

City of Prince George

Consolidated Financial Statements

For the Year Ended December 31, 2020

CITY OF PRINCE GEORGE

December 31, 2020

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FINANCIAL SERVICES

Finance Department

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the City of Prince George (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

Walter Babicz
Acting City Manager

Kris Dalio
Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Prince George

Opinion

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows 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 financial 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, 2020 and its consolidated results of operations, change in net consolidated debt 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 Consolidated 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 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.



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

Management is responsible for the preparation and fair presentation of the 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 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 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 consolidated 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 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 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 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Prince George, Canada

May 10, 2021

CITY OF PRINCE GEORGE

Consolidated Statement of Financial Position

as at December 31
(in thousands of dollars)

	2020	2019
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 73,986	\$ 96,257
Receivables (Note 3)	25,973	22,363
Investments (Note 4)	22,076	5,105
Property Held for Resale	137	773
Deposits - Municipal Finance Authority (Note 5)	<u>2,113</u>	<u>2,064</u>
	<u>124,285</u>	<u>126,562</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	54,225	39,693
Deferred Revenues (Note 7)	12,694	10,434
Deferred Development Cost Charges (Note 8)	5,446	5,190
Reserves - Municipal Finance Authority (Note 5)	2,113	2,064
Debt (Schedule 5)	<u>68,593</u>	<u>86,912</u>
	<u>143,071</u>	<u>144,293</u>
NET DEBT	<u>(18,786)</u>	<u>(17,731)</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	2,008	2,469
Inventories	1,233	1,077
Tangible Capital Assets (Note 9)	<u>770,261</u>	<u>730,493</u>
	<u>773,502</u>	<u>734,039</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 754,716</u>	<u>\$ 716,308</u>

Commitments and Contingencies (Note 13)

K. Dalio, Director of Finance

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Operations

for the year ended December 31 (in thousands of dollars)	2020 Original Budget Bylaw (Note 1(a)(v))	2020 Actual	2019 Actual
REVENUES			
Taxation and Grants in Lieu, net	\$ 120,002	\$ 121,090	\$ 117,580
Sales of Services, User Rates and Rentals	53,043	48,114	53,500
Investment Income and Actuarial Earnings	3,504	4,511	5,230
Development Cost Charges Contributions	1,025	590	586
Contributions from Other Governments and Agencies	7,397	27,482	20,739
Other Revenue	7,307	5,968	9,685
Gain on Disposal of Tangible Capital Assets	-	317	3,470
Contribution of Tangible Capital Assets	-	2,474	6,240
	<u>192,278</u>	<u>210,546</u>	<u>217,030</u>
EXPENSES (Note 14)			
General Government	25,436	24,669	23,483
District Energy	1,036	984	1,058
Protective Services	53,760	55,309	53,026
Transportation Services	38,913	39,829	40,371
Water and Sewer	17,269	18,206	18,379
Sanitation and Waste Removal	2,729	3,270	3,124
Public Health and Welfare	545	620	579
Planning and Environmental Development	3,167	3,351	2,469
Parks, Recreation and Cultural Services	23,943	20,657	27,003
Other Controlled Entities	3,761	5,243	5,624
	<u>170,559</u>	<u>172,138</u>	<u>175,116</u>
ANNUAL SURPLUS (Note 12)	<u>21,719</u>	<u>38,408</u>	<u>41,914</u>
ACCUMULATED SURPLUS, Beginning of Year	<u>716,308</u>	<u>716,308</u>	<u>674,394</u>
ACCUMULATED SURPLUS, End of Year (Note 10)	<u>\$ 738,027</u>	<u>\$ 754,716</u>	<u>\$ 716,308</u>

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Change in Net Debt

for the year ended December 31 (in thousands of dollars)	2020 Original Budget Bylaw (Note 1 (a)(v))	2020 Actual	2019 Actual
Annual Surplus	\$ 21,719	\$ 38,408	\$ 41,914
Amortization of Tangible Capital Assets	24,400	27,144	25,955
Proceeds on Disposal of Tangible Capital Assets	-	721	4,260
Change in Inventories and Prepaid Expenses	-	306	(883)
Transfer of Property Held for Resale	-	(4)	773
Gain on Disposal of Tangible Capital Assets	-	(317)	(3,470)
	46,119	66,258	68,549
Tangible Capital Asset Additions			
Acquisition of Tangible Capital Assets	(21,208)	(64,839)	(52,717)
Contribution of Tangible Capital Assets	-	(2,474)	(6,240)
	(21,208)	(67,313)	(58,957)
Decrease (increase) in Net Debt	24,911	(1,055)	9,592
Net Debt, Beginning of Year	(17,731)	(17,731)	(27,323)
Net Debt, End of Year	\$ 7,180	\$ (18,786)	\$ (17,731)

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Consolidated Statement of Cash Flows

for the year ended December 31
(in thousands of dollars)

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Annual Surplus	\$ 38,408	\$ 41,914
Non-cash Charges to Operations		
Amortization	27,144	25,955
Gain on Disposal of Tangible Capital Assets	(317)	(3,470)
Contribution of Tangible Capital Assets	(2,474)	(6,240)
Actuarial Earnings on Long-term Debt	(2,478)	(2,804)
Change in Property Held for Resale	(636)	-
	<u>59,647</u>	<u>55,355</u>
(Increase) Decrease in Receivables	(3,610)	3,445
Decrease (Increase) in Prepaid Expenses	462	(800)
Increase in Inventories	(156)	(83)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	14,530	(6,028)
Increase (Decrease) in Deferred Revenues	2,260	(995)
Increase in Deferred Development Cost Charges	256	417
	<u>73,389</u>	<u>51,311</u>
Capital		
Acquisition of Tangible Capital Assets	(64,839)	(52,717)
Proceeds on Disposal of Tangible Capital Assets	721	4,260
	<u>(64,118)</u>	<u>(48,457)</u>
Investing		
Increase in Investments	<u>(16,976)</u>	<u>(5,105)</u>
Financing		
Debt Proceeds	649	10,688
Repayment of Debt	(15,215)	(8,889)
	<u>(14,566)</u>	<u>1,799</u>
Decrease in Cash and Cash Equivalents	(22,271)	(452)
Cash and Cash Equivalents, Beginning of Year	96,257	96,709
Cash and Cash Equivalents, End of Year (Note 2)	\$ 73,986	\$ 96,257

To be read in conjunction with the Notes to the Consolidated Financial Statements

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

General

The Notes to the Consolidated Financial Statements are an integral part of these statements. They explain the significant accounting and reporting policies and the principles that form the basis for these financial statements. The Notes also provide important supplementary information and explanations which cannot be conveniently integrated into the Consolidated Financial Statements.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions and the City's response to the pandemic had a material impact on the City's operating results and financial position in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

