

The background of the top half of the page is a green topographic map with white contour lines. The text is overlaid on the left side of this map.

Consolidated Financial Statements

2021



FOR THE YEAR ENDED DECEMBER 31, 2021

PREPARED BY THE CITY OF QUESNEL FINANCE DEPARTMENT
QUESNEL, BRITISH COLUMBIA, CANADA

TABLE OF CONTENTS

Managements Responsibility	4
-----------------------------------	---

City of Quesnel Financial Statements

Independent Auditor's Report	5
Significant Accounting Policies	8
Consolidated Statement of Financial Position	12
Consolidated Statement of Operations	13
Consolidated Statement of Changes in Net Financial Assets	14
Consolidated Statement of Cash Flows	15
Consolidated Statement of Remeasurement Gains and Losses	16
Notes to the Consolidated Financial Statements	17
Schedule 1 - Consolidated Tangible Capital Assets	26
Schedule 2 - Consolidated Statement of Statutory Reserve Fund Activities	27
Schedule 3 - Segmented Statement	28
Schedule 4 - Covid Safe Restart Grant	29

This page is intentionally blank

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The information in this Financial Report is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as outlined under "Significant Accounting Policies" on page 5. These statements include some amounts based on management's best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly. Management also administers a program of proper business compliance.

KPMG LLP, the City's independent auditor, has audited the accompanying consolidated financial statements. The auditor's report is included as part of these statements.

Council carries out its responsibility for the consolidated financial statements principally through its Financial Sustainability & Audit Committee. The Financial Sustainability & Audit Committee meets annually with management and the City auditor, KPMG LLP, to review their activities and to discuss auditing, internal control, and financial reporting matters. KPMG LLP has unrestricted access to the City, the Financial Sustainability & Audit Committee and Council. The Financial Sustainability & Audit Committee reviews the consolidated financial statements with management prior to submission to Council for approval. It also reviews the recommendations of the independent auditor for improvements to controls as well as the actions of management to implement such recommendations.



Kari Bolton, CPA, CMA
Director of Corporate and Financial Services



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone 250 563-7151
Fax 250 563-5693

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Quesnel

Opinion

We have audited the consolidated financial statements of the City of Quesnel (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended.
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021 and its consolidated results of operations, change in net consolidated financial assets, its consolidated remeasurement gains and its consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

April 26, 2022

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED DECEMBER 31, 2021

The City of Quesnel (the “City”) is a municipality that was created on March 21, 1928 under the Community Charter, formerly the Village Municipalities Act, a statute of the Province of British Columbia. The City’s principal activities include the provision of local government services to residents of the incorporated area. These services include police, fire, public works, planning, parks and recreation, economic development, airport, transit, sewer, water and other general government operations.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian Federal and Provincial governments, enacting emergency measures to combat the spread of the virus. The current economic climate may have a direct impact on the City’s operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the business is not known at this time. There have been no significant adverse impacts on the City’s business to date.

- The City has activated its Emergency Operations Centre (EOC) to coordinate a local response to the public health issue as required.
- Masks are required for everyone in all public indoor setting and workplaces, including all City facilities.
- The City holds electronic Council Meetings as required by Ministerial Orders.
- Commercial flights, previously suspended, are now running at a reduced capacity.
- Casinos reopened in mid 2021. Casino Revenue for the year was still significantly below normal.
- The City approved a Mandatory Vaccination Policy in November 2021 that came into effect in January 2022.

a. Basis of Presentation

It is the policy of the City of Quesnel to follow Canadian public sector accounting standards and to apply such principles consistently. These consolidated financial statements include the operations of the General, Solid Waste, Water, Sewer, Transit, Airport, Forestry, Capital and Reserve Funds. The Consolidated Financial Statements also reflect the combined results and activities of the reporting entity which comprises all organizations that are accountable for the administration and financial affairs and resources to the Council and are controlled or owned by the City. They have been prepared using guidelines issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The financial resources and operations of the City have been consolidated for financial statement purposes and include the accounts of all of the funds of the City of Quesnel.

