

**Town of Peace River**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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## Management's Responsibility

To the Mayor and Council of Town of Peace River:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councillors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

September 28, 2020

  
Cheryl J. Baker  
Chief Administrative Officer

## Independent Auditor's Report

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To the Council of Town Of Peace River:

### Opinion

We have audited the consolidated financial statements of Town Of Peace River and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of financial activities and accumulated operating surplus, changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and the results of its consolidated operations 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Peace River, Alberta

September 28, 2020

*MNP LLP*

Chartered Professional Accountants

**TOWN OF PEACE RIVER  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	<u>8,309,628</u>	16,894,509
Receivables		
Taxes and grants in lieu of taxes (Note 3)	2,895,379	2,849,606
Receivable from other governments	3,538,739	3,627,682
Trade and other receivables (Note 4)	8,583,875	7,652,881
Land inventory held for resale	28,881	28,881
Long-term investments	<u>30</u>	30
	<u><b>23,356,532</b></u>	<u>31,053,589</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 5)	3,282,541	-
Accounts payable and accrued liabilities	2,922,437	6,440,038
Deposit liabilities	68,906	71,582
Deferred revenue (Note 6)	7,577,355	4,873,901
Employee benefit obligations (Note 7)	246,125	203,457
Long term debt (Note 8)	20,218,942	21,620,918
Due to related party (Note 9)	591	171,866
Post-closure liability (Note 21)	2,556,330	2,336,761
Other Long term Liabilities	-	-
	<u>36,873,227</u>	<u>35,718,523</u>
<b>NET FINANCIAL (DEBT) ASSETS</b>	<u><b>(13,516,695)</b></u>	<u>(4,664,934)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	137,755,105	129,259,352
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	2,612,315	2,982,394
Inventory for consumption	-	-
Prepaid expenses	<u>34,786</u>	23,730
	<u><b>140,402,206</b></u>	<u>132,265,476</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1 and Note 13)	<u><u><b>126,885,511</b></u></u>	<u><u>127,600,542</u></u>

Commitments and contingencies - See Notes 16 and 17

**Approved by**

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Mayor

\_\_\_\_\_  
Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget \$	2019 \$	2018 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	11,269,580	<b>11,265,940</b>	10,912,675
User fees and sale of goods	5,180,150	<b>5,044,297</b>	4,725,475
Peace Regional Waste Management Company	1,776,021	<b>1,555,430</b>	1,813,899
Government transfers for operating (Schedule 4)	2,555,370	<b>3,296,135</b>	5,322,150
Investment income	143,500	<b>271,517</b>	349,795
Penalties and costs on taxes	407,100	<b>392,548</b>	417,714
Franchise and concession contracts	1,222,210	<b>1,055,942</b>	1,018,718
Other revenues	487,610	<b>594,122</b>	494,897
<b>Total revenues</b>	<u>23,041,541</u>	<u><b>23,475,931</b></u>	<u>25,055,323</u>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	278,310	<b>279,054</b>	801,185
Administration	2,227,140	<b>2,481,215</b>	2,337,729
Protective services	3,240,600	<b>3,760,670</b>	3,283,616
Transportation	4,227,860	<b>8,618,336</b>	8,384,432
Water supply and distribution	2,098,200	<b>3,057,743</b>	2,849,057
Wastewater treatment and disposal	1,082,690	<b>1,390,772</b>	875,703
Waste management	346,580	<b>301,707</b>	319,283
Peace Regional Waste Management Company	2,010,343	<b>2,066,595</b>	2,085,540
Public health and economic development	1,328,510	<b>1,273,829</b>	1,303,960
Recreation and parks	4,231,640	<b>5,057,109</b>	3,849,690
Writedown of tangible capital assets	-	-	-
<b>Total Expenses</b>	<u>21,071,873</u>	<u><b>28,287,030</b></u>	<u>26,090,195</u>
<b>SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	1,969,668	<b>(4,811,099)</b>	(1,034,872)
<b>OTHER</b>			
Development Levies and Other Contributions	-	<b>2,180,881</b>	1,333,833
Government transfers for capital (Schedule 4)	-	<b>1,915,187</b>	5,351,320
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,969,668	<b>(715,031)</b>	5,650,281
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	127,600,542	<b>127,600,542</b>	121,950,261
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>129,570,210</u>	<u><b>126,885,511</b></u>	<u>127,600,542</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL (DEBT) ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget \$	2019 \$	2018 \$
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,969,668	<b>(715,031)</b>	5,650,281
Acquisition of tangible capital assets	(22,484,700)	<b>(15,120,369)</b>	(20,148,164)
Proportionate share of acquisition of tangible capital assets of Peace Regional Waste Management Company	(282,857)	<b>(237,382)</b>	(408,594)
Proportionate proceeds on disposal of tangible capital assets of Peace Regional Waste Management Company	-	-	33,060
Amortization of tangible capital assets	-	<b>6,624,616</b>	5,742,005
Proportionate share of amortization of tangible capital assets of Peace Regional Waste Management Company	600,000	<b>602,961</b>	627,064
Proportionate loss on disposal of tangible capital assets of Peace Regional Waste Management Company	-	<b>4,500</b>	707
Writedown of tangible capital assets	-	-	-
	<u>(22,167,557)</u>	<u><b>(8,125,674)</b></u>	<u>(14,153,922)</u>
Use of prepaid assets	-	<b>23,730</b>	19,520
Acquisition of prepaid assets	-	<b>(34,786)</b>	(23,730)
	<u>-</u>	<u><b>(11,056)</b></u>	<u>(4,210)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(20,197,889)	<b>(8,851,761)</b>	(8,507,851)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(4,664,934)</u>	<u><b>(4,664,934)</b></u>	<u>3,842,917</u>
<b>NET FINANCIAL (DEBT) ASSETS, END OF YEAR</b>	<u><u>(24,862,823)</u></u>	<u><u><b>(13,516,695)</b></u></u>	<u><u>(4,664,934)</u></u>

