

City of Revelstoke  
Consolidated Financial Statements  
For the Year Ended December 31, 2019

---

Contents

Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2-3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to Consolidated Financial Statements	11 - 25

---

## 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.

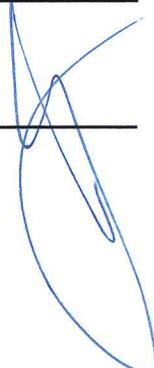
The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted 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, 2019, 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, 2019, 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.

### 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 26, 2020

**City of Revelstoke**  
**Consolidated Statement of Financial Position**

As at December 31	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 4,054,504	\$ 1,260,851
Taxes receivable	1,229,426	1,247,849
Accounts receivable (Note 3)	4,813,631	4,030,152
Portfolio investments (Note 2)	21,685,458	23,471,614
Investment in RCFC (Note 4)	5,153,116	5,904,881
Investment in RCEC (Note 5)	143,043	139,012
Deposit - Municipal Finance Authority (Note 8)	1,079,948	1,070,954
	<b>38,159,126</b>	<b>37,125,313</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,495,205	7,314,525
Deferred revenue (Note 6)	4,411,434	3,180,535
Long term debt (Note 7)	15,330,409	16,819,731
Reserve - Municipal Finance Authority (Note 8)	1,079,948	1,070,954
	<b>26,316,996</b>	<b>28,385,745</b>
<b>Net financial assets</b>	<b>11,842,130</b>	<b>8,739,568</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	76,207,340	72,878,764
Prepaid expenses	51,226	64,356
Inventories of supplies	380,495	390,627
	<b>76,639,061</b>	<b>73,333,747</b>
<b>Accumulated surplus</b>	<b>\$88,481,191</b>	<b>\$ 82,073,315</b>

See commitments and contingencies (Note 13)



\_\_\_\_\_  
 Director of Finance

City of Revelstoke  
Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
	(Note 15)		(Note 16)
<b>Revenues</b>			
Taxation - net (Note 11)	\$16,013,296	\$15,665,397	\$ 13,864,092
Government and other grants (Note 12)	4,632,887	5,651,110	5,850,146
Contributions by developers and property owners	320,556	601,526	898,431
User fees and service charges	5,817,267	6,374,816	5,811,285
Investment and other income	722,279	893,402	650,812
Equity income (loss) from RCFC (Note 4)	100,000	(51,766)	1,552,090
Equity income (loss) from RCEC (Note 5)	-	4,031	(37,357)
Other	228,000	460,305	426,010
	<u>27,834,285</u>	<u>29,598,821</u>	<u>29,015,509</u>
<b>Expenses</b>			
General government	2,321,531	2,388,442	2,172,305
Protection services	4,491,769	4,455,691	3,812,115
Transportation services	5,993,193	6,473,817	6,274,616
Environmental services	312,319	296,413	330,947
Health services	124,844	130,431	153,740
Economic development services	2,433,356	2,294,118	2,166,283
Recreation and cultural services	3,731,839	3,780,672	3,515,641
Planning and development	1,098,740	841,839	791,725
Sewer services	1,217,432	996,161	1,003,767
Water services	1,819,365	1,533,361	1,483,402
	<u>23,544,388</u>	<u>23,190,945</u>	<u>21,704,541</u>
<b>Annual surplus</b>	<u>4,289,897</u>	<u>6,407,876</u>	<u>7,310,968</u>
<b>Accumulated surplus, beginning of year,</b>	<u>82,073,315</u>	<u>82,073,315</u>	<u>74,762,347</u>
<b>Accumulated surplus, end of year</b>	<u>\$86,363,212</u>	<u>\$88,481,191</u>	<u>\$ 82,073,315</u>

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 2019	2019	2018
	(Note 15)		
Annual surplus	\$ 4,289,897	\$ 6,407,876	\$ 7,310,968
Acquisition of tangible capital assets	-	(5,689,312)	(6,778,315)
Amortization of tangible capital assets	-	2,360,736	2,217,896
	<u>4,289,897</u>	<u>3,079,300</u>	<u>2,750,549</u>
Decrease (increase) in inventory of supplies	-	10,132	(22,235)
Decrease (increase) in prepaid expenses	-	13,130	(10,135)
Net change in net financial assets	4,289,897	3,102,562	2,718,179
Net financial assets, beginning of year	<u>8,739,568</u>	<u>8,739,568</u>	<u>6,021,389</u>
Net financial assets, end of year	<u>\$ 13,029,465</u>	<u>\$ 11,842,130</u>	<u>\$ 8,739,568</u>