1. Significant Accounting Policies

a) Basis of Presentation

The Consolidated Financial Statements of the City of Prince George (the "City") are prepared by management in accordance with Canadian Public Sector Accounting Standards. The Consolidated Financial Statements reflect the combined results and activities of the reporting entity which comprises all organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled or owned by the City. The Controlled entities are Prince George Public Library and Tourism Prince George Society. The City's general classification of funds and the purpose of those funds are shown below:

i) Operating Funds

These Funds include the General, District Energy, Water, and Sewer operations of the City. Operating Funds are used to record the costs associated with providing City services.

ii) Capital Funds

These Funds include General, District Energy, Water, Sewer, and Land Capital Funds. These Funds track the acquisition costs of various capital assets and the funding of these assets including related debt.

iii) Reserve Funds

Under the Community Charter of British Columbia, City Council may by bylaw establish special Reserve Funds for specific purposes. Money in a Reserve Fund and interest earned 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, City Council may, by bylaw, transfer all or part of the balance to another Reserve Fund.

iv) Trust Funds

These Funds have been created to hold cash assets that must be used for specific purposes and/or beneficiaries and according to certain agreements. In accordance with Canadian Public Sector Accounting Standards, Trust Funds administered by the City are not to be included in the City's Consolidated Financial Statements. These Trust Funds are presented in Schedule 4.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant Accounting Policies, continued

a) Basis of Presentation, continued

v) Original Budget Bylaw

The original budget bylaw, stated in the Consolidated Statements of Operations and Changes in Net Debt, represents the budget bylaw adopted in May 2020. Any budget amendments subsequently adopted by Council have not been included.

b) Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid money market investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

d) Investments

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

e) Property Held for Resale

Property held for resale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. Cost includes amounts for improvements to prepare the property for sale.

f) Deferred Revenues

Deferred revenues includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs or in the completion of specific work. 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 or services performed.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant Accounting Policies, continued

g) Financial Instruments

The City's financial instruments consist of cash and cash equivalents, receivables, investments, deposits and reserves with the Municipal Finance Authority, accounts payable and accrued liabilities and debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

h) 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. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Debt for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development, or betterment of the asset, excluding interest costs.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

The cost, less residual value, of tangible capital assets (except for Tourism Prince George Society's tangible capital assets) are amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not amortized
Building & Improvements	15 - 35 years
Vehicles, Machinery, & Equipment	3 - 20 years
Other	5 - 20 years
Infrastructure	
Roads	17 - 100 years
Parks	10 - 75 years
Water	10 - 80 years
Sanitary Sewer	12 - 140 years
Storm Drainage	25 - 140 years
Energy & Communication	35 - 40 years

Tourism Prince George Society uses the following methods and rates to amortize its assets:

Vehicles, Machinery, & Equipment	20 - 55%	Declining Balance
Leasehold Improvements	4 years	Straight-Line

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant Accounting Policies, continued

j) Works of Arts and Culture

Works of art and cultural and historical assets are not recognized as assets in the financial statements.

k) Capital Leases

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incident to ownership of the property to the City are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs, ie. insurance, maintenance costs, etc. The discount rate used to determine the present value of the lease payments is the lower of the City's rate for incremental borrowing or the interest rate implicit in the lease.

l) Inventories

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

m) Debt

Debt is recorded net of repayments and actuarial earnings. Principal debt repayment is recorded in operating funds in the year that it is repaid.

n) Revenue Recognition

Taxation revenues are recognized when levied in May of each year as this is when taxation revenues are authorized and the taxable event occurs. Taxation revenue is initially measured at realizable value. At year end, the City evaluates the ultimate collectability of taxation receivables and adjusts any valuation allowance. Interest and operating grants are recognized as earned.

Government transfers without stipulations are recognized as revenues in the period in which the transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized as the liability is settled. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

o) Expenses

Expenses are generally recognized as they are incurred and when the goods and services are received and/or a legal obligation to pay is established.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant Accounting Policies, continued

p) **Accumulated Surplus**

Accumulated surplus is the amount by which all financial and non-financial assets exceed all liabilities and indicates the net economic resources available to provide future services. Accumulated surplus is represented by various fund balances and equity in capital assets.

q) **Post-Employment Benefits**

The City accrues expenses for post-employment benefits when they exist as specified in the collective agreements such as a one month retirement allowance and sick gratuity for International Association of Fire Fighters (IAFF). The City accrues a percentage of compensated absences (sick leave) as obligated for Canadian Union of Public Employees (CUPE) employees as the employees render services necessary to earn future benefits. City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. CUPE sick benefits are vested at 25% and are also accrued. Management sick benefits do not accrue and are not vested. The City recognizes an expense for all other compensated absences (sick leave) and benefits as incurred.

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

r) **Contaminated Sites**

Contaminated sites are defined as the result of contamination being introduced in 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, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists,
- (ii) contamination exceeds the environmental standard,
- (iii) the organization is directly responsible or accepts responsibility for the liability,
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant Accounting Policies, continued

s) Use of Estimates

The preparation of consolidated financial statements in conformity 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 consolidated financial statements and the reported amount of revenues and expenses during the period. Items requiring estimates include the collectability of accounts receivable, accrued liabilities, useful lives of tangible capital assets, rates for amortization, employee benefits, existence of contaminated sites and impairment of investments and tangible capital assets.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

2. Cash and Cash Equivalents

	2020 (000's)	2019 (000's)
Cash	\$ 21,459	\$ 12,149
Cash Equivalents	<u>51,111</u>	<u>83,107</u>
	72,570	95,256
Other Controlled Entities	<u>1,416</u>	<u>1,001</u>
	<u>\$ 73,986</u>	<u>\$ 96,257</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

3. Receivables

	2020 (000's)	2019 (000's)
<u>General Operating Fund</u>		
Property Taxes	\$ 6,646	\$ 5,319
Federal Government	1,927	1,999
Provincial Government	1,829	2,495
Regional District of Fraser-Fort George	760	506
NDIT Grant Recipient Program	3,773	4,266
Accounts Receivable	2,019	3,005
Refuse Rates	398	423
	<u>17,352</u>	<u>18,013</u>
<u>Water Operating Fund</u>		
Water Utility Rates	<u>1,956</u>	<u>2,072</u>
<u>Sewer Operating Fund</u>		
Sewer Utility Rates	<u>1,313</u>	<u>1,396</u>
<u>General Capital Fund</u>		
Provincial Government	350	568
Miscellaneous	4,684	-
	<u>5,034</u>	<u>568</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	43	22
Tourism Prince George Society	275	292
	<u>318</u>	<u>314</u>
Total	<u>\$ 25,973</u>	<u>\$ 22,363</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

4. Investments

	2020 (000's)	2019 (000's)
MFA Intermediate Funds	\$ 19,892	\$ -
MFA Bond Funds	<u>1,969</u>	<u>4,896</u>
	21,861	4,896
Other Controlled Entities	<u>215</u>	<u>209</u>
	<u>\$ 22,076</u>	<u>\$ 5,105</u>

Investments are recorded at cost. As at December 31, 2020, the fair market value of the investments is \$22,320,000 (2019 - \$5,205,000).

