

City of Revelstoke
Consolidated Financial Statements
For the year ended December 31, 2021

Contact Information

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City of Revelstoke
Consolidated Financial Statements
For the Year Ended December 31, 2021

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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.

DocuSigned by:

5FAFD0B228514E5... Director of Finance

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the City of Revelstoke (the City), and its controlled entities (the Consolidated Entity), which comprise the consolidated statement of financial position as at December 31, 2021, 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, 2021, 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 10, 2022

City of Revelstoke
Consolidated Statement of Financial Position

As at December 31	2021	2020
Financial assets		
Cash and cash equivalents (Note 1)	\$ 6,266,120	\$ 15,890,256
Taxes receivable	1,242,460	1,432,064
Accounts receivable (Note 2)	3,265,746	6,555,039
Portfolio investments (Note 3)	29,043,090	11,447,377
Investment in RCFC (Note 4)	5,607,601	5,526,052
Investment in RCEC (Note 5)	1	63,787
Deposit - Municipal Finance Authority (Note 8)	859,523	854,109
	<u>46,284,541</u>	<u>41,768,684</u>
Liabilities		
Accounts payable and accrued liabilities	8,185,435	8,949,216
Deferred revenue (Note 6)	7,905,363	4,351,165
Long term debt (Note 7)	12,752,344	13,889,974
Reserve - Municipal Finance Authority (Note 8)	859,523	854,109
	<u>29,702,665</u>	<u>28,044,464</u>
Net financial assets	<u>16,581,876</u>	<u>13,724,220</u>
Non-financial assets		
Tangible capital assets (Note 9)	88,631,775	85,793,902
Prepaid expenses	70,922	2,870
Inventories of supplies	544,856	603,713
	<u>89,247,553</u>	<u>86,400,485</u>
Accumulated surplus	<u>\$ 105,829,429</u>	<u>\$ 100,124,705</u>

See commitments and contingencies (Note 13)

DocuSigned by:

 _____ Director of Finance
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City of Revelstoke
Consolidated Statement of Operations

For the year ended December 31	Budget 2021	2021	2020
	(Note 15)		
Revenues			
Taxation - net (Note 11)	\$ 17,124,041	\$ 17,063,147	\$ 16,687,314
Government and other grants (Note 12)	6,242,038	5,230,954	11,467,706
Contributions by developers and property owners	-	80,789	319,818
User fees and service charges	6,817,048	6,912,595	6,157,727
Investment and other income	617,375	809,575	774,026
Equity income (loss) from RCFC (Note 4)	100,000	81,549	372,936
Equity loss from RCEC (Note 5)	-	(63,786)	(79,256)
Other	168,770	216,206	441,901
	31,069,272	30,331,029	36,142,172
Expenses			
General government	2,560,895	2,633,051	2,773,936
Protection services	4,728,519	4,667,364	4,265,557
Transportation services	6,460,166	6,846,274	7,542,418
Environmental services	391,326	311,653	315,322
Health services	137,515	145,527	193,838
Economic development services	2,581,827	2,137,221	2,488,509
Recreation and cultural services	3,869,278	3,463,242	3,286,151
Planning and development	1,889,898	1,310,333	937,929
Sewer services	1,441,330	1,364,794	1,063,434
Water services	2,163,098	1,746,846	1,631,564
	26,223,852	24,626,305	24,498,658
Annual surplus	4,845,420	5,704,724	11,643,514
Accumulated surplus, beginning of year	100,124,705	100,124,705	88,481,191
Accumulated surplus, end of year	\$ 04,970,125	\$ 105,829,429	\$ 100,124,705

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 2021	2021	2020
	(Note 15)		
Annual surplus	\$ 4,845,420	\$ 5,704,724	\$ 11,643,514
Acquisition of tangible capital assets	-	(5,776,616)	(12,386,143)
Amortization of tangible capital assets	-	2,935,638	2,580,566
Net book value of tangible capital assets disposed (Note 9)	-	3,105	219,015
	<u>4,845,420</u>	<u>2,866,851</u>	<u>2,056,952</u>
Decrease (increase) in inventory of supplies	-	58,857	(223,218)
Decrease (increase) in prepaid expenses	-	(68,052)	48,356
Net change in net financial assets	4,845,420	2,857,656	1,882,090
Net financial assets, beginning of year	13,724,220	13,724,220	11,842,130
Net financial assets, end of year	\$ 18,569,640	\$ 16,581,876	\$ 13,724,220

