

City of Revelstoke
Consolidated Financial Statements
For the Year Ended December 31, 2020

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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.



Director of Finance



Mayor

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, 2020, 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, 2020, 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Revelstoke, British Columbia
May 11, 2021

City of Revelstoke
Consolidated Statement of Financial Position

As at December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 1)	\$ 15,890,256	\$ 4,054,504
Taxes receivable	1,432,064	1,229,426
Accounts receivable (Note 2)	6,555,039	4,813,631
Portfolio investments (Note 3)	11,447,377	21,685,458
Investment in RCFC (Note 4)	5,526,052	5,153,116
Investment in RCEC (Note 5)	63,787	143,043
Deposit - Municipal Finance Authority (Note 8)	854,109	1,079,948
	<u>41,768,684</u>	<u>38,159,126</u>
Liabilities		
Accounts payable and accrued liabilities	8,949,216	5,495,205
Deferred revenue (Note 6)	4,351,165	4,411,434
Long term debt (Note 7)	13,889,974	15,330,409
Reserve - Municipal Finance Authority (Note 8)	854,109	1,079,948
	<u>28,044,464</u>	<u>26,316,996</u>
Net financial assets	<u>13,724,220</u>	<u>11,842,130</u>
Non-financial assets		
Tangible capital assets (Note 9)	85,793,902	76,207,340
Prepaid expenses	2,870	51,226
Inventories of supplies	603,713	380,495
	<u>86,400,485</u>	<u>76,639,061</u>
Accumulated surplus	<u>\$ 100,124,705</u>	<u>\$ 88,481,191</u>

See commitments and contingencies (Note 13)



Director of Finance

City of Revelstoke
Consolidated Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
	(Note 15)		
Revenues			
Taxation - net (Note 11)	\$16,348,882	\$ 16,687,314	\$ 15,665,397
Government and other grants (Note 12)	4,829,355	11,467,706	5,651,110
Contributions by developers and property owners	276,564	319,818	601,526
User fees and service charges	6,438,853	6,157,727	6,374,816
Investment and other income	767,576	774,026	893,402
Equity income (loss) from RCFC (Note 4)	100,000	372,936	(51,766)
Equity income (loss) from RCEC (Note 5)	-	(79,256)	4,031
Other	72,789	441,901	460,305
	<u>28,834,019</u>	<u>36,142,172</u>	<u>29,598,821</u>
Expenses			
General government	2,530,110	2,773,936	2,388,442
Protection services	4,608,877	4,265,557	4,455,691
Transportation services	6,420,643	7,542,418	6,473,817
Environmental services	299,604	315,322	296,413
Health services	140,750	193,838	130,431
Economic development services	2,578,733	2,488,509	2,294,118
Recreation and cultural services	3,948,159	3,286,151	3,780,672
Planning and development	1,793,140	937,929	841,839
Sewer services	1,410,487	1,063,434	996,161
Water services	2,073,686	1,631,564	1,533,361
	<u>25,804,189</u>	<u>24,498,658</u>	<u>23,190,945</u>
Annual surplus	<u>3,029,830</u>	<u>11,643,514</u>	<u>6,407,876</u>
Accumulated surplus, beginning of year	<u>88,481,191</u>	<u>88,481,191</u>	<u>82,073,315</u>
Accumulated surplus, end of year	<u>\$91,511,021</u>	<u>\$ 100,124,705</u>	<u>\$ 88,481,191</u>

City of Revelstoke
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2020	2020	2019
	(Note 15)		
Annual surplus	\$ 3,029,830	\$ 11,643,514	\$ 6,407,876
Acquisition of tangible capital assets	-	(12,386,143)	(5,689,312)
Amortization of tangible capital assets	-	2,580,566	2,360,736
Net book value of tangible capital assets disposed (Note 9)	-	219,015	-
	<u>3,029,830</u>	<u>2,056,952</u>	<u>3,079,300</u>
Decrease (increase) in inventory of supplies	-	(223,218)	10,132
Decrease in prepaid expenses	-	48,356	13,130
	<u>3,029,830</u>	<u>1,882,090</u>	<u>3,102,562</u>
Net change in net financial assets	3,029,830	1,882,090	3,102,562
Net financial assets, beginning of year	<u>11,842,130</u>	<u>11,842,130</u>	<u>8,739,568</u>
Net financial assets, end of year	<u>\$ 14,871,960</u>	<u>\$ 13,724,220</u>	<u>\$ 11,842,130</u>