**TOWN OF PEACE RIVER  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	(715,031)	5,650,281
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	7,227,577	6,369,070
Loss on disposal of tangible capital assets	4,500	707
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(45,773)	503,028
Decrease (increase) in trade and other receivables	(930,994)	2,309,036
Decrease (increase) in receivable from other governments	88,943	(142,410)
Decrease (increase) in prepaid expenses	(11,056)	(4,210)
Decrease (increase) in accounts payable and accrued liabilities	(3,517,601)	92,645
Decrease (increase) in deposit liabilities	(2,676)	21,795
Decrease (increase) in deferred revenue	2,703,454	(960,342)
Increase in post closure liability	219,569	240,887
Decrease in inventory for consumption	-	-
Increase (decrease) in employee benefit obligations	42,668	(3,561)
Cash provided by operating transactions	<u>5,063,580</u>	<u>14,076,926</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(15,120,369)	(20,148,164)
Proportionate share of acquisition of tangible capital assets by Peace Regional Waste Management Company	(237,382)	(408,594)
Proceeds on disposal of tangible capital assets	-	33,060
Cash provided by (applied to) capital transactions	<u>(15,357,751)</u>	<u>(20,523,698)</u>
<b>FINANCING</b>		
New debt issued	-	11,617,276
Due to related party	(171,275)	167,547
Long-term debt repaid	(1,401,976)	(851,460)
Cash applied to financing transactions	<u>(1,573,251)</u>	<u>10,933,363</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(11,867,422)</b>	4,486,591
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>16,894,509</u>	<u>12,407,918</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>5,027,087</u>	<u>16,894,509</u>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	8,309,628	16,894,509
Bank indebtedness	(3,282,541)	-
	<u>5,027,087</u>	<u>16,894,509</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER  
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
DECEMBER 31, 2019  
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>709,836</u>	<u>16,269,878</u>	<u>110,620,828</u>	<u>127,600,542</u>	<u>121,950,261</u>
Excess (deficiency) of revenues over expenses	(715,031)	-	-	<b>(715,031)</b>	5,650,281
Current year funds used for tangible capital assets	(6,239,180)	-	6,239,180	-	-
Funds transferred to restricted surplus	(2,462,261)	2,462,261	-	-	-
Restricted funds used for tangible capital assets	-	(9,118,571)	9,118,571	-	-
Restricted funds used for operating	225,788	(225,788)	-	-	-
Loss on disposal of assets	4,500	-	(4,500)	-	-
Proceeds on disposal of assets	-	-	-	-	-
Current year amortization	7,227,577	-	(7,227,577)	-	-
New debt issued	-	-	-	-	-
Long term debt repaid	<u>(1,401,976)</u>	-	<u>1,401,976</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(3,360,583)</u>	<u>(6,882,098)</u>	<u>9,527,650</u>	<u><b>(715,031)</b></u>	<u>5,650,281</u>
<b>BALANCE, END OF YEAR</b>	<u>(2,650,747)</u>	<u>9,387,780</u>	<u>120,148,478</u>	<u><b>126,885,511</b></u>	<u>127,600,542</u>