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

City of Revelstoke
Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
Operating transactions		
Annual surplus	\$ 5,704,724	\$ 11,643,514
Items not involving cash		
Gain from subsidiary operations	(17,763)	(293,680)
Amortization	2,935,638	2,580,566
Loss on disposal of tangible capital assets	3,105	49,015
Actuarial recognized on long-term debt	(338,513)	(487,463)
Changes in non-cash operating balances		
Taxes receivable	189,604	(202,638)
Accounts receivable	3,289,294	(1,741,408)
Inventories of supplies	58,857	(223,218)
Prepaid expenses	(68,052)	48,356
Accounts payable and accrued liabilities	(763,781)	3,454,010
Deferred revenue	3,554,198	(60,269)
	<u>14,547,311</u>	<u>14,766,785</u>
Capital transactions		
Acquisition of tangible capital assets	(5,776,616)	(12,386,143)
Proceeds on disposal of capital assets	-	170,000
	<u>(5,776,616)</u>	<u>(12,216,143)</u>
Investing transactions		
Net change in portfolio investments	<u>(17,595,713)</u>	10,238,081
	<u>(17,595,713)</u>	10,238,081
Financing transactions		
Net change in long term debt	<u>(799,118)</u>	(952,971)
Net change in cash and cash equivalents	(9,624,136)	11,835,752
Cash and cash equivalents, beginning of year	<u>15,890,256</u>	<u>4,054,504</u>
Cash and cash equivalents, end of year	<u>\$ 6,266,120</u>	<u>\$ 15,890,256</u>

City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2021

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	<p>The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the City. The following entities are owned or controlled by the City:</p> <table style="margin-left: 40px;"><tr><td style="padding-right: 20px;">Revelstoke Community Energy Corporation</td><td style="text-align: right;">100%</td></tr><tr><td>RCFC Holding Company Ltd.</td><td style="text-align: right;">100%</td></tr></table> <p>The 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, 2021

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>Land</td> <td style="text-align: right;">not amortized</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">40 - 75 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">5 - 25 years</td> </tr> <tr> <td>Roads and bridges</td> <td style="text-align: right;">10 - 100 years</td> </tr> <tr> <td>Water/sewer infrastructure</td> <td style="text-align: right;">10 - 100 years</td> </tr> <tr> <td>Projects in progress</td> <td style="text-align: right;">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>												

Continued...

City of Revelstoke

Summary of Significant Accounting Policies

December 31, 2021

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>
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, 2021

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 (2020 - \$3,000,000), bearing interest at Revelstoke Credit Union's prime lending rate. As of December 31, 2021, the City had an undrawn credit capacity under this facility of \$3,000,000 (2020 - \$3,000,000). The credit union's prime rate as at December 31, 2021 was 2.45% (2020 - 2.45%).

2. Accounts Receivable

	2021	2020
Trades receivable	1,191,774	4,284,317
Federal government	309,673	360,746
Big Eddy Waterworks local area service agreement	1,387,608	1,445,739
Thomas Brook local area service agreement	369,827	378,124
Other	6,864	86,113
	\$ 3,265,746	\$ 6,555,039

3. Portfolio Investments

	2021	2020
Municipal Finance Authority of British Columbia	\$ 5,060,556	\$ 12,803
Revelstoke Credit Union	5,000,000	-
RBC Dominion Securities Inc.	3,496,230	2,807,295
Raymond James Ltd.	8,157,564	5,000,000
Canaccord Genuity Corp.	7,137,030	3,561,880
Accrued interest	191,710	65,399
	\$ 29,043,090	\$ 11,447,377

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 April 2022 to September 2024. Interest rates on the GICs range from 0.01% - 3.25%. Investments held with Raymond James Ltd. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from November 2023 and April 2024. Interest rates on the GICs range from 1.40%-1.70%. Investments held with Canaccord Genuity Corp. are Guaranteed Investment Certificates (GICs) with maturity dates ranging from September 2022 to October 2024. Interest rates on the GICs range from 1.02% - 3.42%. Investments held with Revelstoke Credit Union are Guaranteed Investment Certificates (GICs) with maturity dates of April 2022. Interest rates on the GICs range from 0.85%-1.45%.

The market value of the City's portfolio investments is \$28,948,398 (2020 - \$11,556,945).