City of Revelstoke
Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 11,643,514	\$ 6,407,876
Items not involving cash		
Loss (gain) from subsidiary operations	(293,680)	47,735
Amortization	2,580,566	2,360,736
Loss on disposal of tangible capital assets	49,015	-
Actuarial recognized on long-term debt	(487,463)	(438,571)
Changes in non-cash operating balances		
Taxes receivable	(202,638)	18,423
Accounts receivable	(1,741,408)	(783,480)
Inventories of supplies	(223,218)	10,132
Prepaid expenses	48,356	13,130
Accounts payable and accrued liabilities	3,454,010	(1,819,320)
Deferred revenue	(60,269)	1,230,899
	<u>14,766,785</u>	<u>7,047,560</u>
Capital transactions		
Acquisition of tangible capital assets	(12,386,143)	(5,689,312)
Proceeds on disposal of capital assets	170,000	-
	<u>(12,216,143)</u>	<u>(5,689,312)</u>
Investing transactions		
Net change in portfolio investments	10,238,081	1,786,156
Dividends from government business enterprise	-	700,000
	<u>10,238,081</u>	<u>2,486,156</u>
Financing transactions		
Net change in long term debt	(952,971)	(1,050,751)
Net change in cash and cash equivalents	11,835,752	2,793,653
Cash and cash equivalents, beginning of year	<u>4,054,504</u>	<u>1,260,851</u>
Cash and cash equivalents, end of year	<u>\$ 15,890,256</u>	<u>\$ 4,054,504</u>

City of Revelstoke
Summary of Significant Accounting Policies

December 31, 2020

Management's Responsibility for the Financial Statements	The consolidated financial statements of the City of Revelstoke (the "City") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPAC). The City is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.				
Basis of Consolidation	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: <table border="0" style="margin-left: 40px; width: 80%;"> <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 investments in RCFC Holding Company Ltd. (RCFC) and Revelstoke Community Energy Corporation (RCEC), all of which are government business enterprises, are 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. These subsidiaries have a fiscal year end of April 30.</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	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.				
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.				

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City of Revelstoke
Summary of Significant Accounting Policies

December 31, 2020

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 13 (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, 2020

Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized when the service or product is provided by the City.</p>
Deferred Revenue	<p>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.</p>
Contaminated Sites	<p>A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use 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.</p>
Restructuring Transactions	<p>The increase in net assets or net liabilities resulting from the recognition or derecognition of assets and liabilities received from all transferors and transferred to all recipients in a restructuring transaction are recognized as revenue or as an expense.</p>
Use of Estimates	<p>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 and amortization of tangible capital assets.</p>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

1. Cash and Cash Equivalents

The City's bank accounts earn interest ranging from 0 % - 0.7 % and are held in one financial institution. The City has available an operating line of credit in the amount of \$3,000,000 (2019 - \$3,000,000), bearing interest at Revelstoke Credit Union's prime lending rate. As of December 31, 2020, the City had an undrawn credit capacity under this facility of \$3,000,000 (2019 - \$3,000,000). The credit union's prime rate as at December 31, 2020 was 2.45% (2019 - 3.95%).

2. Accounts Receivable

	2020	2019
Trades receivable	4,284,317	2,646,617
Federal government	360,746	249,757
Big Eddy Waterworks local area service agreement	1,445,739	1,503,870
Thomas Brook local area service agreement	378,124	386,420
Other	86,113	26,967
	\$ 6,555,039	\$ 4,813,631

3. Portfolio Investments

	2020	2019
Municipal Finance Authority of British Columbia	\$ 12,803	\$ 457,669
Revelstoke Credit Union	-	9,647,904
RBC Dominion Securities Inc.	2,807,295	2,799,635
Raymond James Ltd.	5,000,000	5,000,000
Cannacord Genuity Corp.	3,561,880	3,557,693
Accrued interest	65,399	222,557
	\$11,447,377	\$ 21,685,458

Investments held with the Municipal Finance Authority of British Columbia, 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 2021 to July 2023. Interest rates on the GICs range from 0.90% - 3.25%. Investments held with Raymond James Ltd. are Guaranteed Investment Certificates (GICs) maturing October 2021 and earns interest at a rate of 3.15%. Investments held with Canaccord Genuity Corp. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from October 2022 to October 2024. Interest rates on the GICs range from 2.60% - 3.42%.

The market value of the City's portfolio investments is \$11,556,945 (2019 - \$21,570,536).