City of Revelstoke  
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Annual surplus	\$ 6,407,876	\$ 7,310,968
Items not involving cash		
Loss (gain) from subsidiary operations	47,735	(1,514,733)
Amortization	2,360,736	2,217,896
Actuarial recognized on long-term debt	(438,571)	(394,204)
Changes in non-cash operating balances		
Taxes receivable	18,423	115,736
Accounts receivable	(783,480)	(549,914)
Inventories of supplies	10,132	93,260
Prepaid expenses	13,130	(10,135)
Accounts payable and accrued liabilities	(1,819,320)	2,683,250
Deferred revenue	1,230,899	336,500
	7,047,560	10,288,624
Capital transactions		
Acquisition of tangible capital assets	(5,689,312)	(6,778,315)
Investing transactions		
Net change in portfolio investments	1,786,156	(11,273,876)
Dividends from government business enterprise	700,000	600,000
	2,486,156	(10,673,876)
Financing transactions		
Net change in long term debt	(1,050,751)	1,508,082
Net change in cash and cash equivalents	2,793,653	(5,655,485)
Cash and cash equivalents, beginning of year	1,260,851	6,916,336
Cash and cash equivalents, end of year	\$ 4,054,504	\$ 1,260,851

---

City of Revelstoke  
Summary of Significant Accounting Policies

December 31, 2019

---

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:

Revelstoke Community Energy Corporation	100%
RCFC Holding Company Ltd.	100%

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.

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.

Continued...

City of Revelstoke  
Summary of Significant Accounting Policies

December 31, 2019

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"> <li>Province of British Columbia - School Tax</li> <li>Columbia Shuswap Regional District</li> <li>British Columbia Assessment Authority</li> <li>Municipal Finance Authority</li> <li>North Okanagan Columbia Shuswap Regional Hospital District</li> <li>Okanagan Regional Library</li> </ul>												
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>												

Continued...

---

City of Revelstoke  
Summary of Significant Accounting Policies

December 31, 2019

---

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 be 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, 2019

1. 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 (2018 - \$3,000,000), bearing interest at Revelstoke Credit Union's prime lending rate. As of December 31, 2019, the City had an undrawn credit capacity under this facility of \$3,000,000 (2018 - \$3,000,000). The credit union's prime rate as at December 31, 2019 was 3.95% (2018 - 3.95%).

2. Portfolio Investments

	2019	2018
Municipal Finance Authority of British Columbia	\$ 457,669	\$ 3,435,335
Revelstoke Credit Union	9,647,904	6,530,082
RBC Dominion Securities Inc.	2,799,635	2,794,848
Raymond James Ltd.	5,000,000	5,000,000
Cannacord Genuity Corp.	3,557,693	5,522,623
Accrued interest	222,557	188,726
	\$21,685,458	\$ 23,471,614

Investments held with the Municipal Finance Authority of British Columbia, earn variable interest and are available on demand. The Revelstoke Credit Union investment earns interest ranging from 2.46% - 2.95% and matures between September 2020 and October 2020. Investments held with RBC Dominion Securities Inc. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from July 2020 to July 2023. Interest rates on the GICs range from 1.81% - 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 2020 to October 2024. Interest rates on the GICs range from 2.60% - 3.42%.

The market value of the City's portfolio investments is \$21,570,536 (2018 - \$23,429,834).

3. Accounts Receivable

	2019	2018
Trades receivable	2,646,617	1,975,357
Federal government	249,757	340,200
Big Eddy Waterworks local area service agreement	1,503,870	1,287,711
Thomas Brook local area service agreement	386,420	394,717
Other	26,967	32,167
	\$ 4,813,631	\$ 4,030,152

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

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:

	<u>April 30,</u> 2019	<u>December 31,</u> 2018
Financial position		
Current assets	\$ 4,985,544	\$ 4,497,089
Deferred charges	363,141	408,583
Other assets	1,231,940	1,075,000
Capital assets	<u>1,380,333</u>	<u>1,680,288</u>
Total assets	<u>7,960,958</u>	<u>7,660,960</u>
Current liabilities	1,669,259	240,185
Accrued silviculture	749,966	1,085,032
Deferred revenue	<u>388,617</u>	<u>430,862</u>
Total liabilities	<u>2,807,842</u>	<u>1,756,079</u>
Total net assets	<u>\$ 5,153,116</u>	<u>\$ 5,904,881</u>
	<u>4 months</u>	<u>20 months</u>
	ended	ended
Results of operations		
Revenue	\$ 1,816,945	\$ 13,246,735
Cost of goods sold	(1,075,275)	(10,617,902)
Log-yard operations	(629,198)	(1,652)
Administrative expenses	<u>(164,238)</u>	<u>(1,075,091)</u>
Net income (loss) for the year	<u>\$ (51,766)</u>	<u>\$ 1,552,090</u>

RCFC Holding Company Ltd paid \$700,000 (2018 - \$600,000) in dividends to the City during the year.