**TOWN OF PEACE RIVER  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019 \$	2018 \$
<b>COST:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	4,091,612	60,976,272	129,579,913	15,194,122	2,867,092	<b>212,709,011</b>	192,560,847
Acquisition of tangible capital assets	-	8,865,023	814,292	113,476	251,053	<b>10,043,844</b>	2,226,315
Work in progress	-	-	4,339,333	737,192	-	<b>5,076,525</b>	17,921,849
Writedown of tangible capital assets	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>4,091,612</b>	<b>69,841,295</b>	<b>134,733,538</b>	<b>16,044,790</b>	<b>3,118,145</b>	<b>227,829,380</b>	212,709,011
<b>ACCUMULATED AMORTIZATION:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	-	17,877,745	52,748,636	10,583,782	2,239,496	<b>83,449,659</b>	77,707,654
Annual amortization	-	1,596,530	4,404,754	380,597	242,735	<b>6,624,616</b>	5,742,005
Accumulated amortization on writedowns	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>19,474,275</b>	<b>57,153,390</b>	<b>10,964,379</b>	<b>2,482,231</b>	<b>90,074,275</b>	83,449,659
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>4,091,612</b>	<b>50,367,020</b>	<b>77,580,148</b>	<b>5,080,411</b>	<b>635,914</b>	<b>137,755,105</b>	129,259,352
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,091,612	43,098,527	76,831,277	4,610,340	627,596	129,259,352	

**TOWN OF PEACE RIVER  
SCHEDULE OF PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 3**

	Budget \$	2019 \$	2018 \$
<b>TAXATION</b>			
Real property taxes	14,056,380	<b>13,977,935</b>	13,692,005
Linear property taxes	252,800	<b>265,615</b>	244,840
Government grants in place of property taxes	291,380	<b>288,580</b>	281,656
Special assessments and local improvement taxes	-	<b>1,225</b>	-
	<u>14,600,560</u>	<u><b>14,533,355</b></u>	<u>14,218,501</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,899,380	<b>2,841,871</b>	2,882,752
North Peace Housing Foundation	431,600	<b>424,319</b>	423,074
Designated Industrial Properties	-	<b>1,225</b>	-
	<u>3,330,980</u>	<u><b>3,267,415</b></u>	<u>3,305,826</u>
<b>NET MUNICIPAL TAXES</b>	<u>11,269,580</u>	<u><b>11,265,940</b></u>	<u>10,912,675</u>