Included in investments at year-end is \$1,478,347 of cash to be reinvested.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

4. 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:

	April 30, 2020	April 30, 2019
Financial position		
Current assets	\$ 4,325,385	\$ 4,985,544
Deferred charges	346,232	363,141
Other assets	1,224,538	1,231,940
Capital assets	1,219,075	1,380,333
Total assets	7,115,230	7,960,958
Current liabilities	575,159	1,669,259
Accrued silviculture	657,086	749,966
Deferred revenue	356,933	388,617
Total liabilities	1,589,178	2,807,842
Total net assets	\$ 5,526,052	\$ 5,153,116
	Year ended	4 months ended
Results of operations		
Revenue	\$ 5,520,852	\$ 1,816,945
Cost of goods sold	(4,470,459)	(1,075,275)
Log-yard operations	97,754	(629,198)
Administrative expenses	(775,211)	(164,238)
Net income (loss) for the year	\$ 372,936	\$ (51,766)

RCFC Holding Company Ltd paid \$nil (2019 - \$700,000) in dividends to the City during the year.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

5. Investment in Revelstoke Community Energy Corporation

Revelstoke Community Energy Corporation ("RCEC") is a wholly-owned subsidiary that was created for the purpose of creating thermal energy. The condensed supplementary financial information is as follows:

	April 30, 2020	April 30, 2019
Financial position		
Current assets	\$ 338,525	\$ 418,732
Capital assets	2,744,266	2,795,290
Total assets	3,082,791	3,214,022
Current liabilities	1,344,886	1,018,439
Long term debt	1,674,107	2,052,529
Shareholder's equity	11	11
Total liabilities	3,019,004	3,070,979
Total net assets	\$ 63,787	\$ 143,043
Results of operations		
Revenue	\$ 699,613	\$ 744,535
Expenses	(778,869)	(740,504)
Net income (loss) for the year	\$ (79,256)	\$ 4,031

RCEC owed \$933,333 (2019 - \$849,333) in dividends to the City during the year. The City paid \$160,804 (2019 - \$157,876) to RCEC for utilities during the year.

RCEC has an April 30 year end and the consolidated financial statements do not reflect any activity between the fiscal year end of RCEC and the fiscal year end of the City.

Subsequent to year-end, there was a fire at the RCEC plant in January 2021 and the plant had to close operations. The repairs for the plant are ongoing and covered by insurance. At report date, it is unknown when the plant will re-open, but the current expectation is that it will be closed for several months.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

6. Deferred Revenue

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Economic Development Grants	\$ 470,339	\$ 381,200	\$ -	\$ (410,228)	\$ 441,311
Tourism Infrastructure	1,057,742	898,939	-	(833,627)	1,123,054
Deferred Development Cost Charges	2,238,360	109,029	57,457	(319,818)	2,085,028
Prepaid Licenses & Utilities	47,801	59,039	-	(47,801)	59,039
Other	597,192	145,690	-	(100,149)	642,733
	<u>\$ 4,411,434</u>	<u>\$ 1,593,897</u>	<u>\$ 57,457</u>	<u>\$ (1,711,623)</u>	<u>\$ 4,351,165</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, 2020

7. Long-Term Debt

Long-term debt outstanding:

	2020	2019
Balance at January 1	\$ 15,330,409	\$ 16,819,731
Principal repayments	(952,972)	(1,050,751)
Actuarial adjustments	(487,463)	(438,571)
Balance at December 31	\$13,889,974	\$ 15,330,409

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
2021	\$ 771,279	\$ 357,349	\$ 1,128,628
2022	725,134	396,419	1,121,553
2023	576,393	437,163	1,013,556
2024	547,284	437,154	984,438
2025	547,284	478,057	1,025,341
Thereafter	4,234,731	4,381,727	8,616,458
	\$ 7,402,105	\$ 6,487,869	\$ 13,889,974

The weighted average interest on long-term debt is 3.99% (2019 - 3.49%). Consolidated interest paid on the above long-term debt was \$800,850 (2019 - \$832,263).

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.

8. 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, 2020 the cash deposits in the Debt Reserve Fund were \$318,301 (2019 - \$395,119). 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, 2020, the demand notes were \$535,808 (2019 - \$684,828).