The focus of Canadian public sector accounting standards is on the financial position of the City and the changes thereto. The Consolidated Statement of Financial Position reflects the combined results and activities of the City’s Operating, Capital and Reserve Funds. The purposes of these funds are:

i. Operating Funds

Operating Funds are used to record the costs associated with providing City services.

ii. Capital Funds

Capital Funds are used to account for the acquisition costs of the City’s Tangible Capital Assets, the accumulated amortization thereon, and the funding thereof including related long term debt.

iii. Reserve Funds

Under the *Community Charter* of British Columbia, the Mayor and Council of the City may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Mayor and Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

iv. Trust Funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements.

v. Accounting for Region and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region and the School Board are not reflected in these consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED DECEMBER 31, 2021

b. Assets and Liabilities

Financial assets are economic resources controlled by a government as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of a government to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.

c. Accrual Accounting

The accrual method for reporting revenues and expenses has been used.

d. Inventories of Supplies

Inventory consists of supplies, repairs parts and materials consumed in operations and capital projects. Inventory is recorded at cost which is determined on a weighted average basis.

e. Tangible Capital Assets

- i. Tangible capital assets purchased or constructed and construction-in-progress are reported at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset. For the first and last year of the asset's life, half the amortization is applied. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

	Years		Years
Land Improvements	10 to 75	Roads	10 to 100
Buildings	5 to 65	Bridges	25 to 100
Fixtures, Furniture, Equipment & Vehicles	5 to 50	Water and Sewer Infrastructure	15 to 50
Technology	4 to 18		

- ii. Interest Capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

- iii. Works of art and cultural and historical assets

Works of art and cultural and historical assets are not recorded as assets in these financial statements.

f. Revenue Recognition

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The City is required to act as the agent for collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue or deposits.

Revenues which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When related expenses are incurred they are brought into revenue at amounts equal to the expenses.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED DECEMBER 31, 2021

g. Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant areas requiring the use of management estimates related to the determination of collectability of accounts receivable, and provisions for contingencies, landfill liabilities, accrued liabilities and useful lives of tangible capital assets. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period they arise.

h. Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the City of Quesnel is directly responsible; or accepts responsibility and
- iv. future economic benefits will be given up, and
- v. a reasonable estimate of the amount can be made.

i. Landfill liability

The liability for closure of operational sites and post-closure costs has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

j. Investment income

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

k. Cash and investments

Cash and investments include, cash, short term bonds, intermediate funds, and money market funds.

l. Long-term debt

Long-term debt is recorded net of related sinking fund balances and actuarial earnings.

m. Related Party Transactions

Any Related Party transactions, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

n. Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statement when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statements of operations as the stipulations for liabilities are settled.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED DECEMBER 31, 2021

o. Financial instruments are classified into two categories: fair value or cost.

- i. Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statements of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.
- ii. Cost category: portfolio investment not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statements of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the City determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the City expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
Financial Assets		
Cash	\$ 14,740,325	\$ 14,574,832
Portfolio investments - <i>note 2</i>	15,515,835	15,542,547
Taxes and accounts receivable - <i>note 3</i>	6,579,075	3,575,924
Property acquired for taxes	10,305	57,905
MFA debt reserve - <i>note 4</i>	211,494	123,352
	<u>37,057,034</u>	<u>33,874,560</u>
Financial Liabilities		
Accounts payable and accrued liabilities - <i>note 5</i>	6,665,876	6,989,672
Landfill closure - <i>note 6</i>	4,560,882	4,383,992
Deferred revenue - <i>note 7</i>	2,541,315	2,431,078
Municipal debt, net of sinking fund assets - <i>note 8</i>	13,547,130	12,258,288
	<u>27,315,203</u>	<u>26,063,030</u>
Net Financial Assets	<u>9,741,831</u>	<u>7,811,530</u>
Non-Financial Assets		
Prepaid expenses	342,660	350,368
Inventory of supplies	374,074	379,027
Tangible capital assets (<i>note 9</i>)	112,494,201	108,321,547
	<u>113,210,935</u>	<u>109,050,942</u>
Accumulated Surplus	<u>\$ 122,952,766</u>	<u>\$ 116,862,472</u>
Represented By:		
Operating Fund	\$ 4,745,196	\$ 4,510,613
Accumulated remeasurement losses	(460,379)	(109,135)
Statutory Reserves - <i>Schedule 2</i>	19,720,876	16,397,732
Equity in tangible capital assets - <i>note 10</i>	98,947,073	96,063,262
	<u>\$ 122,952,766</u>	<u>\$ 116,862,472</u>

Commitments and contingencies (note 16)

See accompanying notes.