**TOWN OF PEACE RIVER  
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 4**

	Budget \$	<b>2019</b> \$	2018 \$
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	1,225,060	<b>1,174,512</b>	1,057,325
Federal Government	70,700	<b>19,205</b>	515,960
Other Local Governments	1,259,610	<b>2,102,418</b>	3,748,865
	<u>2,555,370</u>	<u><b>3,296,135</b></u>	<u>5,322,150</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	<b>1,915,187</b>	5,351,320
Other Local Governments	-	-	-
	<u>-</u>	<u><b>1,915,187</b></u>	<u>5,351,320</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>2,555,370</u>	<u><b>5,211,322</b></u>	<u>10,673,470</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER  
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>SCHEDULE 5</b>	Budget	2019	2018
	\$	\$	\$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	8,339,191	<b>8,297,698</b>	7,985,835
Contracted and general services	5,147,713	<b>5,044,644</b>	4,967,811
Purchases from other governments	-	-	-
Materials, goods, supplies and utilities	5,440,819	<b>5,502,590</b>	5,077,287
Provision for allowances	97,600	<b>97,109</b>	93,900
Provision for reclamation	222,000	<b>231,463</b>	240,887
Transfers to individuals and organizations	126,700	<b>78,317</b>	96,117
Bank charges and short term interest	3,620	<b>13,838</b>	10,001
Interest on capital long-term debt	696,800	<b>678,642</b>	342,743
Amortization of tangible capital assets	600,000	<b>7,227,577</b>	6,369,070
Writedown of tangible capital assets	-	-	-
Other expenses	397,430	<b>1,115,152</b>	906,544
	<u>21,071,873</u>	<u><b>28,287,030</b></u>	<u>26,090,195</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES  
DECEMBER 31, 2019**

<b>SCHEDULE 6</b>	General Government	Protective Services	Transportation Services	Peace Regional Waste Management Company	Recreation & Culture	Environmental Services	Other	<b>Total \$</b>
<b>REVENUE</b>								
Net municipal taxes	11,265,940	-	-	-	-	-	-	<b>11,265,940</b>
Government transfers	712,650	808,175	1,689,532	-	1,135,625	72,860	792,480	<b>5,211,322</b>
User fees and sales of goods	6,492	83,463	311,357	1,540,724	308,568	4,289,995	44,422	<b>6,585,021</b>
Investment income	271,517	-	-	10,842	-	-	-	<b>282,359</b>
Other revenues	1,294,950	187,827	22,637	3,864	2,651,035	22,985	44,059	<b>4,227,357</b>
	<b>13,551,549</b>	<b>1,079,465</b>	<b>2,023,526</b>	<b>1,555,430</b>	<b>4,095,228</b>	<b>4,385,840</b>	<b>880,961</b>	<b>27,571,999</b>
<b>EXPENSES</b>								
Contract & general services	717,648	1,648,689	527,040	289,984	878,566	730,655	252,062	<b>5,044,644</b>
Salaries & wages	1,550,931	836,907	1,758,355	718,610	1,631,887	1,054,627	746,381	<b>8,297,698</b>
Goods & supplies	211,923	293,148	1,842,600	219,077	960,538	1,784,079	191,225	<b>5,502,590</b>
Provision for allowances	63,839	-	32,280	-	990	-	-	<b>97,109</b>
Long term debt interest	-	-	110,130	-	340,585	227,927	-	<b>678,642</b>
Other expenses	147,782	676,080	216,940	235,964	26,630	-	135,374	<b>1,438,770</b>
	<b>2,692,123</b>	<b>3,454,824</b>	<b>4,487,345</b>	<b>1,463,635</b>	<b>3,839,196</b>	<b>3,797,288</b>	<b>1,325,042</b>	<b>21,059,453</b>
<b>NET REVENUE BEFORE AMORTIZATION</b>	<b>10,859,426</b>	<b>(2,375,359)</b>	<b>(2,463,819)</b>	<b>91,795</b>	<b>256,032</b>	<b>588,552</b>	<b>(444,081)</b>	<b>6,512,546</b>
Amortization expense	(68,148)	(303,550)	(4,133,288)	(602,960)	(1,130,649)	(952,935)	(36,047)	<b>(7,227,577)</b>
<b>NET REVENUE</b>	<b>10,791,278</b>	<b>(2,678,909)</b>	<b>(6,597,107)</b>	<b>(511,165)</b>	<b>(874,617)</b>	<b>(364,383)</b>	<b>(480,128)</b>	<b>(715,031)</b>