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

9. Tangible Capital Assets

2020

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning of year	\$14,724,109	\$13,600,548	\$21,359,256	\$33,648,233	\$21,479,165	\$15,006,521	\$ 6,278,592	\$126,096,424
Additions	486,745	1,853,154	2,098,663	6,947,614	6,455,773	598,036	(6,053,842)	12,386,143
Disposals	-	-	(577,354)	-	-	-	-	(577,354)
Cost, end of year	\$15,210,854	\$15,453,702	\$22,880,565	\$40,595,847	\$27,934,938	\$15,604,557	\$ 224,750	\$137,905,213
Accumulated amortization, beginning of year	\$ -	\$ 3,733,802	\$10,227,020	\$21,466,974	\$ 8,907,343	\$ 5,553,945	\$ -	\$ 49,889,084
Amortization	-	207,293	1,002,882	653,675	420,747	295,969	-	2,580,566
Disposals	-	-	(358,339)	-	-	-	-	(358,339)
Accumulated amortization, end of year	\$ -	\$ 3,941,095	\$10,871,563	\$22,120,649	\$ 9,328,090	\$ 5,849,914	\$ -	\$ 52,111,311
Net carrying amount, end of year	\$15,210,854	\$11,512,607	\$12,009,002	\$18,475,198	\$18,606,848	\$ 9,754,643	\$ 224,750	\$ 85,793,902

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

9. Tangible Capital Assets (continued)

2019

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning of year	\$ 14,464,773	\$ 13,600,548	\$ 20,550,503	\$ 32,824,677	\$ 18,972,631	\$ 14,663,069	\$ 5,494,119	\$ 120,570,320
Additions	259,336	-	971,961	823,556	2,506,534	343,452	784,473	5,689,312
Disposals	-	-	(163,208)	-	-	-	-	(163,208)
Cost, end of year	\$ 14,724,109	\$ 13,600,548	\$ 21,359,256	\$ 33,648,233	\$ 21,479,165	\$ 15,006,521	\$ 6,278,592	\$ 126,096,424
Accumulated amortization, beginning of year	\$ -	\$ 3,565,032	\$ 9,394,688	\$ 20,893,694	\$ 8,574,639	\$ 5,263,503	\$ -	\$ 47,691,556
Amortization	-	168,770	995,540	573,280	332,704	290,442	-	2,360,736
Disposals	-	-	(163,208)	-	-	-	-	(163,208)
Accumulated amortization, end of year	\$ -	\$ 3,733,802	\$ 10,227,020	\$ 21,466,974	\$ 8,907,343	\$ 5,553,945	\$ -	\$ 49,889,084
Net carrying amount, end of year	\$ 14,724,109	\$ 9,866,746	\$ 11,132,236	\$ 12,181,259	\$ 12,571,822	\$ 9,452,576	\$ 6,278,592	\$ 76,207,340

The net book value of tangible capital assets not being amortized because they are under construction, is \$224,750 (2019 - \$6,278,592). 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.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

10. Accumulated Surplus

	2020	2019
Operating surpluses		
General	\$ 2,050,213	\$ 2,002,357
Water	782,131	731,131
Sewer	524,907	474,907
Big Eddy Water	96,626	96,624
	3,453,877	3,305,019
Restricted operating surpluses		
Tax equalization	245,284	236,526
Reserves		
Big Eddy Water Works	1,811,314	1,873,783
Community Works Gas Tax	814,402	1,307,445
Electric utility	1,847,735	2,317,674
Financial stabilization	2,349,014	1,208,270
General capital	2,294,989	2,430,805
Greening City	199,173	163,500
Information technology	70,156	51,078
Insurance & legal	285,541	258,777
Land sale	1,060,608	1,479,028
Parkland acquisition	382,205	370,432
Public Art	24,604	21,762
Sewer capital	2,090,977	1,880,326
Transportation infrastructure	1,564,557	1,214,805
Vehicle & equipment	3,963	661,141
Water capital	2,560,560	1,955,672
	17,359,798	17,194,498
Segregated reserves		
Revelstoke Community Forest Corporation dividends	1,572,147	1,572,147
Investments		
Revelstoke Community Energy Corporation	63,787	143,043
Revelstoke Community Forest Corporation	5,526,052	5,153,116
Equity in tangible capital assets	71,903,760	60,876,842
	77,493,599	66,173,001
Accumulated surplus	\$ 100,124,705	\$ 88,481,191