5. Municipal Finance Authority Debt Reserve Fund

The City issues its debt instruments through the Municipal Finance Authority ("MFA"). As a condition of the borrowing, the City is obligated to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. The deposits are included in the City's financial statements as MFA cash deposits. If the debt is repaid without default, the deposits are refunded to the City. The notes as disclosed in note 13(e), which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default and are not recorded in the financial statements. Upon the maturity of a debt issue, the demand notes are released and deposits refunded to the City.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

6. Accounts Payable and Accrued Liabilities

	2020 (000's)	2019 (000's)
<u>General Operating Fund</u>		
Federal Government	\$ 12,257	\$ 8,879
Provincial Government	10,158	2,833
Regional District of Fraser-Fort George	375	244
Trade Accounts Payables	20,025	16,445
Payroll Statutory Liabilities	3,099	2,711
Vacation, Sick Leave, and Firefighters Gratuities	7,109	7,227
Accrued Interest on Capital Lease	228	257
Accrued Interest on Debt	582	636
	<u>53,833</u>	<u>39,232</u>
<u>District Energy Operating Fund</u>		
Accrued Interest on Debt	<u>2</u>	<u>2</u>
<u>Water Operating Fund</u>		
Accrued Interest on Debt	<u>94</u>	<u>95</u>
<u>Sewer Operating Fund</u>		
Accrued Interest on Debt	<u>22</u>	<u>22</u>
<u>General Capital Fund</u>		
Accrued Interest on Debt	3	5
Trade Accounts Payable	-	16
	<u>3</u>	<u>21</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	130	172
Tourism Prince George Society	141	149
	<u>271</u>	<u>321</u>
Total	<u>\$ 54,225</u>	<u>\$ 39,693</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

7. Deferred Revenues

The City records deferred revenue for funds received in advance on services not yet rendered and is recognized into revenue during the period when service is provided. The City also records deferred revenue when a contract specifies how the resources are to be used and therefore funds received in advance are deferred until the period when the requirement is met. Because these funds are restricted in nature they are shown as a liability.

	2020 (000's)	2019 (000's)
<u>Operating Funds</u>		
Taxes	\$ 7,841	\$ 7,385
Fees and charges		
General	2,612	2,562
Water	53	24
Sewer	32	45
<u>Capital Funds</u>		
Fees and Charges	-	3
Contributions Received for Land	178	221
Grants		
Other	1,894	136
	<u>12,610</u>	<u>10,376</u>
<u>Other Controlled Entities</u>		
Prince George Public Library	15	10
Tourism Prince George Society	69	48
	<u>84</u>	<u>58</u>
Total	<u>\$ 12,694</u>	<u>\$ 10,434</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

8. Deferred Development Cost Charges (DCC)

The City collects DCCs to pay for a proportionate share of infrastructure related to new growth. In accordance with the Community Charter of British Columbia, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

	2020 (000's)	2019 (000's)
Deferred DCC by Type		
Roads	\$ 1,068	\$ 1,037
Drainage	423	411
Parkland	378	368
Sewer	2,545	2,394
Water	1,032	980
	<u>\$ 5,446</u>	<u>\$ 5,190</u>
Deferred DCC		
Balance, Beginning of Year	\$ 5,190	\$ 4,773
Investment Income	85	128
DCCs Levied in the Year	760	875
	<u>845</u>	<u>1,003</u>
Transfers to General Capital	(310)	(442)
Transfers to Water Capital	(169)	(3)
Transfers to General Asset Maintenance	(110)	(117)
Transfers to Water Asset Maintenance	-	(24)
	<u>(589)</u>	<u>(586)</u>
Balance, End of Year	<u>\$ 5,446</u>	<u>\$ 5,190</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

9. Tangible Capital Assets

	2020 (000's)	2019 (000's)
Land	\$ 103,068	\$ 101,214
Buildings & Improvements	107,752	65,461
Vehicles, Machinery & Equipment	27,758	22,152
Other	492	532
Infrastructure		
Roads	169,065	165,709
Parks	20,584	21,497
Water	111,484	101,026
Sanitary Sewer	79,017	78,251
Storm Drainage	61,420	56,011
Energy & Communication	46,510	48,360
Assets Under Construction	43,111	70,280
	<u>\$ 770,261</u>	<u>\$ 730,493</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 3).

Assets contributed to the City totaled \$2,474,000 (2019 - \$6,240,000) and were capitalized at their fair value at the time of receipt.

10. Accumulated Surplus

	2020 (000's)	2019 (000's)
Operating - (Deficit) Surplus	\$ (21,846)	\$ 2,675
Reserves	70,744	65,395
Investment in Tangible Capital Assets	705,818	648,238
	<u>\$ 754,716</u>	<u>\$ 716,308</u>

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

11. Contractual Rights

a) **Fortis BC**

The City entered into an agreement with Fortis BC (formerly Terasen Gas Inc.) that has resulted in the creation of the Fortis BC Reserve Fund.

Capital Lease - under the terms of the agreement, the City has entered into a 35 year capital lease with Fortis BC commencing November 1, 2004, for the natural gas distribution system within the municipality's boundary. The City has prepaid \$58,596,000 of the capital lease obligation and has financed the prepayment through debenture debt. The remaining obligation of \$3,000,000 which is included in long-term debt, will be paid with annual lease payments of \$273,108 including interest of 5.460% per annum.

Operating Lease - the City has also entered into a 17 year operating lease with Fortis BC commencing November 1, 2004, whereby the City leases back to Fortis BC the operations of the gas distribution system. Under the operating lease, Fortis BC is required to make annual lease payments to the City calculated by a formula specified in the agreement. At the end of the 17 year term, Fortis BC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$58,596,000 prepayment which is estimated to be \$29,389,000 or negotiate a new 18 year operating lease with a continuation of the annual lease payments which existed under the previous 17 year operating lease. All debt payments to Fortis will cease at the end of the 17 year term. Projected income is listed below:

	(000's)
2021	<u>\$ 2,118</u>

b) **Regional District of Fraser-Fort George**

The City entered into a contract with the Regional District of Fraser-Fort George to provide personnel and facility space for the purposes of operating the Fire Operations Communication Centre portion of the centralized fire dispatch service. The term of the contract commenced on January 1, 2018 and terminates December 31, 2022. The annual fees to be received by the City for the provision of fire dispatch services during the remaining term of the agreement is as follows:

	(000's)
2021	<u>\$ 1,586</u>
2022	<u>1,605</u>
	<u>\$ 3,191</u>

12. Budgeted Surplus

The planned surplus of \$21,719,000, reflected in the Original Budget Bylaw Column on the Consolidated Statement of Operations was approved by Council in May 2020 upon finalization of the 2020 Annual Budget Bylaw. The approved annual budget bylaw has been adjusted for presentation in these financial statements to conform with Canadian Public Sector Accounting Standards. These adjustments included removing the purchase of tangible capital assets, debt servicing and deferred revenue and including amortization expense.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

13. Commitments and Contingencies

- a) The City is jointly and severally liable, as a member of the Regional District of Fraser-Fort George for any actuarial earnings deficiencies, and capital debt issued through the Regional District.
- 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 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, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local government.