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

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, 2019	April 30, 2018
Financial position		
Current assets	\$ 418,732	\$ 322,158
Capital assets	2,795,290	2,975,673
Total assets	3,214,022	3,297,831
Current liabilities	1,018,439	900,016
Long term debt	2,052,529	2,258,792
Shareholder's equity	11	11
Total liabilities and shareholder's equity	3,070,979	3,158,819
Total net assets	\$ 143,043	\$ 139,012
Results of operations		
Revenue	\$ 744,535	\$ 772,222
Expenses	(740,504)	(809,579)
Net income (loss) for the year	\$ 4,031	\$ (37,357)

RCEC owed \$849,333 (2018 - \$765,333) in dividends to the City during the year. The City paid \$161,764 (2018 - \$154,845) 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.

---

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

---

6. Deferred Revenue

	Opening Balance	Contributions Received	Revenue Recognized	Ending Balance
Economic Development Grants	\$ 415,722	\$ 205,000	\$ (150,383)	\$ 470,339
Tourism Infrastructure	602,935	768,307	(313,500)	1,057,742
Deferred Development Cost Charges	1,750,227	706,918	(218,785)	2,238,360
Prepaid Licenses & Utilities	67,100	47,801	(67,100)	47,801
Other	344,551	381,824	(129,183)	597,192
	\$ 3,180,535	\$ 2,109,850	\$ (878,951)	\$ 4,411,434

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, 2019

7. Long-Term Debt

Long-term debt outstanding:

	2019	2018
Balance at January 1	\$ 16,819,731	\$ 15,705,853
Proceeds from issuance of long-term debt	-	2,608,000
Principal repayments	(1,050,751)	(1,099,918)
Actuarial adjustments	(438,571)	(394,204)
Balance at December 31	\$15,330,409	\$ 16,819,731

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
2020	\$ 951,126	\$ 487,463	\$ 1,438,589
2021	767,657	357,349	1,125,006
2022	729,740	396,419	1,126,159
2023	572,990	437,163	1,010,153
2024	547,284	437,154	984,438
Thereafter	4,786,279	4,859,785	9,646,064
	\$ 8,355,076	\$ 6,975,333	\$ 15,330,409

The weighted average interest on long-term debt is 5.21% (2018 - 4.83%). Consolidated interest paid on the above long-term debt was \$832,263 (2018 - \$771,298).

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, 2019 the cash deposits in the Debt Reserve Fund were \$395,119 (2018 - \$386,126). 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, 2019, the demand notes were \$684,828 (2018 - \$684,828).

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

9. Tangible Capital Assets

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

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

9. Tangible Capital Assets (continued)

2018

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning of year	\$ 14,349,284	\$ 13,428,252	\$ 18,958,465	\$ 32,102,267	\$ 18,020,004	\$ 13,261,507	\$ 3,885,778	\$ 114,005,557
Additions	115,489	172,296	1,805,590	722,410	952,627	1,401,562	1,608,341	6,778,315
Disposals	-	-	(213,552)	-	-	-	-	(213,552)
Cost, end 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
Accumulated amortization, beginning of year	\$ -	\$ 3,396,196	\$ 8,672,288	\$ 20,332,500	\$ 8,284,050	\$ 5,002,178	\$ -	\$ 45,687,212
Amortization	-	168,836	935,952	561,194	290,589	261,325	-	2,217,896
Disposals	-	-	(213,552)	-	-	-	-	(213,552)
Accumulated amortization, end of year	\$ -	\$ 3,565,032	\$ 9,394,688	\$ 20,893,694	\$ 8,574,639	\$ 5,263,503	\$ -	\$ 47,691,556
Net carrying amount, end of year	\$ 14,464,773	\$ 10,035,516	\$ 11,155,815	\$ 11,930,983	\$ 10,397,992	\$ 9,399,566	\$ 5,494,119	\$ 72,878,764