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

11. Taxation - Net

	Budget		
	2020	2020	2019
			(Note 16)
Property taxes and payments-in-lieu	\$16,348,882	\$16,687,314	\$ 15,665,397
Collections for other governments			
Province of British Columbia - School Tax	-	4,035,018	4,133,064
North Okanagan Columbia Shuswap			
Regional Hospital District	-	913,510	627,388
Columbia Shuswap Regional District	-	678,841	558,638
Municipal Finance Authority	-	516	436
British Columbia Assessment Authority	-	118,879	91,997
Libraries	-	414,235	275,751
	<u>16,348,882</u>	<u>22,848,313</u>	<u>21,352,671</u>
Transfers			
Province of British Columbia - School Tax	-	4,035,018	4,133,064
North Okanagan Columbia Shuswap			
Regional Hospital District	-	913,510	627,388
Columbia Shuswap Regional District	-	678,841	558,638
Municipal Finance Authority	-	516	436
British Columbia Assessment Authority	-	118,879	91,997
Libraries	-	414,235	275,751
	<u>-</u>	<u>6,160,999</u>	<u>5,687,274</u>
Available for general municipal purposes	<u>\$16,348,882</u>	<u>\$16,687,314</u>	<u>\$ 15,665,397</u>

12. Government and Other Grants

	2020	2019
Government grant conditional	\$ 7,459,420	\$ 3,424,813
Government grant unconditional	2,683,708	565,238
Non-government grant conditional	<u>1,324,578</u>	<u>1,661,059</u>
Total grants	<u>\$ 11,467,706</u>	<u>\$ 5,651,110</u>

December 31, 2020

13. 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, 2019, the Plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 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, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$698,439 (2019 - \$626,537) for employer contributions to the Plan in fiscal 2020. The next valuation will be as at December 31, 2021, with results available in 2022.

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, 2020

14. Funds Held in Trust

At year end, the City held \$177,851 (2019 - \$171,679) in trust for the cemetery. These funds are not included in these financial statements.

15. Budget

The Financial Plan (Budget) Bylaw adopted by Council on March 26, 2020 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 March 26, 2020 with adjustments as follows:

	<u>2020</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	8,276,268
Principal repayments	1,419,584
Budgeted transfers to reserves	6,000,820
Budgeted transfer to surplus	101,000
Budgeted profit from RCEC/RCFC	100,000
Less:	
Budgeted transfers from reserves	(11,142,842)
Amortization	(1,725,000)
Budget surplus per Consolidated Statement of Operations	<u>\$ 3,029,830</u>

December 31, 2020

16. Uncertainty Due to COVID-19

The impact of COVID-19 in Canada and on the global economy is still uncertain. As the impacts of COVID-19 continue, there could be further impact on the City, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the City's assets and future ability to deliver services and projects.

At this time, the full potential impact of COVID-19 on the City is not known. Given the dynamic nature of these circumstances, the related financial impact cannot be reasonably estimated at this time. The City's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from various levels of government.

The City will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens. The City will use the COVID-19 Safe Restart Grant funding when it is appropriate (see Schedule 1).

December 31, 2020

17. 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.

Continued...

December 31, 2020

17. 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.

Continued...

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

17. 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	2020 Total
Revenue													
Taxation	\$ 1,742,046	\$ 5,620,790	\$ 3,926,472	\$ 654,771	\$ -	\$ -	\$ 554,379	\$ 3,834,885	\$ -	\$ -	\$ 353,971	\$ -	\$ 16,687,314
Government grants	3,021,934	218,073	5,944,605	-	-	149,925	1,972,075	261,377	80,789	138,746	-	-	11,787,524
User fees and service charges	616,806	210,142	1,787,692	474,268	398,908	51,677	-	405,527	2,543,084	156,687	1,530,389	(2,017,453)	6,157,727
Investment income	587,621	-	-	-	-	-	-	-	131,087	732	54,586	-	774,026
Income from government business enterprises	293,680	-	-	-	-	-	-	-	-	-	-	-	293,680
Other	3,454	79,801	74,774	-	-	-	-	61,492	173,471	2,121	46,788	-	441,901
	<u>6,265,541</u>	<u>6,128,806</u>	<u>11,733,543</u>	<u>1,129,039</u>	<u>398,908</u>	<u>201,602</u>	<u>2,526,454</u>	<u>4,563,281</u>	<u>2,928,431</u>	<u>298,286</u>	<u>1,985,734</u>	<u>(2,017,453)</u>	<u>36,142,172</u>
Expenses													
Salaries and wages	1,542,264	1,913,318	2,562,551	621,045	219,558	126,011	145,783	1,419,298	355,910	34,528	337,859	-	9,278,125
Supplies and services	1,142,942	2,570,678	5,770,143	325,283	169,814	77,827	2,345,974	1,960,240	1,073,127	144,163	886,731	(2,017,453)	14,449,469
Interest	104,474	-	212,954	-	-	-	-	43,050	224,283	60,800	125,503	-	771,064
	<u>2,789,680</u>	<u>4,483,996</u>	<u>8,545,648</u>	<u>946,328</u>	<u>389,372</u>	<u>203,838</u>	<u>2,491,757</u>	<u>3,422,588</u>	<u>1,653,320</u>	<u>239,491</u>	<u>1,350,093</u>	<u>(2,017,453)</u>	<u>24,498,658</u>
Net surplus	<u>\$ 3,475,861</u>	<u>\$ 1,644,810</u>	<u>\$ 3,187,895</u>	<u>\$ 182,711</u>	<u>\$ 9,536</u>	<u>\$ (2,236)</u>	<u>\$ 34,697</u>	<u>\$ 1,140,693</u>	<u>\$ 1,275,111</u>	<u>\$ 58,795</u>	<u>\$ 635,641</u>	<u>\$ -</u>	<u>\$ 11,643,514</u>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2020