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 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 \$5,956,000 (2019 - \$5,713,000) for employer contributions while employees contributed \$4,949,000 (2019 - \$4,743,000) to the plan in fiscal 2020.

The Prince George Public Library paid \$206,000 (2019 - \$192,000) for employer contributions while employees contributed \$182,000 (2019 - \$167,000) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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

- c) The City has been named as a defendant in various legal actions. No reserve or liability has been recorded regarding any of these legal actions or possible claims because the amount of the loss, if any, is undeterminable. Settlement, if any, made with respect to these actions would be accounted for as a charge to expenditures in the period in which it is likely that a future event will confirm the existence of a liability and the amount can be reasonably estimated.
- d) The City is committed to a third party under an agreement for the supply and operation of an off-street parking facility. The City's annual payment in respect of this commitment is \$183,208 for a period of 30 years commencing August 1, 1997.
- e) The City has issued a Demand Note to the Municipal Finance Authority (the "Authority") in the amount of \$3,982,000 (2019 - \$3,968,000). This Demand Note together with the cash deposit, as disclosed in Note 5, comprise an amount equal to one-half of the average annual installment of principal and interest for repayment of debenture debt issued by the Authority on behalf of the City, and is a requirement of the Authority.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

14. Expenses by Object

	2020 (000's)	2019 (000's)
Labour and Benefits	\$ 69,373	\$ 70,587
Materials and Supplies	6,281	6,002
City Fleet Expense	3,144	3,641
Contracted Services	16,491	19,274
Electricity and Natural Gas	4,590	4,940
RCMP Contract	24,871	22,841
Professional Services and Insurance	2,780	3,319
Grants	2,824	1,937
Miscellaneous	4,840	6,260
Debt Interest and Fiscal Services	4,881	5,136
Amortization	27,144	25,955
Other Controlled Entities	4,919	5,224
	<u>\$ 172,138</u>	<u>\$ 175,116</u>

15. Segmented Information

The City is a government institution that provides a wide range of services to its citizens, including police, fire, recreation and culture, transportation and public transit, development planning, sanitation, water and sewer. For management reporting purposes the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments and their activities are reported by these funds and are disclosed in the segmented information.

The accounting policies used in these segments are consistent with those followed in the preparation of the Consolidated Financial Statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 1).

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Certain division and departments that have separately disclosed in the segmented information along with the services they provide are as follows:

Protective Services

Protective Services includes Police Protection, Fire Protection, Emergency Measures and Bylaw Enforcement. Police Protection is provided to the City by the Royal Canadian Mounted Police (RCMP) through a police services contract with the Province of British Columbia (BC). Together the RCMP and the municipal employees at the detachment are committed to optimizing public safety through the community policing concept. Fire Protection includes fire suppression and protection, first responder medical services and emergency rescue, and fire dispatch within the City and Regional District. Emergency Measures provides a comprehensive emergency plan for coordinating response to emergencies and disasters. Bylaw Enforcement provides animal and parking control and other enforcement as required to support the bylaws in place within the community for the purpose of health, safety and security.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

15. Segmented Information, continued

Community Services

Community Services provides public services that support recreation, sport and leisure activities in the aquatic and arena facilities, convention, entertainment, meeting, events and sport activities in the CN Centre and Prince George Conference and Civic Centre, the development of partnerships for health and social solutions at the community level and the provision of civic facilities for the community.

Transportation Services

This segment includes the provision of Street Maintenance which includes pavement repair, line painting, street cleaning, dust control, sidewalk maintenance, traffic sign and street light installation and maintenance. Transit services are provided in partnership with BC Transit; parking lots and parkades provide for off-street parking for downtown businesses; fleet vehicles service the organization's operational requirements; storm drainage controls drainage through open and piped systems; and snow and ice control provides snow removal and salt and sanding applications to the road network.

Planning and Environmental Development

Planning includes both short and long-term development planning and application processing and permits as well as inspections, planning for neighbourhoods, parks, open spaces and pathways, and infrastructure planning and management. Environmental Development includes services and planning related to community forest, wildfire hazards, air quality, climate change, natural environment, ecosystem and habitat protection.

Sanitation and Waste Removal

This segment provides residential and (limited) commercial solid waste collection service and annual spring clean-up operations.

Public Health and Welfare

This segment provides for the Memorial Park Cemetery service and maintenance of the grounds.

Administration

The Administration of the City is captured under this section which includes Council, Office of the City Manager, Legislative Services, External Relations, Human Resources, Finance, Service Centre, Risk and Procurement and IT Services.

District Energy

This segment provides energy for space heating and domestic water heating to buildings located within a service area. The infrastructure and operations are funded through a combination of user fees and contributions from General Operating Fund.

CITY OF PRINCE GEORGE

Notes to the Financial Statements

For the year ended December 31, 2020

15. Segmented Information, continued

Water Services

Water Services provides potable water to the community which includes the pumping, treatment and distribution system and the wells and reservoirs. The infrastructure and operations are funded through a combination of user fees, grants, and special levies.

Sewer Services

Sewer Services provides for the collection and treatment of sewage which includes operation of the lift stations and wastewater treatment centre. The infrastructure and operations are funded through a combination of user fees, grants, and special levies.

Asset Maintenance

This segment provides the investment in asset maintenance funded through transfers from reserves, DCCs, levies and fees. The costs represent amounts incurred for capital asset maintenance that do not meet the capitalization threshold as established for financial reporting purposes.

Reserves and Other Funds

Reserve funds have been created to hold financial assets for specific future requirements. Reserve funds are generally used for tangible capital asset acquisition and reinvestment.

Other Controlled Entities

Other controlled entities include the Prince George Public Library and Tourism Prince George Society.

16. Comparative Figures

Certain 2019 figures have been reclassified to conform to the 2020 financial statement presentation.