The net book value of tangible capital assets not being amortized because they are under construction, is \$6,278,592 (2018 - \$5,494,119). 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, 2019

10. Accumulated Surplus

	2019	2018
Operating surpluses		
General	\$ 2,002,357	\$ 2,823,328
Water	731,131	680,135
Sewer	474,907	423,906
Big Eddy Water	96,624	95,883
	3,305,019	4,023,252
Restricted operating surpluses		
Tax equalization	236,526	31,002
Reserves		
Big Eddy Water Works	1,873,783	1,942,477
Community Works Gas Tax	1,307,445	894,929
Electric utility	2,317,674	2,301,016
Financial stabilization	1,208,270	1,205,142
General capital	2,430,805	1,135,546
Greening City	163,500	169,484
Information technology	51,078	42,425
Insurance & legal	258,777	230,426
Land sale	1,479,028	1,644,667
Parkland acquisition	370,432	340,405
Public Art	21,762	15,388
Sewer capital	1,880,326	1,486,275
Transportation infrastructure	1,214,805	847,184
Vehicle & equipment	661,141	386,258
Water capital	1,955,672	2,353,924
	17,194,498	14,995,546
Segregated reserves		
Revelstoke Community Forest Corporation legacy funds	1,572,147	920,676
Investments		
Revelstoke Community Energy Corporation	143,043	139,012
Revelstoke Community Forest Corporation	5,153,116	5,904,881
Equity in tangible capital assets	60,876,842	56,058,946
	66,173,001	62,102,839
Accumulated surplus	\$88,481,191	\$ 82,073,315

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

11. Taxation - Net

	<b>Budget</b>		
	2019	2019	2018
			(Note 16)
Property taxes and payments-in-lieu	\$16,013,296	\$15,665,397	\$ 15,413,036
2018 supplemental assessment (Note 13(d))	-	-	(564,072)
Prior years supplemental assessments (Note 13(d))	-	-	(984,872)
Collections for other governments			
Province of British Columbia - School Tax	-	4,133,064	4,341,052
North Okanagan Columbia Shuswap			
Regional Hospital District	-	627,388	508,412
Columbia Shuswap Regional District	-	558,638	594,627
Municipal Finance Authority	-	436	413
British Columbia Assessment Authority	-	91,997	97,693
Libraries	-	275,751	324,436
	<u>16,013,296</u>	<u>21,352,671</u>	<u>19,730,725</u>
Transfers			
Province of British Columbia - School Tax	-	4,133,064	4,341,052
North Okanagan Columbia Shuswap			
Regional Hospital District	-	627,388	508,412
Columbia Shuswap Regional District	-	558,638	594,627
Municipal Finance Authority	-	436	413
British Columbia Assessment Authority	-	91,997	97,693
Libraries	-	275,751	324,436
	<u>-</u>	<u>5,687,274</u>	<u>5,866,633</u>
Available for general municipal purposes	<u>\$16,013,296</u>	<u>\$15,665,397</u>	<u>\$ 13,864,092</u>

12. Government and Other Grants

	2019	2018
Government grant conditional	\$ 3,424,813	\$ 3,768,028
Government grant unconditional	565,238	559,011
Non-government grant conditional	<u>1,661,059</u>	<u>1,523,107</u>
Total grants	<u>\$ 5,651,110</u>	<u>\$ 5,850,146</u>

December 31, 2019

---

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, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 \$626,537 (2018 - \$609,105) for employer contributions to the Plan in fiscal 2019. 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.
  - (d) In 2018, BC Assessment issued a supplemental assessment on certain properties within the City's boundaries, changing their underlying taxation category as a result of an appeal. As a result of this assessment, the City was required to refund \$564,072 of 2018 property taxes that were overcharged. Similar supplemental assessments on the same properties are expected for 2016 and 2017 fiscal years. The refund of overcharged property taxes were \$457,457 for 2016, and \$527,415 for 2017. The total liability of \$1,548,944 was accrued in 2018.
-

---

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

---

14. Funds Held in Trust

At year end, the City held \$171,679 (2018 - \$164,473) 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 April 23, 2019 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 23, 2019 with adjustments as follows:

	<u>2019</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	5,801,500
Principal repayments	1,504,775
Budgeted transfers to reserves	5,833,140
Budgeted transfer to surplus	112,000
Budgeted profit from RCEC/RCFC	100,000
Less:	
Budgeted transfers from reserves	(7,336,518)
Amortization	<u>(1,725,000)</u>
Budget surplus per Consolidated Statement of Operations	<u>\$ 4,289,897</u>

---

December 31, 2019

---

#### 16. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impact of COVID-19 continues, 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. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time.