Kari Bolton, CPA, CMA
Director of Corporate and Financial Services

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
Revenues			
Net taxation and grants in lieu - note 11	\$ 19,022,495	\$ 19,167,844	\$ 18,859,075
Sale of services - note 12	1,984,821	2,634,590	2,318,036
Government grants - note 13	11,894,388	7,287,087	6,114,926
Donations	-	28,694	267,128
Services provided to other governments	1,316,975	1,590,860	1,713,978
Investment	225,000	430,097	365,513
Utility user fees - note 12	2,792,103	2,774,782	2,599,905
MFA actuarial adjustment	-	132,921	259,645
Other	842,298	698,953	394,375
Total Revenues	38,078,080	34,745,828	32,892,581
Expenses			
General government services	2,770,887	2,560,853	2,567,761
Protective services	6,638,230	6,474,896	6,139,121
Transportation services	4,739,732	4,463,543	4,123,960
Solid waste management and recycling	1,635,926	1,594,524	1,671,873
Development services and planning	1,853,396	1,416,606	1,607,266
Forestry Initiatives	860,019	1,016,569	997,150
Recreation and cultural services	1,592,793	2,087,329	1,676,655
Operations	3,784,274	3,749,512	3,566,677
Other	-	299,528	589,455
Interest	262,304	269,874	63,160
Amortization	4,567,000	4,548,617	4,384,479
Total Expenses	28,704,561	28,481,851	27,387,557
Subtotal	9,373,519	6,263,977	5,505,024
Gain on sale of tangible capital assets	-	177,560	17,921
Annual Surplus	9,373,519	6,441,537	5,522,945
Accumulated surplus at beginning of year	116,971,608	116,971,608	111,448,664
Accumulated surplus at end of year	\$ 126,345,127	\$ 123,413,145	\$ 116,971,608

See accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
Annual Surplus	\$ 9,373,519	\$ 6,441,537	\$ 5,522,945
Tangible capital assets purchased	(18,223,065)	(8,775,834)	(14,501,936)
Amortization of tangible capital assets	4,567,000	4,548,617	4,384,479
Gain on sale of tangible capital assets	-	(177,560)	(17,921)
Proceeds on sale of tangible capital assets	-	232,124	240,471
	<u>(4,282,546)</u>	<u>2,268,884</u>	<u>(4,371,962)</u>
Use of supply inventory	-	4,953	26,698
Acquisition of prepaid expense	-	7,708	(44,712)
Net remeasurement	-	(351,244)	90,623
	<u>-</u>	<u>(338,583)</u>	<u>72,609</u>
Decrease in net financial assets	(4,282,546)	1,930,301	(4,299,353)
Net financial assets at beginning of year	7,811,530	7,811,530	12,110,883
Net financial assets at end of year	<u>\$ 3,528,984</u>	<u>\$ 9,741,831</u>	<u>\$ 7,811,530</u>

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
Operating transactions		
Annual surplus	\$ 6,441,537	\$ 5,522,945
Non-cash items:		
Amortization	4,548,617	4,384,479
Prepaid expenses	7,708	(44,712)
Supply inventory	4,953	26,698
(Gain) loss on sale of tangible capital assets	(177,560)	(17,921)
Actuarial adjustments	(132,921)	(259,644)
Net remeasurement	(351,244)	90,623
Changes to financial assets/liabilities:		
Taxes and accounts receivable	(3,003,151)	(669,749)
MFA cash deposits	(88,142)	59,552
Property acquired for taxes	47,600	(48,398)
Accounts payable and accrued liabilities	(323,796)	3,472,943
Landfill closure	176,890	114,875
Deferred revenue	110,237	303,874
MFA debt reserve	-	(182,904)
Cash provided by operating transactions	7,260,728	12,752,661
Capital transactions		
Acquisition of tangible capital assets	(8,775,834)	(14,501,936)
Proceeds from the sale of tangible capital assets	232,124	240,471
Cash applied to capital transactions	(8,543,710)	(14,261,465)
Investing transactions		
Decrease (Increase) in portfolio investments	26,712	(2,144,648)
Cash applied to investing transactions	26,712	(2,144,648)
Financing transactions		
Proceeds from debt issues	2,000,000	7,760,000
Debt repayment	(578,237)	(516,181)
Cash applied to financing transactions	1,421,763	7,243,819
Change in cash	165,493	3,590,366
Cash at beginning of year	14,574,832	10,984,465
Cash at end of year	\$ 14,740,325	\$ 14,574,832

See accompanying notes.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2021, WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
Accumulated remeasurement losses, beginning of year	\$ (109,135)	\$ (199,758)
Change in unrealized gain (loss) on portfolio investment	(351,244)	90,623
Remeasurement realized and reclassified to the Statement of Operations and Accumulated Surplus	-	-
Accumulated remeasurement losses, end of year	\$ (460,379)	\$ (109,135)

See accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Trust Funds

The City operates the Quesnel municipal cemetery and maintains a cemetery perpetual care fund in accordance with the Cremation, Interment and Funeral Services Act. At December 31, 2021, the balance of the funds was \$234,649 (2020-\$232,451).