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SUPPLEMENTARY FINANCIAL INFORMATION

City of Prince George

Schedule 1 - Segment Disclosure - 2020

for the year ended December 31 (in thousands of dollars)	General Operating Fund				
	Protective Services	Community Services	Transportation Services	Planning & Environment Development	Sanitation & Waste Removal
REVENUES					
Taxation and Grants in Lieu, net	\$ -	\$ -	\$ -	\$ -	-
Sales of Services, User Rates and Rentals	2,132	3,019	2,892	13	4,705
Investment Income and Actuarial Earnings	-	5	7	-	-
Development Cost Charges Contributions	-	-	-	-	-
Contributions from Other Governments and Agencies	63	2,135	-	2	-
Other Revenue	1,003	(163)	695	2,804	38
Gain on Disposal of Tangible Capital Assets	-	-	-	-	-
Asset Contributions	-	-	-	-	-
	<u>3,198</u>	<u>4,996</u>	<u>3,594</u>	<u>2,819</u>	<u>4,743</u>
EXPENSES					
Labour and Benefits	24,644	8,715	9,573	2,709	1,163
Goods and Services	27,469	6,081	14,239	260	1,750
Debt Interest and Fiscal Services	912	118	691	-	-
Amortization	2,447	3,814	11,225	-	329
Prince George Public Library	-	-	-	-	-
Tourism Prince George Society	-	-	-	-	-
	<u>55,472</u>	<u>18,728</u>	<u>35,728</u>	<u>2,969</u>	<u>3,242</u>
NET SURPLUS (DEFICIT) BEFORE TRANSFERS	<u>(52,274)</u>	<u>(13,732)</u>	<u>(32,134)</u>	<u>(150)</u>	<u>1,501</u>
Transfers	(1,197)	(1,755)	3,577	(271)	(1,859)
ANNUAL SURPLUS (DEFICIT)	<u>\$ (53,471)</u>	<u>\$ (15,487)</u>	<u>\$ (28,557)</u>	<u>\$ (421)</u>	<u>\$ (358)</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2020

General Operating Fund

Public Health & Welfare	Administration	District Energy	Water	Sewer	Asset Maintenance	Reserves & Other Funds	Other Controlled Entities	Consolidated 2020
\$ -	\$ 119,804	\$ -	\$ 22	\$ 300	\$ -	\$ -	964	\$ 121,090
511	4,968	277	16,301	13,235	-	-	61	48,114
-	2,880	-	347	129	-	1,131	12	4,511
-	-	-	169	-	111	310	-	590
-	17,935	-	214	14	82	6,373	664	27,482
3	2,479	-	183	132	267	(1,586)	113	5,968
-	-	-	(20)	-	-	351	(14)	317
-	-	-	497	165	-	1,812	-	2,474
514	148,066	277	17,713	13,975	460	8,391	1,800	210,546
407	12,188	36	2,449	2,689	4,800	-	-	69,373
139	5,392	278	1,746	1,547	6,920	-	-	65,821
5	2,528	25	467	135	-	-	-	4,881
49	3,518	617	2,485	2,336	-	-	324	27,144
-	-	-	-	-	-	-	3,711	3,711
-	-	-	-	-	-	-	1,208	1,208
600	23,626	956	7,147	6,707	11,720	-	5,243	172,138
(86)	124,440	(679)	10,566	7,268	(11,260)	8,391	(3,443)	38,408
(84)	(23,832)	1,094	(9,282)	(5,898)	11,260	28,247	-	-
\$ (170)	\$ 100,608	\$ 415	\$ 1,284	\$ 1,370	\$ -	\$ 36,638	\$ (3,443)	\$ 38,408

Asset Maintenance Expenses by Fund

General	\$ 7,340
District Energy	29
Water	2,674
Sewer	1,677
	<u>\$ 11,720</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2019

for the year ended December 31 (in thousands of dollars)	General Operating Fund				
	Protective Services	Community Services	Transportation Services	Planning & Environment Development	Sanitation & Waste Removal
REVENUES					
Taxation and Grants in Lieu, net	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of Services, User Rates and Rentals	2,214	7,715	4,319	17	4,577
Investment Income and Actuarial Earnings	-	-	14	-	-
Development Cost Charges Contributions	-	-	-	-	-
Contributions from Other Governments and Agencies	(449)	769	-	184	-
Other Revenue	765	588	997	2,877	120
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	-	-	-
Asset Contributions	-	-	-	-	-
	<u>2,530</u>	<u>9,072</u>	<u>5,330</u>	<u>3,078</u>	<u>4,697</u>
EXPENSES					
Labour and Benefits	24,660	12,124	9,078	2,097	1,105
Goods and Services	25,224	8,390	16,499	313	1,643
Interest	946	123	856	-	-
Amortization	2,028	3,959	10,724	-	306
Prince George Public Library	-	-	-	-	-
Tourism Prince George Society	-	-	-	-	-
	<u>52,858</u>	<u>24,596</u>	<u>37,157</u>	<u>2,410</u>	<u>3,054</u>
NET SURPLUS (DEFICIT) BEFORE TRANSFERS	<u>(50,328)</u>	<u>(15,524)</u>	<u>(31,827)</u>	<u>668</u>	<u>1,643</u>
Transfers	(1,345)	(1,817)	2,685	(270)	(1,986)
ANNUAL SURPLUS (DEFICIT)	<u>\$ (51,673)</u>	<u>\$ (17,341)</u>	<u>\$ (29,142)</u>	<u>\$ 398</u>	<u>\$ (343)</u>

City of Prince George

Schedule 1 - Segment Disclosure - 2019

General Operating Fund

Public Health & Welfare	Administration	District Energy	Water	Sewer	Asset Maintenance	Reserves & Other Funds	Other Controlled Entities	Consolidated 2019
\$ -	\$ 115,868	\$ -	\$ 22	\$ 425	\$ -	\$ -	1,265	\$ 117,580
510	5,014	206	16,053	12,789	5	-	81	53,500
-	2,983	1	329	143	-	1,748	12	5,230
-	-	-	3	-	117	466	-	586
-	18,951	-	10	-	168	807	299	20,739
-	2,586	-	304	229	226	715	278	9,685
-	-	-	(34)	-	-	3,508	(4)	3,470
-	-	-	878	766	-	4,596	-	6,240
510	145,402	207	17,565	14,352	516	11,840	1,931	217,030
390	10,889	56	2,779	2,680	4,729	-	-	70,587
120	5,660	272	1,925	1,534	6,634	-	-	68,214
9	2,592	33	469	108	-	-	-	5,136
49	3,346	607	2,327	2,209	-	-	400	25,955
-	-	-	-	-	-	-	3,686	3,686
-	-	-	-	-	-	-	1,538	1,538
568	22,487	968	7,500	6,531	11,363	-	5,624	175,116
(58)	122,915	(761)	10,065	7,821	(10,847)	11,840	(3,693)	41,914
(81)	(29,510)	610	(8,264)	(5,435)	10,847	34,566	-	-
\$ (139)	\$ 93,405	\$ (151)	\$ 1,801	\$ 2,386	\$ -	\$ 46,406	\$ (3,693)	\$ 41,914