**TOWN OF PEACE RIVER  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
DECEMBER 31, 2018**

<b>SCHEDULE 6</b>	General Government	Protective Services	Transportation Services	Peace Regional Waste Management Company	Recreation & Culture	Environmental Services	Other	<b>Total \$</b>
<b>REVENUE</b>								
Net municipal taxes	10,912,675	-	-	-	-	-	-	<b>10,912,675</b>
Government transfers	728,125	756,424	5,735,605	-	2,483,326	228,769	741,221	<b>10,673,470</b>
User fees and sales of goods	6,200	117,906	332,408	1,766,488	294,270	3,921,438	53,253	<b>6,491,963</b>
Investment income	349,795	-	-	8,536	-	-	-	<b>358,331</b>
Other revenues	2,697,265	191,788	54,262	38,875	267,551	30,614	23,682	<b>3,304,037</b>
	<b>14,694,060</b>	<b>1,066,118</b>	<b>6,122,275</b>	<b>1,813,899</b>	<b>3,045,147</b>	<b>4,180,821</b>	<b>818,156</b>	<b>31,740,476</b>
<b>EXPENSES</b>								
Contract & general services	727,050	1,752,315	519,522	320,942	845,907	503,013	299,062	<b>4,967,811</b>
Salaries & wages	1,414,525	881,007	1,902,605	686,305	1,431,967	957,629	711,797	<b>7,985,835</b>
Goods & supplies	197,670	270,604	1,659,996	209,634	1,021,217	1,505,775	212,391	<b>5,077,287</b>
Provision for allowances	93,900	-	-	-	-	-	-	<b>93,900</b>
Long term debt interest	-	-	80,064	-	40,714	221,965	-	<b>342,743</b>
Other expenses	654,867	72,959	156,067	241,594	73,377	285	54,400	<b>1,253,549</b>
	<b>3,088,012</b>	<b>2,976,885</b>	<b>4,318,254</b>	<b>1,458,475</b>	<b>3,413,182</b>	<b>3,188,667</b>	<b>1,277,650</b>	<b>19,721,125</b>
<b>NET REVENUE BEFORE AMORTIZATION</b>	11,606,048	(1,910,767)	1,804,021	355,424	(368,035)	992,154	(459,494)	<b>12,019,351</b>
Amortization expense	(50,900)	(291,170)	(4,081,740)	(627,065)	(417,845)	(855,378)	(44,972)	<b>(6,369,070)</b>
<b>NET REVENUE</b>	<b>11,555,148</b>	<b>(2,201,937)</b>	<b>(2,277,719)</b>	<b>(271,641)</b>	<b>(785,880)</b>	<b>136,776</b>	<b>(504,466)</b>	<b>5,650,281</b>

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Peace River are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the the Town of Peace River are as follows:

**a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

The statements include the Town's proportionate share in the Peace Regional Waste Management Company (see Note 20).

**b) Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**c) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**e) Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

**f) Land Inventory Held for Resale**

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

**g) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

**h) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**i) Requisition Over-levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**TOWN OF PEACE RIVER  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Land Improvements	15
Buildings	40
Engineered structures	
Transportation	15-40
Water distribution system	40
Wastewater treatment system and other	15
Machinery, equipment and furnishings	10
Vehicles	10

One-half of the annual amortization is charged in the year of acquisition.  
 Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of Tangible Capital Assets**

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

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

**k) Pension Expense**

The Town participates in a multi-employer defined benefit pension plan. See Note 15.

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**2. CASH AND CASH EQUIVALENTS**

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash	<b>2,064,988</b>	10,809,521
Temporary investments	<b>5,694,650</b>	5,569,220
Cash held by Peace Regional Waste Management Company	<b>534,822</b>	500,680
Trust Assets	<b>15,168</b>	15,088
	<u><b>8,309,628</b></u>	<u>16,894,509</u>

Temporary investments are short-term deposits with original maturities of one year or less.

Included in the above are \$7,577,355 of funds which are externally restricted in use (2018 - \$4,873,901) in the form of deferred grants.

Restricted surplus of \$9,387,780 is underfunded by \$8,401,294 (2018 - underfunded by \$4,249,270).