The City has a memorandum of understanding to act as an escrow agent for the future Community Forest, a partnership between the City and local First Nations. The City is currently holding funds for this purpose in the amount of \$1,837,555. These funds are not reported in the Financial Statements.

2. Portfolio Investments

Portfolio investments are comprised of investments held with the Municipal Finance Authority ("MFA") in money market and intermediate pooled investment funds along with term deposits of varying maturity held with federal and provincial credit unions. MFA Short Term Bond Fund and Intermediate Fund investments are quoted in an active market and therefore recorded at fair market value. Term deposits are recorded at costs.

The portfolio investments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Input for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Hierarchy	2021	2020
MFA Short Term Bond	2	\$ 3,631,505	\$ 3,661,543
MFA Intermediate Fund	2	9,303,289	9,303,901
MFA Money Market Fund	1	2,581,041	2,577,103
Total portfolio investments		\$ 15,515,835	\$ 15,542,547

3. Taxes and Accounts Receivable

	2021	2020
Property taxes	\$ 1,075,926	\$ 856,519
Federal government	781,742	369,935
Provincial government	1,758,221	845,647
Regional government	423,125	448,500
General	2,540,061	1,055,323
Total taxes and accounts receivable	\$ 6,579,075	\$ 3,575,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

4. Deposit and Reserve - Municipal Finance Authority

The Municipal Finance Authority of British Columbia (the Authority) provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. The Authority must then use this fund if at any time there are insufficient funds to meet payments on its obligations. If this occurs the regional districts may be called upon to restore the fund.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund, less administrative expenses, becomes an obligation of the Authority to the regional districts.

Upon the maturity of the debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. As of December 31, the total of the Debt reserve fund was comprised of:

	2021	2020
Cash deposits *	\$ 211,494	\$ 123,352

**Only the cash portion of MFA deposits is included as a financial asset.*

5. Accounts Payable and Accrued Liabilities

	2021	2020
Provincial government	\$ 280,053	\$ 1,026,933
Trade	4,962,745	4,636,033
Payroll	1,049,234	1,154,638
Accrued interest	58,202	22,234
Deposits	315,642	149,834
Total accounts payable and accrued liabilities	\$ 6,665,876	\$ 6,989,672

6. Landfill Closure and Post Closure Costs

	2021	2020
Landfill closure liability	\$ 4,560,882	\$ 4,383,992

The City of Quesnel currently operates a sanitary landfill site at Carson Pit road. The operation of this site is governed by the BC Ministry of Environment, Lands and Parks (MoELP) - Operational Certificate No. MR3132. The future closure and post-closure care of the site are also under the direction of the MoELP.

The City of Quesnel has a Memorandum of Understanding with the Cariboo Regional District for the operation of this landfill. As per the MOU the Cariboo Regional District is responsible for 34% of the post closure costs and the City is responsible for the remaining 66%. The estimated future closure and post closure costs have been updated as at December 31, 2021 based on a third party engineer's cost estimate dated October 7, 2019 and volume updates dated March 4, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Landfill	2021	2020
Estimated Future Closure and Post Closure Costs	\$ 11,253,528	\$ 11,253,528
Discount Rate	2.40%	2.40%
Present Value of Estimated Closure and Post Closure Costs	\$ 9,711,911	\$ 9,558,118
Expected year capacity will be reached	2048	2048
Capacity (tonnes)		
Used to Date	1,782,269	1,758,084
Remaining	722,531	771,716
Total	2,504,800	2,529,800
Percent Utilized	71.2%	69.5%
Liability Based on Percentage	\$ 6,910,427	\$ 6,642,412
City's Portion of Liability	66% \$ 4,560,882	\$ 4,383,992

7. Deferred Revenue

	2021	2020
Development Cost Charges	\$ 950,049	\$ 909,195
Deferred Grants	993,092	996,369
Utility/Property Tax Prepayments	524,088	487,645
Other	74,086	37,869
	\$ 2,541,315	\$ 2,431,078

a. Development Cost Charges

Development Cost charges are restricted revenue liabilities representing funds received from developers and deposited into a separate reserve fund for capital expenses. In accordance with Canadian public sector accounting standards, the City records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Sanitary	\$ 96,947	\$ -	\$ 238	\$ -	\$ 97,185
Water	440,227	20,827	1,108	-	462,162
Storm	207,042	6,600	517	-	214,159
Roads	154,153	3,659	384	-	158,196
Parks	10,826	7,485	36	-	18,347
Total	\$ 909,195	\$ 38,571	\$ 2,283	-	\$ 950,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

8. Municipal Debt, Net of Sinking Fund Assets

Long-term debt is in the form of debentures issued through the Municipal Finance Authority of British Columbia ("MFA") pursuant to security issuing bylaws under authority of Section 179 of the Community Charter to finance certain capital expenditures. Sinking fund balances, managed by MFA, are used to reduce municipal debt.