Asset Maintenance Expenses by Fund

General	\$ 6,925
District Energy	90
Water	2,397
Sewer	1,951
	<u>\$ 11,363</u>

City of Prince George Schedule 2 - Reserve Funds

for the year ended December 31, 2020 (in thousands of dollars)	General Capital (a)	Water Capital	Sewer Capital	Downtown Off- Street Parking	Computers & Equipment (b)
Reserve Funds					
Equity, Beginning of Year	\$ 17,706	\$ 10,356	\$ 7,700	\$ 1,844	\$ 4,007
Investment Income	263	183	133	37	60
Third Party Contributions	-	-	-	-	-
Transfers from (to)					
General Operating Fund	(273)	-	-	1,244	419
General Capital	(8,424)	66	68	(482)	(1,374)
District Energy Capital	(537)	-	-	-	-
Water Operating Fund	-	6,811	-	-	-
Water Capital	-	(5,291)	-	-	-
Sewer Operating Fund	-	-	5,309	-	-
Sewer Capital	-	-	(3,022)	-	-
Land Capital	-	-	-	-	-
Other Reserves	(1,925)	-	-	-	205
	(11,159)	1,586	2,355	762	(750)
Equity, End of Year	\$ 6,810	\$ 12,125	\$ 10,188	\$ 2,643	\$ 3,317

City of Prince George

Schedule 2 - Reserve Funds

Land Development	Northern Capital & Planning	Snow Control	Road Rehabilitation	Safe Restart Grant	Other Statutory & Regulated (c)	Total 2020
\$ 1	\$ 7,697	\$ -	\$ 592	\$ -	\$ 15,492	\$ 65,395
-	171	7	30	-	248	1,132
-	-	-	-	-	-	-
-	5,885	(7)	5,648	6,110	3,267	22,293
225	(1,657)	-	(5,091)	-	(3,118)	(19,787)
-	-	-	-	-	-	(537)
-	-	-	-	-	-	6,811
-	-	-	-	-	-	(5,291)
-	-	-	-	-	-	5,309
-	-	-	-	-	-	(3,022)
(1,559)	-	-	-	-	-	(1,559)
1,334	-	-	-	-	386	-
-	4,228	(7)	557	6,110	535	4,217
\$ 1	\$ 12,096	\$ -	\$ 1,179	\$ 6,110	\$ 16,275	\$ 70,744

- (a) RRFE Gaming Reserve
Endowment Fund
Capital Expenditure Reserve
General Infrastructure Reinvestment Reserve
- (b) Mobile Equipment Reserve
Computer Equipment Reserve
- (c) Storm Drainage Reserve
Debt Reduction Reserve
Southwest Sector Recreation Reserves
Parkland Acquisition Reserve
Fortis BC Reserve
Extension - Ospika / Marleau Reserve
EVP Crown Land Forestry Reserve
Solid Waste Reserve
Community Works Fund Reserve
Climate Action Revenue Incentive Program Reserve
Major Events Reserve
Miscellaneous Reserve
Performing Arts Reserve
Community Fibre Optic Reserve

City of Prince George
Schedule 3 - Tangible Capital Assets - 2020

for the year ended December 31 (in thousands of dollars)	Assets Under Construction	Land	Buildings & Improvements	Vehicles, Machinery & Equip	Other
Cost					
Opening costs,	\$ 70,280	\$ 101,214	\$ 216,483	\$ 55,801	\$ 1,300
Additions during the year	24,076	1,782	19,920	8,110	157
Transfers to tangible capital assets	(51,245)	110	27,948	2,207	-
Property held for resale	-	4	-	-	-
Disposals	-	(42)	(917)	(2,889)	(214)
Closing costs	<u>43,111</u>	<u>103,068</u>	<u>263,434</u>	<u>63,229</u>	<u>1,243</u>
Accumulated Amortization					
Opening accumulated amortization	-	-	151,022	33,649	768
Amortization	-	-	5,558	4,659	200
Disposals	-	-	(898)	(2,837)	(217)
Closing accumulated amortization	-	-	<u>155,682</u>	<u>35,471</u>	<u>751</u>
Net Book Value of Tangible Capital Assets	<u>\$ 43,111</u>	<u>\$ 103,068</u>	<u>\$ 107,752</u>	<u>\$ 27,758</u>	<u>\$ 492</u>

City of Prince George
 Schedule 3 - Tangible Capital Assets - 2020

Infrastructure

Infrastructure							Total 2020
Roads	Parks	Water	Sanitary Sewer	Storm Drainage	Energy & Comm		
\$ 328,458	\$ 37,833	\$ 159,307	\$ 132,402	\$ 76,267	\$ 80,637	\$	1,259,982
7,961	309	1,743	921	1,800	534		67,313
3,179	-	11,220	2,181	4,400	-		-
-	-	-	-	-	-		4
(1,588)	-	(86)	-	-	-		(5,736)
<u>338,010</u>	<u>38,142</u>	<u>172,184</u>	<u>135,504</u>	<u>82,467</u>	<u>81,171</u>		1,321,563
162,749	16,336	58,281	54,151	20,256	32,277		529,489
7,509	1,222	2,485	2,336	791	2,384		27,144
(1,313)	-	(66)	-	-	-		(5,331)
<u>168,945</u>	<u>17,558</u>	<u>60,700</u>	<u>56,487</u>	<u>21,047</u>	<u>34,661</u>		551,302
<u>\$ 169,065</u>	<u>\$ 20,584</u>	<u>\$ 111,484</u>	<u>\$ 79,017</u>	<u>\$ 61,420</u>	<u>\$ 46,510</u>	<u>\$</u>	770,261

City of Prince George
Schedule 3 - Tangible Capital Assets - 2019

for the year ended December 31 (in thousands of dollars)	Assets Under Construction	Land	Buildings & Improvements	Vehicles, Machinery & Equip	Other
Cost					
Opening costs	\$ 48,573	\$ 102,970	\$ 216,575	\$ 51,614	\$ 1,327
Additions during the year	38,873	79	615	3,235	202
Transfers to tangible capital assets	(17,166)	6	-	2,394	-
Property held for resale	-	(773)	(707)	-	-
Disposals	-	(1,068)	-	(1,442)	(229)
Closing costs	<u>70,280</u>	<u>101,214</u>	<u>216,483</u>	<u>55,801</u>	<u>1,300</u>
Accumulated Amortization					
Opening accumulated amortization	-	-	146,760	30,947	748
Amortization	-	-	4,969	4,080	247
Disposals	-	-	-	(1,378)	(227)
Amortization on property held for resale	-	-	(707)	-	-
Closing accumulated amortization	<u>-</u>	<u>-</u>	<u>151,022</u>	<u>33,649</u>	<u>768</u>
Net Book Value of Tangible Capital Assets	<u>\$ 70,280</u>	<u>\$ 101,214</u>	<u>\$ 65,461</u>	<u>\$ 22,152</u>	<u>\$ 532</u>