In response to this event, the City has deferred the collection of property tax from its citizens to September 2, 2020. The City's ability to continue delivering non-essential services, and employ related staff, will depend on the legislative mandates from the 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.

#### 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.

Continued...

December 31, 2019

---

17. Segmented Information (continued)

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.

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, 2019

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
<b>Revenue</b>													
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
Income 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>
<b>Expenses</b>													
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>
<b>Net surplus</b>	<b>\$ 615,357</b>	<b>\$ 17,029</b>	<b>\$ 1,767,385</b>	<b>\$ (753)</b>	<b>\$ 3,502</b>	<b>\$ 131,529</b>	<b>\$ (2,643)</b>	<b>\$ 474,639</b>	<b>\$ 1,830,333</b>	<b>\$ 906,613</b>	<b>\$ 664,885</b>	<b>\$ -</b>	<b>\$ 6,407,876</b>

City of Revelstoke  
Notes to Consolidated Financial Statements

December 31, 2019

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	2018 Total
<b>Revenue</b>													
Taxation	\$ 666,373	\$ 3,387,813	\$ 6,236,546	\$ 488,359	\$ -	\$ -	\$ 717,820	\$ 2,041,764	\$ -	\$ -	\$ 325,417	\$ -	\$ 13,864,092
Government grants	965,281	232,319	775,660	-	-	116,875	1,445,863	775,290	284,456	1,193,875	60,527	-	5,850,146
Contributions by developers and property owners	-	-	-	-	-	-	-	183,656	4,856	587,457	122,462	-	898,431
User fees and service charges	549,761	384,136	1,438,558	306,895	372,616	32,376	-	857,111	2,148,423	139,761	1,275,042	(1,693,394)	5,811,285
Investment income	535,191	-	-	1,882	1,284	-	-	30	66,180	46	46,199	-	650,812
Income from government business enterprises	1,514,733	-	-	-	-	-	-	-	-	-	-	-	1,514,733
Other	17,705	56,515	107,023	3,200	-	-	-	61,412	145,472	-	34,683	-	426,010
	<b>4,249,044</b>	<b>4,060,783</b>	<b>8,557,787</b>	<b>800,336</b>	<b>373,900</b>	<b>149,251</b>	<b>2,163,683</b>	<b>3,919,263</b>	<b>2,649,387</b>	<b>1,921,139</b>	<b>1,864,330</b>	<b>(1,693,394)</b>	<b>29,015,509</b>
<b>Expenses</b>													
Salaries and wages	1,241,493	1,505,032	1,874,908	433,934	181,368	88,012	94,374	1,732,106	310,146	26,584	246,024	-	7,733,981
Supplies and services	822,732	2,207,192	3,696,470	364,541	213,960	73,461	2,046,431	1,803,599	811,268	43,750	572,701	(1,693,394)	10,962,711
Interest	18,655	43,750	252,764	-	-	-	-	54,250	255,885	-	164,649	-	789,953
Amortization	102,932	270,638	974,360	-	-	2,267	27,612	281,332	290,588	-	268,167	-	2,217,896
	<b>2,185,812</b>	<b>4,026,612</b>	<b>6,798,502</b>	<b>798,475</b>	<b>395,328</b>	<b>163,740</b>	<b>2,168,417</b>	<b>3,871,287</b>	<b>1,667,887</b>	<b>70,334</b>	<b>1,251,541</b>	<b>(1,693,394)</b>	<b>21,704,541</b>
<b>Net surplus</b>	<b>\$ 2,063,232</b>	<b>\$ 34,171</b>	<b>\$ 1,759,285</b>	<b>\$ 1,861</b>	<b>\$ (21,428)</b>	<b>\$ (14,489)</b>	<b>\$ (4,734)</b>	<b>\$ 47,976</b>	<b>\$ 981,500</b>	<b>\$ 1,850,805</b>	<b>\$ 612,789</b>	<b>\$ -</b>	<b>\$ 7,310,968</b>

City of Revelstoke  
Consolidated Financial Statements  
For the year ended December 31, 2019

Contact Information

Angie Spencer, CPA, CA  
BDO Canada LLP  
Chartered Professional Accountants  
Ph: 250-837-5225 Fax: 250-837-7170  
Email: [aspencer@bdo.ca](mailto:aspencer@bdo.ca)