Also includes Short Term Debt issued by the Municipal Finance Authority under Section 175 of the Community Charter for the purpose of buying mobile equipment. Interest Rate in December 2021 was 0.97% (2020 - 1.24%).

	Opening Balance	Additions	Principal Payments	Actuarial Adjustment*	Closing Balance
General Capital MFA					
85 Fire Truck	\$ 554,749	\$ -	\$ 23,048	\$ 27,262	\$ 504,439
95 New City Hall	3,083,510	-	181,481	87,495	2,814,534
115 Public Works	-	8,500,000	-	-	8,500,000
Equipment	1,556,319	500,000	360,795	-	1,695,524
Short Term - Public Works	7,000,000	(7,000,000)	-	-	-
	12,194,578	2,000,000	565,324	114,757	13,514,497
Water Capital					
77 Southhills Water	63,710	-	12,913	18,164	32,633
	63,710	-	12,913	18,164	32,633
Total	\$ 12,258,288	\$ 2,000,000	\$ 578,237	\$ 132,921	\$ 13,547,130

	Gross Debt	Reduction Due To Sinking Fund Assets	Closing Balance
General Capital MFA			
85 Fire Truck	\$ 1,100,000	\$ 595,561	\$ 504,439
95 New City Hall	6,000,000	3,185,466	2,814,534
115 Public Works	8,500,000	-	8,500,000
Equipment	2,056,318	360,794	1,695,524
	17,656,318	3,781,028	13,514,496
Water Capital			
77 Southhills Water	427,000	394,367	32,633
	427,000	394,367	32,633
Total	\$ 18,083,318	\$ 4,175,395	\$ 13,547,130

The following principal amounts are payable over the next five years:

	2022	2023	2024	2025	2026
General	\$ 405,974	\$ 405,974	\$ 405,974	\$ 405,974	\$ 405,974
Water Funds	12,914	-	-	-	-
Equipment	451,729	459,992	468,421	205,624	101,888
Total	\$ 870,617	\$ 865,966	\$ 874,395	\$ 611,598	\$ 507,862

* Actuarial Adjustments represent interest earned on sinking funds held by the Municipal Finance Authority. Such interest is used to reduce the principal amount of the outstanding debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

9. Tangible Capital Assets

	2021	2020
Land	\$ 12,026,358	\$ 11,975,374
Land Improvements	18,026,058	16,498,850
Buildings	24,328,808	10,532,884
Roads	20,891,101	21,076,821
Machinery & Equipment	5,143,844	4,036,768
Water Systems	15,266,159	15,781,476
Sewer Systems	3,905,145	2,823,608
Drainage Systems	8,656,722	9,037,261
Furniture, Equipment & Technology	966,763	803,953
Motor Vehicles	2,233,663	2,171,633
Construction-in-Progress	1,049,580	13,582,919
Total Tangible Capital Assets	\$ 112,494,201	\$ 108,321,547

Construction in progress having a value of \$1,049,580 (2020 - \$13,582,919) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Works of Art/Historical Treasures

The City owns a number of works of art/historical treasures which include all historical items in the museum, the Gold Pan, the Caboose at West Fraser Timber Park and the various artifacts on the River Walk including the steam shovel, waterwheel and the bulldozer. These items are not recorded as an asset in these consolidated financial statements.

For additional information, see the Consolidated Tangible Capital Assets (Schedule 1)

10. Equity in Tangible Capital Assets

Equity in tangible capital assets (TCA) represents the net book value (NBV) of total tangible capital assets less long term obligations to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2021	2020
Equity in TCA, beginning of year	\$ 96,063,262	\$ 93,152,530
Add: Capital Acquisitions	8,775,834	14,501,936
Debt principal payment	578,237	516,181
Actuarial Adjustment	132,921	259,644
Less: Dispositions at NBV	(54,564)	(222,550)
Additional Debt	(2,000,000)	(7,760,000)
Amortization	(4,548,617)	(4,384,479)
Equity in TCA, end of year	\$ 98,947,073	\$ 96,063,262