City of Prince George
 Schedule 3 - Tangible Capital Assets - 2019

Infrastructure

Infrastructure							Total 2019
Roads	Parks	Water	Sanitary Sewer	Storm Drainage	Energy & Comm		
\$ 318,417	\$ 35,334	\$ 152,697	\$ 122,927	\$ 74,738	\$ 80,582	\$	1,205,754
9,591	910	2,035	1,833	1,529	55		58,957
887	1,589	4,648	7,642	-	-		-
-	-	-	-	-	-		(1,480)
(437)	-	(73)	-	-	-		(3,249)
<u>328,458</u>	<u>37,833</u>	<u>159,307</u>	<u>132,402</u>	<u>76,267</u>	<u>80,637</u>		1,259,982
155,368	15,148	55,991	51,942	19,512	29,904		506,320
7,818	1,188	2,327	2,209	744	2,373		25,955
(437)	-	(37)	-	-	-		(2,079)
-	-	-	-	-	-		(707)
<u>162,749</u>	<u>16,336</u>	<u>58,281</u>	<u>54,151</u>	<u>20,256</u>	<u>32,277</u>		529,489
<u>\$ 165,709</u>	<u>\$ 21,497</u>	<u>\$ 101,026</u>	<u>\$ 78,251</u>	<u>\$ 56,011</u>	<u>\$ 48,360</u>	<u>\$</u>	<u>730,493</u>

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City of Prince George

Schedule 4 - Statement of Financial Position - Trust Funds

as at December 31
(in thousands of dollars)

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 2,260	\$ 2,527
Investments	464	114
	<u>2,724</u>	<u>2,641</u>
ACCUMULATED SURPLUS		
Winter Games	102	100
Cemetery Care	2,588	2,507
Discovery Place	34	34
	<u>\$ 2,724</u>	<u>\$ 2,641</u>

Statement of Operations - Trust Funds

for the year ended December 31
(in thousands of dollars)

	Winter Games	Cemetery Care	Discovery Place	2020 Total	2019 Total
Trust Funds					
Accumulated Surplus - Beginning of Year	\$ 100	\$ 2,507	\$ 34	\$ 2,641	\$ 2,561
Investment Income and Actuarial Earnings	2	40	-	42	66
Third Party Contributions	-	81	-	81	77
Transfers to/from General Operations	-	40	-	40	63
	<u>2</u>	<u>81</u>	<u>-</u>	<u>83</u>	<u>80</u>
Accumulated Surplus - End of Year	<u>\$ 102</u>	<u>\$ 2,588</u>	<u>\$ 34</u>	<u>\$ 2,724</u>	<u>\$ 2,641</u>

NOTE:

As described in Note 1.a.iv of the Notes to the Consolidated Financial Statements, Trust Funds are not included in the City of Prince George Consolidated Financial Statements.

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31
General Capital Fund Debt						
7489/7361A	81	Apr 22/04	Snow Disposal	Apr 22/24	2.85	\$ 14
0000/7601	85	Oct 25/04	Fortis BC Lease In/Out	Dec 02/21	5.00	3,578
0000/7601A	87	Oct 25/04	Fortis BC Lease In/Out	Oct 31/21	1.75	1,618
0112/7361	93	Apr 06/05	Snow Disposal	Apr 06/25	5.10	299
0112/7486	93	Apr 06/05	Road Rehabilitation	Apr 06/25	5.10	611
0112/7506	93	Apr 06/05	City Yard	Apr 06/25	5.10	139
2005/7361	95	Oct 13/05	Snow Disposal	Oct 13/25	5.00	136
2005/7486	95	Oct 13/05	Exhibition Grounds	Oct 13/25	5.00	297
2005/7598	95	Oct 13/05	Exhibition Grounds	Oct 13/25	5.00	38
2006/7486	97	Apr 19/06	Road Rehabilitation	Apr 19/26	1.75	402
2006/7748/1	99	Oct 19/06	Exhibition Grounds	Oct 19/26	1.75	32
2007/7505G	101	Aug 01/07	RCMP New Facility	Aug 01/27	2.25	1,242
2516/7970	105	Apr 21/09	Cameron Street Bridge	Jun 03/29	2.25	1,368
2516/8011	105	Apr 21/09	Cemetery Redevelopment	Jun 03/29	2.25	71
2592/7970	110	Apr 08/10	Cameron Street Bridge	Apr 08/30	4.50	2,060
2697/8284	118	Apr 11/12	River Rd. Reconstruction	Apr 11/32	3.40	2,677
2477/7505	121	Apr 04/12	RCMP New Facility	Apr 04/32	2.90	6,759
2760/8011	121	Apr 04/12	RCMP New Facility	Apr 04/32	2.90	909
2760/8011	129	Jul 31/14	RCMP New Facility	Jul 31/34	2.00	7,000
2948/8329	133	Oct 02/15	18th Ave Admin Bldg	Oct 02/35	2.75	11,200
2948/8316	133	Oct 02/15	RCMP New Facility	Oct 02/35	2.75	2,431
3044/8674	142	Oct 04/17	Foreman Road Landslide	Oct 04/37	3.15	885
3072/8748	145	Apr 23/18	Kin 3 Arena Floor	Apr 23/38	3.15	920
3136/8846	149	Oct 09/19	Nechako Riverside Park	Oct 09/39	2.24	607
3153/8953	150	Apr 09/20	Kelly Rd North Culvert	Apr 09/40	1.99	671
						45,964
nil /9028	-	Jul 12/19	Willow Cale Haggith Repair	Jul 04/24	(b)	-
nil /9029	-	Jul 12/19	Winnipeg Sinkhole	Jul 04/24	(b)	-
						-
Capital Lease - Concert Realty Services Ltd (Westel)					9.50	2,591
Capital Lease - Fortis BC					5.46	262
Equipment Loans - Municipal Finance Authority					(b)	5,191
Total General Capital Fund Debt						\$ 54,008
General Operating Fund Debt						
3100/8758	146	Sep 19/18	PG Pulpmill Road Erosion	Sep 19/38	3.20	375
Downtown Incentives - Northern Development Initiative Trust				2029	0.00	3,773
Total General Operating Fund Debt						\$ 4,148

(a) Future payments do not include actuarial amounts.

(b) The rate of interest on the short-term liabilities under agreement and the equipment loans varied from 1.22% to 2.58% (2019 - 2.44% to 2.81%).

