rate of 4.27% per annum (2022 - 4.27%).

b) Wells decommissioning obligation

The City has water wells which require decommissioning upon the end of their useful lives. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the decommissioning of well as estimated at January 1, 2022. The wells have estimated useful lives of 60 years, of which various numbers of years remain. Estimated costs of \$105,000 have been discounted to the present value using a discount rate of 4.27% per annum (2022 - 4.27%).

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

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2023
Opening balance	\$ 1,595,423	\$ 73,349	\$ 1,668,772
Additions	-	-	-
Change in estimate	-	-	-
Accretion expense	68,125	3,132	71,257
Closing balance	\$ 1,663,548	\$ 76,481	\$ 1,740,029

Asset Retirement Obligation	Asbestos remediation	Well decommissioning	2022
Adjustment on adoption of PS 3280	\$ 1,530,088	\$ 70,345	\$ 1,600,433
Additions	-	-	-
Change in estimate	-	-	-
Accretion expense	65,335	3,004	68,339
Closing balance	\$ 1,595,423	\$ 73,349	\$ 1,668,772

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.

Continued...

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

20. Asset Retirement Obligation (continued)

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. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

21. Comparative Figures

Certain comparative figures have been reclassified to confirm to the current year's presentation.

December 31, 2023

22. 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

This item relates to the revenues and expenses of the operations of the City itself and cannot be directly attributed to a specific segment.

Protection

Protection is comprised of police and fire protection services. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education and rescue services.

Transportation

This department provides a number of services including road and storm sewer maintenance, snow removal, building maintenance, transit, city planning, maintenance and enforcement of building codes and review of all property development plans through its application process.

Planning and Development

This department provides a number of services including city planning, maintenance and enforcement of building codes and review of all property development plans through its application process.

Environmental

Environmental services consist of providing waste disposal to citizens.

Health Services

Health services consist of the management of the cemetery.

Economic Development

This department provides sustainable community economic development programs and services, as well as, support for economic business retention and development initiatives.

Recreation and Culture

This department provides services meant to improve the health and development of the City's citizens. Recreational and cultural programs like swimming and skating lessons are provided at the arena, aquatic and community centres.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

22. Segmented Information (continued)

Water

This service provides the drinking water to some parts of the City. This service ensures the City's water system meets all provincial and federal standards.

Big Eddy Water

This department is responsible for upgrades to the existing water system outside the municipal boundaries.

Sewer

This service processes and cleans sewage and ensures the City's sewer system meets all provincial and federal standards.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises, that are directly attributable to a particular segment, are allocated to that segment. Amounts, that are directly attributable to a number of segments, have been allocated on a reasonable basis as follows:

Taxation, fees and user charges	Allocated to those segments that are funded by these amounts based on the total expenditures for the year.
Grants	Based on percent of budgeted expenses.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection	Transportation	Planning and Development	Environmental	Health Services	Economic Development	Recreation and Culture	Water	Big Eddy Water	Sewer	Eliminations	2023 Total
Revenue													
Taxation	\$ 2,032,309	\$ 5,284,104	\$ 10,678,868	\$ 131,374	\$ -	\$ -	\$ -	\$ 817,991	\$ -	\$ -	\$ 561,902	\$ -	\$ 19,506,548
Government grants and contributions by developers and property owners	4,641,091	306,665	48,822	-	-	106,826	2,654,527	2,754,795	528,831	-	810,785	-	11,852,342
User fees and service charges	1,170,736	453,699	2,522,231	1,066,928	470,286	59,741	-	1,018,863	3,228,700	199,393	2,583,845	(3,368,659)	9,405,763
Investment income	1,260,450	-	-	-	-	-	-	-	136,434	67,878	102,090	-	1,566,852
Income from government business enterprises	1,431,357	-	-	-	-	-	-	-	-	-	-	-	1,431,357
Other	287,291	-	-	90,620	-	-	-	-	6,837	-	3,978	-	388,726
	10,823,234	6,044,468	13,249,921	1,288,922	470,286	166,567	2,654,527	4,591,649	3,900,802	267,271	4,062,600	(3,368,659)	44,151,588
Expenses													
Salaries and wages	1,948,723	2,259,495	2,736,840	700,994	183,957	88,948	330,935	2,103,180	489,297	34,056	371,365	-	11,247,790
Supplies and services	1,324,887	3,552,155	6,631,627	493,105	208,815	65,418	3,710,418	2,442,742	1,492,115	218,686	1,640,440	(3,368,659)	18,411,749
Interest	11,570	76,598	172,773	-	-	-	-	33,959	51,803	60,800	97,585	-	505,088
	3,285,180	5,888,248	9,541,240	1,194,099	392,772	154,366	4,041,353	4,579,881	2,033,215	313,542	2,109,390	(3,368,659)	30,164,627
Net surplus	\$ 7,538,054	\$ 156,220	\$ 3,708,681	\$ 94,823	\$ 77,514	\$ 12,201	\$ (1,386,826)	\$ 11,768	\$ 1,867,587	\$ (46,271)	\$ 1,953,210	\$ -	\$ 13,986,961