11. Net Taxation and Grants in Lieu

Taxes collected	2021	2020
Property Taxes	\$ 26,297,171	\$ 25,170,453
Special Assessments	188,000	187,000
1% Utility Tax	749,753	764,050
Grants in Lieu of Taxes	166,367	171,762
Penalties and Interest on taxes	188,393	188,431
Total Taxes Collected	\$ 27,589,684	\$ 26,481,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Less transfers to other governments	2021	2020
School District	\$ 3,951,021	\$ 3,240,187
Regional District	3,122,054	3,047,273
Regional Hospital District	1,232,185	1,217,635
Other	116,580	117,526
	<u>8,421,840</u>	<u>7,622,621</u>
Net Taxes Available for Municipal Purposes	\$ 19,167,844	\$ 18,859,075

12. Sale of Services and Utility User Fees

	2021	2020
Transit user fees	\$ 122,298	\$ 108,848
Airport user fees	72,770	120,699
Airport fuel sales	299,187	136,241
Garbage Fees	1,297,592	1,172,399
Rentals, licenses and permits	557,078	544,225
Other	285,665	235,624
Total Sale of Services	\$ 2,634,590	\$ 2,318,036
Water user rates	\$ 1,634,413	\$ 1,520,980
Sewer user rates	1,140,369	1,078,925
Total Utility User Fees	\$ 2,774,782	\$ 2,599,905

13. Government Transfers

	2021	2020
Federal: Conditional transfers	\$ 1,793,323	\$ 651,872
Provincial: Conditional transfers	3,549,628	3,973,803
Unconditional transfers	457,563	500,606
Regional/Other: Conditional transfers	1,486,573	988,645
Total Government Transfers	\$ 7,287,087	\$ 6,114,926

14. Expenses by Object

	2021	2020
Goods and Services	\$ 3,855,868	\$ 3,584,044
Salary, Wages & Benefits	11,086,551	10,597,672
RCMP Contract	3,165,365	3,052,145
Contractors/Subcontractors	3,764,685	3,806,454
Utilities - Electricity/Natural Gas	956,676	867,391
Other	476,418	704,330
Amortization	4,548,617	4,384,479
Insurance	357,797	327,882
Interest and Finance Charges	269,874	63,160
Total Expenses	\$ 28,481,851	\$ 27,387,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

15. Financial Instruments and Risk Management

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

a. Credit Risk

Credit risk primarily arises from the City's cash and investments and accounts receivable. The risk exposure is limited to their carrying amounts at the date of the statement of financial position. Accounts receivable primarily consist of amounts receivable from government organizations, residents, landfill and airport users. To reduce the risk, the City regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2021, the amount of allowance for doubtful debts was nil (2020 - \$30,546). The City historically has not had difficulty collecting receivables.

b. Market and Interest Rate Risk

Market risk is the risk that changes in market prices and inputs, such as interest rates, will affect the City's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The City manages market risk by holding cash balances with top rated Canadian Schedule I and 2 financial institutions and local credit unions. The portfolio investments are managed following the investment policy which is approved by the City's Council. The City periodically reviews its investments and is satisfied that the investments are being managed in accordance with the investment policy. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the fair value of investments have parallel changes in unrealized gains or losses until realized changes in the market interest rates. The City's investments are disclosed in Note 2. There has been no change to the market and interest rate risk exposure from 2020.

c. Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. The City manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

16. Commitments and Contingencies

- a. The MFA holds demand notes related to the City's debenture debt in the amount of \$298,502 (2020 -\$180,355). The demand notes are not recorded in the financial statements as they will only be called upon if the MFA does not have sufficient funds to meet its payment obligations.
- b. The City is jointly and severally liable under the provisions of Sections 826 of the Local Government Act for any default on monies borrowed by the Cariboo Regional District.
- c. **Municipal Insurance Association**

The City is a subscribed member of the Municipal Insurance Association of British Columbia (the "Exchange") as provided by section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the City is assessed a premium and specific deductible for its claims based on population. The obligation of the City with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange is in every case several, not joint and several. The City irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscribers may suffer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

d. Municipal Pension Plan

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 assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits 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 as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City of Quesnel paid \$935,029 (2020 -\$908,177) 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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- e. The City is obligated to collect and transmit property taxes levied on City of Quesnel property owners in respect of the following bodies:

Ministry of Finance, Province of British Columbia
Cariboo Regional District
Cariboo - Chilcotin Regional Hospital District
British Columbia Assessment Authority
Municipal Finance Authority

- f. The City has entered into various agreements and contracts for the provision of services that extend beyond the current year. Based on the agreements and contracts in place at December 31, 2021, future contractual obligations are estimated as follows:

2022	\$	420,749
2023		125,870
2024		128,940
2025		-
2026		-
Total	\$	675,559

17. 2021 Budget

The budget amounts presented throughout these financial statements represent the five year financial plan approved by the Mayor and Council on May 11, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

18. Contractual Rights

The City entered into a contract for various services with the Cariboo Regional District to provide services to the provision of joint municipal services within the City and the service area. The term of the contract commenced on January 2020 and terminates December 31, 2024. The total revenue associated with fiscal year 2022 is \$1,640,585.