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

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:

	December 31, 2021	April 30, 2020
Financial position		
Current assets	\$ 5,052,216	\$ 4,325,385
Deferred charges	368,981	346,232
Other assets	1,187,806	1,224,538
Capital assets	<u>1,020,414</u>	<u>1,219,075</u>
Total assets	<u>7,629,417</u>	<u>7,115,230</u>
Current liabilities	526,393	575,159
Accrued silviculture	772,539	657,086
Deferred revenue	335,810	356,933
Long term debt	<u>387,074</u>	<u>-</u>
Total liabilities	<u>2,021,816</u>	<u>1,589,178</u>
Total net assets	<u>\$ 5,607,601</u>	<u>\$ 5,526,052</u>
	<u>20 months ended</u>	<u>12 months ended</u>
Results of operations		
Revenue	\$ 10,737,110	\$ 5,520,852
Cost of goods sold	(9,389,543)	(4,470,459)
Log-yard operations	72,922	97,754
Administrative expenses	<u>(1,338,940)</u>	<u>(775,211)</u>
Net income for the year	<u>\$ 81,549</u>	<u>\$ 372,936</u>

RCFC has a year-end of April 30. In the current year, the equity pickup was for the 20 month period ended December 31, 2021. This included an additional 8 months of equity for consistency with the City's year-end date of December 31, 2021. The comparative period presented is for the 12 months ended April 30, 2020.

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

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:

	<u>December 31, 2021</u>	<u>April 30, 2020</u>
Financial position		
Current assets	\$ 318,006	\$ 338,525
Capital assets	<u>2,434,379</u>	<u>2,744,266</u>
Total assets	<u>2,752,385</u>	3,082,791
Current liabilities	285,334	1,344,886
Long term debt	2,841,914	1,674,107
Shareholder's equity	<u>11</u>	<u>11</u>
Total liabilities	<u>3,127,259</u>	<u>3,019,004</u>
Total net assets	<u>\$ (374,874)</u>	<u>\$ 63,787</u>
	<u>20 months ended</u>	<u>12 months ended</u>
Results of operations		
Revenue	\$ 910,620	\$ 699,613
Expenses	<u>(1,349,281)</u>	<u>(778,869)</u>
Net loss for the year	<u>\$ (438,661)</u>	<u>\$ (79,256)</u>

RCEC owed \$1,017,333 (2020 - \$933,333) in dividends to the City during the year. The City paid \$141,987 (2020 - \$160,804) to RCEC for utilities during the year.

RCEC has a year-end of April 30. In the current year, the equity pickup was for the 20 month period ended December 31, 2021. This included an additional 8 months of equity for consistency with the City's year-end date of December 31, 2021. The comparative period presented is for the 12 months ended April 30, 2020.

RCEC is accounted for using the modified equity method. Under this method, losses are only recorded up to the carrying amount of initial investment. The City will resume recognizing its share of profits only after its share of the profits equals the share of losses not recognized. The share of losses is represented by the total net liabilities presented above of \$(374,874).

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

6. Deferred Revenue

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Economic Development Grants	\$ 441,311	\$ 133,994	\$ -	\$ (328,141)	\$ 247,164
Tourism Infrastructure	1,123,054	692,540	-	(1,258,029)	557,565
Deferred Development Cost Charges	2,085,028	2,378,404	122,867	(91,760)	4,494,539
Prepaid Licenses & Utilities	59,039	125,773	-	(52,593)	132,219
Other	642,733	2,340,476	-	(509,333)	2,473,876
	<u>\$ 4,351,165</u>	<u>\$ 5,671,187</u>	<u>\$ 122,867</u>	<u>\$ (2,239,856)</u>	<u>\$ 7,905,363</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, 2021

7. Long-Term Debt

Long-term debt outstanding:

	2021	2020
Balance at January 1	\$ 13,889,974	\$ 15,330,409
Principal repayments	(799,117)	(952,972)
Actuarial adjustments	(338,513)	(487,463)
Balance at December 31	\$ 12,752,344	\$ 13,889,974

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
2022	\$ 760,181	\$ 374,156	\$ 1,134,337
2023	604,609	413,127	1,017,736
2024	578,903	411,206	990,109
2025	578,903	450,053	1,028,956
2026	578,903	490,478	1,069,381
Thereafter	3,855,837	3,655,988	7,511,825
	\$ 6,957,336	\$ 5,795,008	\$ 12,752,344

The weighted average interest on long-term debt is 2.24% (2020 - 3.99%). Consolidated interest paid on the above long-term debt was \$490,338 (2020 - \$800,850).