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2023

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection	Transportation	Planning and Development	Environmental	Health Services	Economic Development	Recreation and Culture	Water	Big Eddy Water	Sewer	Eliminations	2022 Total
(Note 1, 16)													
Revenue													
Taxation	\$ 1,788,042	\$ 4,389,875	\$ 10,873,607	\$ 210,770	\$ -	\$ -	\$ -	\$ 379,543	\$ -	\$ -	\$ 507,124	\$ -	\$ 18,148,961
Government grants and contributions by developers and property owners	1,435,379	275,519	28,219	-	-	114,911	1,703,017	2,724,053	282,773	-	80,789	-	6,644,660
User fees and service charges	1,141,682	240,881	2,467,977	874,225	444,607	62,993	-	791,575	2,891,048	168,748	2,068,119	(3,213,804)	7,938,051
Investment income	745,436	-	-	-	-	-	-	-	74,140	38,112	53,836	-	911,524
Income from government business enterprises	1,739,258	-	-	-	-	-	-	-	-	-	-	-	1,739,258
Other	197,023	-	-	83,671	-	-	-	-	7,056	-	4,798	-	292,548
	<u>7,046,820</u>	<u>4,906,275</u>	<u>13,369,803</u>	<u>1,168,666</u>	<u>444,607</u>	<u>177,904</u>	<u>1,703,017</u>	<u>3,895,171</u>	<u>3,255,017</u>	<u>206,860</u>	<u>2,714,666</u>	<u>(3,213,804)</u>	<u>35,675,002</u>
Expenses													
Salaries and wages	1,707,099	1,989,823	2,680,948	600,315	206,361	99,180	291,648	1,844,763	398,579	41,840	305,755	-	10,166,311
Supplies and services	1,473,948	2,865,094	7,244,165	483,195	197,411	60,961	2,574,677	2,120,656	1,429,249	228,795	1,327,454	(3,213,804)	16,791,801
Interest	10,463	69,217	155,810	-	-	-	-	38,071	51,803	60,800	94,457	-	480,621
	<u>3,191,510</u>	<u>4,924,134</u>	<u>10,080,923</u>	<u>1,083,510</u>	<u>403,772</u>	<u>160,141</u>	<u>2,866,325</u>	<u>4,003,490</u>	<u>1,879,631</u>	<u>331,435</u>	<u>1,727,666</u>	<u>(3,213,804)</u>	<u>27,438,733</u>
Net surplus	\$ 3,855,310	\$ (17,859)	\$ 3,288,880	\$ 85,156	\$ 40,835	\$ 17,763	\$ (1,163,308)	\$ (108,319)	\$ 1,375,386	\$ (124,575)	\$ 987,000	\$ -	\$ 8,236,269

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

December 31, 2023

In response to COVID-19, the Province of British Columbia has provided COVID-19 Safe Restart Grants to support local governments with increased operating costs, lower revenues and fiscal pressures related to COVID-19. The City received \$2,105,000 in 2020.

The COVID-19 Safe Restart Grant is unconditional and has been accounted for as an unrestricted government transfer; recognized as revenue in the year received. The following schedule outlines how the City has utilized the grant funding as of December 31, 2023.

COVID-19 Safe Restart Grant, balance January 1, 2023		\$ 931,756
Interest		24,153
Expenditures:		
Facilities IT upgrades	\$ 209,615	
Protective services	12,295	
Fire fleet equipment	421,818	
Support for vulnerable persons	60,979	
Extreme heat planning	4,004	
	<u>708,711</u>	
Total Expenditures		<u>708,711</u>
Carry forward balance, December 31, 2023		<u>\$ 247,198</u>

City of Revelstoke
Schedule 2 - Growing Communities Fund Grant
(Unaudited)

December 31, 2023

The Province of British Columbia distributed a one-time payment, the Growing Communities Fund (GCF) grant, to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The City of Revelstoke received \$3,331,000 of GCF funding in March 2023.

Growing Communities Fund, received during the year	\$ 3,331,000
Interest	<u>69,669</u>
Carry forward balance, December 31, 2023	<u>\$ 3,400,669</u>

The Growing Communities Fund was unspent during 2023, all of the funds received were transferred to reserve for future use; interest accumulated on the fund during the year in the amount of \$ 69,669 .