**3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES**

	<u>2019</u>	<u>2018</u>
	\$	\$
Current taxes and grants in place of taxes	<b>539,388</b>	515,463
Local improvement taxes	<b>1,732,345</b>	1,945,807
Arrears taxes	<b>696,106</b>	460,796
	<u><b>2,967,839</b></u>	<u>2,922,066</u>
Non-current tax arrears	-	-
Less: allowance for doubtful accounts	<b>(72,460)</b>	(72,460)
	<u><b>2,895,379</b></u>	<u>2,849,606</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2019</u>	<u>2018</u>
	\$	\$
Utilities receivable	<b>649,900</b>	570,602
Trade receivables	<b>7,786,420</b>	6,804,665
Peace Regional Waste Management Company receivables	<b>211,038</b>	341,097
Loans receivable	<b>36,000</b>	36,000
Allowance for doubtful accounts	<b>(99,483)</b>	(99,483)
	<u><b>8,583,875</b></u>	<u>7,652,881</u>

**5. BANK INDEBTEDNESS**

	<u>2019</u>	<u>2018</u>
	\$	\$
Outstanding cheques in excess of bank balance	<b>165,225</b>	-
Municipal revolving loan	<b>3,117,316</b>	-
	<u><b>3,282,541</b></u>	<u>-</u>

Municipal revolving loan through ATB Financial at a rate of prime minus 0.25% (effective rate of 3.7% at December 31, 2019).

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**6. DEFERRED REVENUE**

	<u>2019</u>	<u>2018</u>
	\$	\$
Developers' agreements	<u>2,895</u>	2,895
Municipal Sustainability Initiative	<u>1,849,427</u>	1,163,201
Gas Tax Fund	<u>162,604</u>	334,352
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
Other deferred grants	<u>5,562,429</u>	3,373,453
	<u><u>7,577,355</u></u>	<u><u>4,873,901</u></u>

**Municipal Sustainability Initiative**

Funding in the amount of \$2,212,074 received in the year from prior allocations and \$1,057,042 was allocated but not received in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2020. Unexpended funds related to prior advances are supported by restricted cash of \$1,940,575 held exclusively for these projects (refer to Note 2). In addition, \$60,236 operating funding was received in the year.

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2019</u>	<u>2018</u>
	\$	\$
Vacation	<u>219,587</u>	175,602
Accrued overtime/time off in lieu	<u>26,538</u>	27,855
	<u><u>246,125</u></u>	<u><u>203,457</u></u>

**Vacation payable**

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**8. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Supported by general tax levies	<b>12,547,900</b>	13,279,848
Supported by special levies	<b>1,042,275</b>	1,135,580
Supported by utility rates	<b>6,197,017</b>	6,746,313
Total ACFA debentures	<b>19,787,192</b>	21,161,741
Bank loans	<b>431,750</b>	459,177
	<b><u>20,218,942</u></b>	<b><u>21,620,918</u></b>

The current portion of the long-term debt amounts to \$1,424,570 (2018 - \$1,403,320)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
2020	1,424,570	630,775	2,055,345
2021	1,468,448	586,898	2,055,346
2022	1,513,153	542,193	2,055,346
2023	1,410,595	496,633	1,907,228
2024	1,455,598	455,778	1,911,376
Thereafter	12,946,578	3,127,567	16,074,145
	<b><u>20,218,942</u></b>	<b><u>5,839,844</u></b>	<b><u>26,058,786</u></b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.724% to 6.75% per annum and matures in periods 2021 through 2038. The average annual interest rate is 3.36% for 2019 (4.07% for 2018).

Bank debt is repayable to Vision Credit Union. The loan bears interest at 4.2% per annum and matures in 2025.

Debenture debt is issued on the credit and security of the town at large.

Interest on long-term debt amounted to \$678,642 (2018 - \$342,743).

**9. DUE TO RELATED PARTY**

Amounts due to related party are the Town's proportionate share of amounts owed by Peace Regional Waste Management Company to Northern Sunrise County for payments made on their behalf and administration fees for management positions.