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, 2021 the cash deposits in the Debt Reserve Fund were \$323,715 (2020 - \$318,301). 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, 2021, the demand notes were \$535,808 (2020 - \$535,808).

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

9. Tangible Capital Assets

2021

	Land	Buildings	Equipment	Roads and Bridges	Water	Sewer	Projects in Progress	Total
Cost, beginning 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
Additions	28,418	881,064	794,153	2,683,333	939,481	295,492	154,675	5,776,616
Disposals	-	-	(46,562)	-	-	-	-	(46,562)
Cost, end of year	<u>\$15,239,272</u>	<u>\$16,334,766</u>	<u>\$23,628,156</u>	<u>\$43,279,180</u>	<u>\$28,874,419</u>	<u>\$15,900,049</u>	<u>\$ 379,425</u>	<u>\$143,635,267</u>
Accumulated amortization, beginning of year	\$ -	\$ 3,941,095	\$10,871,563	\$22,120,649	\$ 9,328,090	\$ 5,849,914	\$ -	\$ 52,111,311
Amortization	-	267,517	1,099,826	752,058	504,700	311,537	-	2,935,638
Disposals	-	-	(43,457)	-	-	-	-	(43,457)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 4,208,612</u>	<u>\$11,927,932</u>	<u>\$22,872,707</u>	<u>\$ 9,832,790</u>	<u>\$ 6,161,451</u>	<u>\$ -</u>	<u>\$ 55,003,492</u>
Net carrying amount, end of year	<u>\$15,239,272</u>	<u>\$12,126,154</u>	<u>\$11,700,224</u>	<u>\$20,406,473</u>	<u>\$19,041,629</u>	<u>\$ 9,738,598</u>	<u>\$ 379,425</u>	<u>\$ 88,631,775</u>

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

9. Tangible Capital Assets (continued)

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

The net book value of tangible capital assets not being amortized because they are under construction, is \$379,425 (2020 - \$224,750). 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, 2021

10. Accumulated Surplus

	2021	2020
Operating surpluses		
General	\$ 1,980,796	\$ 2,050,213
Water	833,131	782,131
Sewer	574,907	524,907
Big Eddy Water	96,626	96,626
	3,485,460	3,453,877
Restricted operating surpluses		
Tax equalization	253,768	245,284
Reserves		
Big Eddy Water Works	1,692,565	1,811,314
Community Works Gas Tax	1,159,245	814,402
Electric utility	2,280,058	1,847,735
Financial stabilization	2,065,858	2,349,014
General capital	3,212,886	2,294,989
Greening City	235,083	199,173
Information technology	126,331	70,156
Insurance & legal	311,922	285,541
Land sale	1,089,453	1,060,608
Parkland acquisition	392,752	382,205
Public Art	29,426	24,604
Sewer capital	2,340,727	2,090,977
Transportation infrastructure	1,303,075	1,564,557
Vehicle & equipment	2,555	3,963
Water capital	2,679,468	2,560,560
	18,921,404	17,359,798
Segregated reserves		
Revelstoke Community Forest Corporation dividends	1,638,233	1,572,147
Investments		
Revelstoke Community Energy Corporation	1	63,787
Revelstoke Community Forest Corporation	5,607,601	5,526,052
Equity in tangible capital assets	75,922,963	71,903,760
	81,530,565	77,493,599
Accumulated surplus	\$ 105,829,430	\$ 100,124,705

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

11. Taxation - Net

	Budget 2021	2021	2020
			(Note 16)
Property taxes and payments-in-lieu	\$ 16,348,882	\$ 17,063,147	\$ 16,687,314
Collections for other governments			
Province of British Columbia - School Tax	-	5,012,325	4,035,018
North Okanagan Columbia Shuswap			
Regional Hospital District	-	911,084	913,510
Columbia Shuswap Regional District	-	641,299	678,841
Municipal Finance Authority	-	565	516
British Columbia Assessment Authority	-	127,209	118,879
Libraries	-	364,205	414,235
	16,348,882	24,119,834	22,848,313
Transfers			
Province of British Columbia - School Tax	-	5,012,325	4,035,018
North Okanagan Columbia Shuswap			
Regional Hospital District	-	911,084	913,510
Columbia Shuswap Regional District	-	641,299	678,841
Municipal Finance Authority	-	565	516
British Columbia Assessment Authority	-	127,209	118,879
Libraries	-	364,205	414,235
	-	7,056,687	6,160,999
Available for general municipal purposes	\$ 16,348,882	\$ 17,063,147	\$ 16,687,314