19. Segmented Information

The City of Quesnel is a diversified local government providing a wide range of services to approximately 10,000 residents, including general government, water, sewer, transit and airport services. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment as well as amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. Segmented information has been presented in Schedule 3. The segments include:

General Government which provides services for transportation, fire protection, policing, planning and development, solid waste management, recreation and cultural services, cemetery and general administration.

Solid Waste which provides services for residential and commercial garbage collection, landfill, recycling and zero waste education.

Water which provides water production and distribution services.

Sewer which provides waste water collection and maintains a contract with Cariboo Pulp and Paper for wastewater treatment.

Transit which administers all transit operations in Quesnel, including a fixed bus route service and a handiDart Service.

Airport which operates the City's airport, which currently has one major carrier operating flights to Vancouver.

Forestry initiatives which administers all the forestry initiatives that City is engaged in, including various grant programs.

20. Litigation

The City is involved from time to time in litigation, which arises in the normal course of operations. Liabilities arising from any litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgment, there is no material negative exposure at this time from existing litigations.

CONSOLIDATED TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2021 | SCHEDULE I (UNAUDITED)

	Cost				Accumulated Amortization				Net Book Value 2021	Net Book Value 2020
	Opening Balance	Additions	Disposals	Ending Balance	Open Balance	Amortization	Disposals	Ending Balance		
Land	\$ 11,975,374	\$ 50,984	\$ -	\$ 12,026,358	\$ -	\$ -	\$ -	\$ -	\$ 12,026,358	\$ 11,975,374
Land Improvements	28,325,022	2,269,422	(230,260)	30,364,185	11,826,173	737,748	(225,794)	12,338,127	18,026,058	16,498,850
Buildings	19,790,214	14,467,879	(279,036)	33,979,057	9,257,330	638,564	(245,645)	9,650,249	24,328,808	10,532,884
Roads	38,749,662	611,690	(152,249)	39,209,103	17,672,841	795,647	(150,486)	18,318,002	20,891,101	21,076,821
Machinery & Equipment	8,830,605	1,651,783	(667,561)	9,814,827	4,793,837	537,452	(660,306)	4,670,983	5,143,844	4,036,768
Water Systems	32,997,319	164,602	(7,375)	33,154,546	17,215,843	679,489	(6,945)	17,888,387	15,266,159	15,781,476
Sewer Systems	8,635,821	1,261,403	(10,882)	9,886,342	5,812,213	179,043	(10,059)	5,981,197	3,905,145	2,823,608
Drainage Systems	16,635,898	58,100	-	16,693,998	7,598,637	438,639	-	8,037,276	8,656,722	9,037,261
Furniture, Eqpt & Tech	1,915,606	358,031	(411,295)	1,862,342	1,111,653	188,786	(404,860)	895,579	966,763	803,953
Motor Vehicles	5,994,445	415,279	(244,083)	6,165,641	3,822,812	353,249	(244,083)	3,931,978	2,233,663	2,171,633
Construction in Progress	13,582,919	(12,533,339)	-	1,049,580	-	-	-	-	1,049,580	13,582,919
	\$ 187,432,886	\$ 8,775,834	\$ (2,002,741)	\$ 194,205,979	\$ 79,111,339	\$ 4,548,617	\$ (1,948,178)	\$ 81,711,778	\$ 112,494,201	\$ 108,321,547

Construction-in-progress represents capital projects at year-end that have not been completed and are not ready for their intended use or to be amortized.

CONSOLIDATED STATEMENT OF STATUTORY RESERVE FUND ACTIVITIES

YEAR ENDED DECEMBER 31, 2021 | SCHEDULE 2 (UNAUDITED)

	Opening Balance	Transfers In	Interest Earned	Transfers Out	Closing Balance
Capital Reinvestment	\$ 3,694,005	\$ 3,385,040	\$ 11,161	\$ (1,694,458)	\$ 5,395,748
General Capital	2,950,637	2,344,953	7,075	(2,491,576)	2,811,089
Water	3,701,005	854,519	10,151	-	4,565,675
Sewer	3,741,928	202,815	9,450	-	3,954,193
West Quesnel Land Stability	117,837	67,930	373	-	186,140
Gas Tax	1,329,178	963,824	3,964	(397,776)	1,899,190
Tax Stabilization	843,998	371,823	2,109	(343,947)	873,983
Land Sales	16,132	15,647	59	-	31,838
Park Reserve	3,013	-	7	-	3,020
	\$ 16,397,732	\$ 8,206,551	\$ 44,350	\$ (4,927,757)	\$ 19,720,876