City of Prince George

Schedule 5 - Debt

FUTURE PAYMENTS (a)
(Including Principal and Interest)

Principal Outstanding Dec. 31, 2019	2021	2022	2023	2024	2025
\$ 17	\$ 3	\$ 3	\$ 3	\$ 2	\$ -
6,986	3,757	-	-	-	-
3,174	1,242	-	-	-	-
354	71	69	68	66	64
724	144	141	138	135	132
164	33	32	31	31	30
161	36	36	36	36	36
350	79	79	79	79	79
45	10	10	10	10	10
461	53	53	53	53	53
37	4	4	4	4	4
1,394	158	158	158	158	158
1,492	140	140	140	140	140
78	7	7	7	7	7
2,225	171	171	171	171	171
2,848	262	262	262	262	262
7,191	612	612	612	612	612
968	82	82	82	82	82
7,500	638	628	618	608	598
11,761	189	189	189	189	189
2,553	869	869	869	869	869
924	69	69	69	69	69
958	68	68	68	68	68
630	38	38	38	38	38
-	41	41	41	41	41
52,995	8,776	3,761	3,746	3,730	3,712
5,895	-	-	-	-	-
1,538	-	-	-	-	-
7,433	-	-	-	-	-
2,919	585	585	585	585	585
511	273	-	-	-	-
6,370	1,289	900	857	729	623
\$ 70,228	\$ 10,923	\$ 5,246	\$ 5,188	\$ 5,044	\$ 4,920
391	28	28	28	28	28
4,266	496	496	492	457	457
\$ 4,657	\$ 524	\$ 524	\$ 520	\$ 485	\$ 485

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31
District Energy Capital Fund Debt						
7746/2638	125	May 30/13	District Energy System	May 30/23	2.00	\$ 1,000
Total District Energy Capital Fund Debt						\$ 1,000
Water Capital Fund Debt						
7425/7037	79	Jun 03/03	Water System	Jun 03/23	2.25	201
7425/7212	79	Jun 03/03	Water System	Jun 03/23	2.25	47
7489/7212	81	Apr 22/04	Water System	Apr 22/24	2.85	15
7489/7361	81	Apr 22/04	Water System-Hart Nech	Apr 22/24	2.85	43
0112/7361	93	Apr 06/05	Hart Nechako Supply	Apr 06/25	5.10	299
2005/7361A	95	Oct 13/05	Hart Nechako Supply	Oct 13/25	5.00	1,167
2005/7598A	95	Oct 25/05	Hart Nechako Supply	Oct 25/25	5.00	453
2006/7598	97	Apr 19/06	Hart Nechako Supply	Apr 19/26	1.75	60
2006/7748	97	Apr 19/06	Hart Nechako Supply	Apr 19/26	1.75	1,517
2006/7361	99	Oct 19/06	Cranbrook Hill Reservoir	Oct 19/26	1.75	445
2006/7748	99	Oct 19/06	Cranbrook Hill Reservoir	Oct 19/26	1.75	8
2007/7361W	101	Aug 01/07	Foothills Blvd Main	Aug 01/27	2.25	367
2007/7486W	101	Aug 01/07	Foothills Blvd Main	Aug 01/27	2.25	494
2008/7924	104	Nov 20/08	PW805 to Ferry	Nov 20/28	2.90	325
2697/8287	118	Apr 11/12	Simon Fraser Bridge Pipe	Apr 11/32	3.40	524
Total Water Capital Fund Debt						\$ 5,965

(a) Future payments do not include actuarial amounts.

City of Prince George
 Schedule 5 - Debt

FUTURE PAYMENTS (a) (Including Principal and Interest)					
Principal Outstanding Dec. 31, 2019	2021	2022	2023	2024	2025
\$ 1,400	\$ 418	\$ 410	\$ 202	\$ -	\$ -
<u>\$ 1,400</u>	<u>\$ 418</u>	<u>\$ 410</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ -</u>
262	49	49	38	-	-
62	11	11	9	-	-
18	3	3	3	2	-
52	9	9	9	7	-
354	71	69	68	66	64
1,377	313	313	313	313	313
535	121	121	121	121	121
69	8	8	8	8	8
1,737	201	201	201	201	201
510	59	59	59	59	59
9	1	1	1	1	1
412	47	47	47	47	47
554	63	63	63	63	63
359	41	41	41	41	41
558	51	51	51	51	51
<u>\$ 6,868</u>	<u>\$ 1,048</u>	<u>\$ 1,046</u>	<u>\$ 1,032</u>	<u>\$ 980</u>	<u>\$ 969</u>

City of Prince George

Schedule 5 - Debt

as at December 31
(in thousands of dollars)

Bylaw SI/LA	Issue No.	Date of Issue	Purpose	Date of Maturity	Rate	Principal Outstanding December 31
Sewer Capital Fund Debt						
7425/7036	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	\$ 208
7425/7089	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	147
7425/7211	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	39
7425/7213	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	57
7425/7361	79	Jun 03/03	Sanitary Sewer	Jun 03/23	2.25	22
7489/7211	81	Apr 22/04	Sanitary Sewer	Apr 22/24	2.85	51
2006/7361/1	99	Oct 19/06	Blackburn Treatment Plant	Oct 19/26	1.75	31
2007/7361S	101	Aug 01/07	Blackburn Treatment Plant	Aug 01/27	2.25	105
2975/8515	137	Apr 19/16	Sanitary Sewer	Apr 19/36	2.60	1,285
3136/8722	149	Oct 09/19	Sanitary Sewer	Oct 09/39	2.24	1,527
Total Sewer Capital Fund Debt						\$ 3,472
Other Controlled Entities						
Total Other Controlled Entities Debt						\$ -
TOTAL DEBT						\$ 68,593

(a) Future payments do not include actuarial amounts.

City of Prince George
 Schedule 5 - Debt

FUTURE PAYMENTS (a) (Including Principal and Interest)						
Principal Outstanding Dec. 31, 2019	2021	2022	2023	2024	2025	
\$ 271	\$ 50	\$ 50	\$ 39	\$ -	\$ -	
192	35	35	28	-	-	
51	9	9	7	-	-	
75	14	14	11	-	-	
28	5	5	4	-	-	
62	11	11	11	8	-	
35	4	4	4	4	4	
117	13	13	13	13	13	
1,344	93	93	93	93	93	
1,584	94	94	94	94	94	
<u>\$ 3,759</u>	<u>\$ 328</u>	<u>\$ 328</u>	<u>\$ 304</u>	<u>\$ 212</u>	<u>\$ 204</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 86,912</u>	<u>\$ 13,241</u>	<u>\$ 7,554</u>	<u>\$ 7,246</u>	<u>\$ 6,721</u>	<u>\$ 6,578</u>	