17. 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	2019 Total
(Note 1, 16)													
Revenue													
Taxation	\$ 224,460	\$ 3,961,486	\$ 7,122,300	\$ 356,205	\$ -	\$ -	\$ 902,123	\$ 2,744,852	\$ -	\$ -	\$ 353,971	\$ -	\$ 15,665,397
Government grants	1,612,941	286,779	268,463	63,545	-	226,545	1,393,939	565,512	684,533	548,853	-	-	5,651,110
Contributions by developers and property owners	-	-	-	-	-	-	-	113,337	116,000	269,404	102,785	-	601,526
User fees and service charges	571,567	370,090	1,787,819	426,047	390,942	45,415	-	865,810	2,386,585	198,596	1,394,236	(2,062,291)	6,374,816
Investment income	657,158	-	-	289	1,077	-	-	-	87,645	78,806	68,427	-	893,402
Loss from government business enterprises	(47,735)	-	-	-	-	-	-	-	-	-	-	-	(47,735)
Other	6,383	71,861	111,260	-	-	-	-	71,244	159,037	-	40,520	-	460,305
	<u>3,024,774</u>	<u>4,690,216</u>	<u>9,289,842</u>	<u>846,086</u>	<u>392,019</u>	<u>271,960</u>	<u>2,296,062</u>	<u>4,360,755</u>	<u>3,433,800</u>	<u>1,095,659</u>	<u>1,959,939</u>	<u>(2,062,291)</u>	<u>29,598,821</u>
Expenses													
Salaries and wages	1,386,215	1,652,670	2,360,169	451,172	187,673	89,842	138,174	1,635,236	343,411	16,363	275,160	-	8,536,085
Supplies and services	912,699	2,677,593	3,930,422	395,667	200,844	48,322	2,132,919	1,840,188	685,859	111,883	571,788	(2,062,291)	11,445,893
Interest	8,003	72,573	252,326	-	-	-	-	62,214	241,493	60,800	150,822	-	848,231
Amortization	102,500	270,351	979,540	-	-	2,267	27,612	348,478	332,704	-	297,284	-	2,360,736
	<u>2,409,417</u>	<u>4,673,187</u>	<u>7,522,457</u>	<u>846,839</u>	<u>388,517</u>	<u>140,431</u>	<u>2,298,705</u>	<u>3,886,116</u>	<u>1,603,467</u>	<u>189,046</u>	<u>1,295,054</u>	<u>(2,062,291)</u>	<u>23,190,945</u>
Net surplus	\$ 615,357	\$ 17,029	\$ 1,767,385	\$ (753)	\$ 3,502	\$ 131,529	\$ (2,643)	\$ 474,639	\$ 1,830,333	\$ 906,613	\$ 664,885	\$ -	\$ 6,407,876

City of Revelstoke
Schedule 1 - COVID-19 Safe Restart Grant

December 31, 2020

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, 2020.

COVID-19 Safe Restart Grant		\$ 2,105,000
Expenditures:		
Computer system upgrades	\$ 119,346	
General capital	78,254	
Revy masks	49,992	
Recovery task force	47,520	
Portable toilets	<u>39,076</u>	
Total Expenditures		<u>334,188</u>
Balance, December 31, 2020		<u>\$ 1,770,812</u>

City of Revelstoke
Consolidated Financial Statements
For the year ended December 31, 2020

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