12. Government and Other Grants

	2021	2020
Government grant conditional	\$ 4,037,690	\$ 7,459,420
Government grant unconditional	573,028	2,683,708
Non-government grant conditional	620,236	1,324,578
Total grants	\$ 5,230,954	\$ 11,467,706

December 31, 2021

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, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$672,859 (2020 - \$698,439) for employer contributions to the Plan in fiscal 2021. 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, 2021

14. Funds Held in Trust

At year end, the City held \$180,588 (2020 - \$177,851) 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 May 11, 2021 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 May 11, 2021 with adjustments as follows:

	2021
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	9,428,789
Principal repayments	1,247,049
Budgeted transfers to reserves	5,569,070
Budgeted transfer to surplus	101,000
Budgeted profit from RCEC/RCFC	100,000
Less:	
Budgeted transfers from reserves	(9,875,488)
Amortization	(1,725,000)
	\$ 4,845,420
Budget surplus per Consolidated Statement of Operations	\$ 4,845,420

December 31, 2021

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, 2021

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...

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

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, 2021

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	2021 Total
Revenue													
Taxation	\$ 2,527,358	\$ 4,358,827	\$ 7,716,762	\$ 155,951	\$ -	\$ -	\$ -	\$ 1,929,808	\$ -	\$ -	\$ 455,230	\$ -	\$ 17,143,936
Government grants	1,740,280	252,319	52,143	64,705	-	102,497	1,956,730	1,062,280	-	-	-	-	5,230,954
User fees and service charges	591,139	130,691	1,916,070	1,092,975	406,411	50,794	-	551,969	2,544,401	168,541	1,547,879	(2,088,274)	6,912,596
Investment income	809,575	-	-	-	-	-	-	-	-	-	-	-	809,575
Income from government business enterprises	17,763	-	-	-	-	-	-	-	-	-	-	-	17,763
Other	199,540	-	5,395	-	-	-	-	-	4,813	-	6,457	-	216,205
	5,885,655	4,741,837	9,690,370	1,313,631	406,411	153,291	1,956,730	3,544,057	2,549,214	168,541	2,009,566	(2,088,274)	30,331,029
Expenses													
Salaries and wages	1,457,030	1,940,634	2,302,681	736,347	213,016	90,541	287,522	1,650,188	365,478	34,038	325,100	-	9,402,575
Supplies and services	1,191,935	2,887,044	5,413,065	582,806	173,301	64,986	1,852,699	1,924,525	1,345,139	161,432	1,218,040	(2,088,274)	14,726,698
Interest	10,810	68,497	154,191	-	-	-	-	37,675	60,142	60,800	104,917	-	497,032
	2,659,775	4,896,175	7,869,937	1,319,153	386,317	155,527	2,140,221	3,612,388	1,770,759	256,270	1,648,057	(2,088,274)	24,626,305
Net surplus	\$ 3,225,880	\$ (154,338)	\$ 1,820,433	\$ (5,522)	\$ 20,094	\$ (2,236)	\$ (183,491)	\$ (68,331)	\$ 778,455	\$ (87,729)	\$ 361,509	\$ -	\$ 5,704,724

City of Revelstoke
Notes to Consolidated Financial Statements

December 31, 2021

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
(Note 1, 16)													
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	\$ 3,475,861	\$ 1,644,810	\$ 3,187,895	\$ 182,711	\$ 9,536	\$ (2,236)	\$ 34,697	\$ 1,140,693	\$ 1,275,111	\$ 58,795	\$ 635,641	\$ -	\$ 11,643,514

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

December 31, 2021

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, 2021.

COVID-19 Safe Restart Grant, balance January 1, 2021		\$ 1,770,812
Expenditures:		
Facility operating costs	\$ 70,891	
Protective services	97,674	
Computer systems	40,438	
Support for vulnerable persons	20,000	
Community recovery	<u>213,857</u>	
Total Expenditures		<u>442,860</u>
Carry forward balance, December 31, 2021		<u>\$ 1,327,952</u>