SEGMENTED STATEMENT

YEAR ENDED DECEMBER 31, 2021 | SCHEDULE 3 (UNAUDITED)

	Actual 2021							
	General Government	Solid Waste	Water	Sewer	Transit	Airport	Forestry Initiatives	Total
Revenues								
Property taxes and grants in lieu	\$ 17,776,486	\$ -	\$ 525,362	\$ 216,182	\$ 391,312	\$ 258,502	\$ -	\$ 19,167,844
Sale of services	625,916	1,317,446	160,229	36,745	122,298	371,956	-	2,634,590
Government grants	4,538,688	-	-	837,040	-	915,587	995,772	7,287,087
Donations	28,694	-	-	-	-	-	-	28,694
Services provided to other governments	799,676	597,818	-	-	97,366	66,000	30,000	1,590,860
Investment income	418,353	-	7,221	4,523	-	-	-	430,097
Utility user fees	-	-	1,634,413	1,140,369	-	-	-	2,774,782
MFA actuarial adjustment	114,757	-	18,164	-	-	-	-	132,921
Other	684,623	-	-	-	-	14,330	-	698,953
Total Revenues	\$ 24,987,192	\$ 1,915,264	\$ 2,345,389	\$ 2,234,859	\$ 610,976	\$ 1,626,375	\$ 1,025,772	\$ 34,745,828
Expenses								
General government services	2,560,853	-	-	-	-	-	-	2,560,853
Protective services	6,474,896	-	-	-	-	-	-	6,474,896
Transportation services	4,463,543	-	-	-	-	-	-	4,463,543
Solid waste management and recycling	-	1,594,524	-	-	-	-	-	1,594,524
Development services and planning	1,416,606	-	-	-	-	-	-	1,416,606
Recreation and cultural services	2,087,329	-	-	-	-	-	-	2,087,329
Operations	213,126	-	1,380,347	792,196	520,846	842,997	-	3,749,512
Forestry	-	-	-	-	-	-	1,016,569	1,016,569
Other	299,528	-	-	-	-	-	-	299,528
Interest expense	265,136	-	4,738	-	-	-	-	269,874
Amortization	3,432,365	-	692,427	187,747	-	236,078	-	4,548,617
Total Expenses	21,213,382	1,594,524	2,077,512	979,943	520,846	1,079,075	1,016,569	28,481,851
Subtotal	3,773,811	320,740	267,877	1,254,916	90,130	547,301	9,203	6,263,977
Loss on sale of tangible capital assets	178,813	-	(430)	(823)	-	-	-	177,560
Annual surplus (deficit)	\$ 3,952,623	\$ 320,740	\$ 267,447	\$ 1,254,093	\$ 90,130	\$ 547,301	\$ 9,204	\$ 6,441,537

CITY OF QUESNEL USE OF COVID SAFE RESTART GRANT

YEAR ENDED DECEMBER 31, 2021 | SCHEDULE 4 (UNAUDITED)

In November 2020, the City was the recipient of a \$2,503,000 grant under the COVID-19 Safe Restart for Local Governments program from the Province of BC. The funding was to support local governments as they deal with increased operating costs and lower revenue due to COVID-19. Eligible costs for the funding include:

- addressing revenue shortfalls
- facility reopening and operating costs
- emergency planning and response costs
- bylaw enforcement and protective services
- computer and other electronic technology costs
- services for vulnerable persons; and
- other related costs

Due to the conditions of the grant being fairly broad and open to allowing the local government to use the funding where they felt there was the greatest need, the entire \$2,503,000 was considered revenue in 2020 and included in grant revenue on the Statement of Operations and Accumulated Surplus.

Grant received by City Nov 2020	\$ 2,503,000
Replace Lost Casino Funds 2020	405,000
Replace Lost Airport Revenue 2020	129,631
Used in 2020	(534,631)
Grant Remaining December 31, 2020	\$ 1,968,369
Replace Lost Casino Funds 2021	269,312
Technology Updates including Council Chambers	175,000
Extra Cleaning due to COVID	75,000
Funds to Support North Cariboo Seniors Society	33,333
Funds to Support Food Hub	39,000
Strategic Review and Economic Development Support	175,106
Washrooms	89,840
Used in 2021	856,591
Grant Remaining December 31, 2021	\$ 1,111,778