**10. TANGIBLE CAPITAL ASSETS OF PEACE REGIONAL WASTE MANAGEMENT COMPANY**

	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
		<u>Amortization</u>	<u>Value</u>	<u>Value</u>
			<u>2019</u>	<u>2018</u>
Land	\$ 27,857	\$ -	\$ 27,857	\$ 27,857
Land Improvements	383,935	152,397	231,538	246,607
Buildings	1,164,645	476,427	688,218	735,633
Engineered Structures	7,449,220	6,430,713	1,018,507	1,296,216
Machinery and Equipment	1,797,968	1,259,344	538,624	642,437
Vehicles	230,454	122,883	107,571	33,644
	<b><u>\$ 11,054,079</u></b>	<b><u>\$ 8,441,764</u></b>	<b><u>\$ 2,612,315</u></b>	<b><u>\$ 2,982,394</u></b>

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**11. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Peace River be disclosed as follows:

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Total debt limit	<u>35,213,897</u>	37,582,985
Total debt	<u>20,218,942</u>	21,620,918
Amount of debt limit unused	<u>14,994,955</u>	<u>15,962,067</u>
Debt servicing limit	<u>5,868,983</u>	6,263,831
Debt servicing	<u>2,055,345</u>	2,078,675
Amount of debt servicing limit unused	<u>3,813,638</u>	<u>4,185,156</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Tangible capital assets (Schedule 2)	<u>227,829,380</u>	212,709,011
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	<u>11,054,079</u>	11,022,571
Accumulated amortization (Schedule 2)	<u>(90,074,275)</u>	(83,449,659)
Accumulated amortization of Peace Regional Waste Management Company (Note 10)	<u>(8,441,764)</u>	(8,040,177)
Long-term debt (Note 8)	<u>(20,218,942)</u>	(21,620,918)
	<u>120,148,478</u>	<u>110,620,828</u>

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**13. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>2019</b>	2018
	<b>\$</b>	\$
Unrestricted surplus (deficit)	<u><b>(2,650,747)</b></u>	<u>709,836</u>
Restricted surplus		
Local improvements	<b>1,903,002</b>	2,128,790
Infrastructure renewal	<b>440,762</b>	1,041,295
Planning and Development - Capital	<b>35,100</b>	35,100
Mill rate stabilization	<b>328,445</b>	333,945
Flood prevention	-	-
Fund 1 - Off-site Levies	<b>997,658</b>	997,658
Fund 2 - Town wide facilities	-	-
Safe Community	<b>186,540</b>	186,540
Joint regional capital	<b>307,072</b>	1,453,203
Landfill post closure	<b>263,300</b>	263,300
General operating	<b>503,352</b>	521,772
Low flow replacement program	<b>7,354</b>	7,354
Museum	<b>154,160</b>	65,321
Peace Regional Waste Management Company	<b>254,219</b>	254,219
Recreation	<b>(607)</b>	132,419
Risk management	-	-
Transportation operating	<b>28,454</b>	154,654
Water distribution	<b>49,997</b>	49,997
Wastewater treatment plant	<b>672,050</b>	747,793
Recycling and trenching	-	-
Transportation capital	<b>180,455</b>	84,392
Arena replacement	-	4,985,663
Public land reserve	<b>84,345</b>	84,345
General capital	<b>2,992,122</b>	2,742,118
	<u><b>9,387,780</b></u>	<u>16,269,878</u>
Equity in tangible capital assets	<u><b>120,148,478</b></u>	<u>110,620,828</u>
	<u><b>126,885,511</b></u>	<u>127,600,542</u>

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**14. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2019			2018
	\$			\$
	Base Salary <sup>1</sup>	Meeting Fees	Benefits & allowances <sup>2</sup>	Total
<b>Councillors</b>				
Mayor Tarpey	25,512	10,980	-	36,492
Deputy Mayor Manzer	19,284	21,849	208	41,341
Councillor Ford	16,044	12,523	-	28,567
Councillor Needham	16,044	16,521	2,935	35,500
Councillor Schamehorn	16,044	10,061		26,105
Councillor Good	16,044	-	2,935	18,979
Councillor Downing	16,044	5,635		21,679
<b>Chief Administrative Officer</b>				
C. Parker	183,113	-	30,554	213,667

1 Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2 Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**15 LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 274,000 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2019 were \$484,285 (2018 - \$507,982). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2019 were \$437,910 (2018 - \$463,781).

At December 31, 2019, the LAPP disclosed a surplus of \$7.9 billion.

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**16. COMMITMENTS**

The Town has signed various contracts in the ordinary course of operations committing them to future cash payments. None of these commitments are expected to impact the Town's risk assessments.

The Town has entered into two vehicle lease agreements, with annual payments, exclusive of GST, as follows:

2020	\$	17,898
2021		9,194
2022		9,194
2023		7,662

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**17. CONTINGENCIES**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town has issued an interest free loan to the Peace River Curling Club in the amount of \$45,000 payable in full by December 31, 2020. The purpose of the loan is to assist in the interim financing of the Curling Club roof repairs. At December 31, 2019, the balance of the loan is \$36,000. These funds are authorized under Bylaw No. 1780. The loan is included in the Town's trade and other receivables.

In 2012, the assets of the Peace River Ski Hill were transferred from the Peace River Ski Club and a discussion entered into for the ongoing operating and maintenance costs, subject to terms such as assurance of liability insurance and provision of an operations plan. A formal operating and maintenance and lease agreement was signed October 10, 2015 and renewed in August 2020.

The Town is a defendant in various lawsuits as at December 31, 2019. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting loss, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the Town's Administration believes there will be no material adverse effect on the Town's financial position.

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**18. FINANCIAL INSTRUMENTS**

The town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**19. SEGMENTED DISCLOSURE**

The Town of Peace River provides a range of services to its ratepayers. 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 accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**20. CONSOLIDATION OF PEACE RIVER REGIONAL WASTE MANAGEMENT COMPANY**

Consolidated into the Town's financial statements are their proportionate share of the assets, liabilities and financial activity of Peace Regional Waste Management Company (formerly the East Peace Regional Landfill Authority). Ownership is determined by the number of shares issues to the Directors of the Company. The Town of Peace River contributes 3 of the 7 Directors to the Board and this is used to determine the Town's proportionate share. The amounts consolidated into the Town's financial statements are as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	534,822	500,681
Trade and other receivables	211,038	341,097
<b>Total Financial Assets</b>	<b>745,860</b>	<b>841,778</b>
Accounts payable and accrued liabilities	527,648	526,830
Deferred revenue	-	-
Due to Northern Sunrise County	591	171,866
Post closure liability	2,556,330	2,336,761
<b>Total liabilities</b>	<b>3,084,569</b>	<b>3,035,457</b>
Tangible capital assets	2,612,315	2,982,394
Prepays	22,674	18,730
<b>Total Non-Financial Assets</b>	<b>2,634,989</b>	<b>3,001,124</b>
Municipal tippage	230,982	247,089
Recycling	24,039	38,436
Industrial tippage	1,285,703	1,480,962
Other	3,864	38,875
Return on investments	10,842	8,536
<b>Total Revenues</b>	<b>1,555,430</b>	<b>1,813,898</b>
Salaries, wages and benefits	718,610	686,305
Contracted services	289,984	320,942
Material, goods and utilities	219,077	209,634
Provision for allowances	-	-
Provision for reclamation	231,463	240,887
Loss on disposal of assets	4,500	707
Amortization of tangible capital assets	602,961	627,063
<b>Total Expenditures</b>	<b>2,066,595</b>	<b>2,085,538</b>

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**21. POST CLOSURE LIABILITY**

Included in the financial statements are the Town's proportionate share of the post-closure liability of the Peace Regional Waste Management Company. For 2019, an amount of \$3.70 per tonne of waste was used as the post-closure liability expense (2018 - \$3.70). In 2019, this rate was applied against 145,965 tonnes of waste (2018 - \$3.70 against 151,911 tonnes), resulting in a current period expense of \$540,080 (2018 - \$562,070) in Peace Regional Waste Management Company.

**TOWN OF PEACE RIVER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**22 SUBSEQUENT EVENTS**

Subsequent to year-end, there was a global outbreak of the COVID-19 virus, which has had significant impact on municipal government bodies' operations through restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of facilities, cancellation/postponement of projects and programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate spread of the virus and the duration of the outbreak, including the duration of Company facility closures, program and service disruptions and isolation/quarantine measures that are currently, or may be put in place by Canada and other countries to fight the virus.

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**23 APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.