

Town of Peace River
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Statement of Management's Responsibility	1
Independent Auditors' Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities and Accumulated Surplus	5
Consolidated Statement of Change in Net Financial (Debt) Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Changes in Accumulated Surplus	8
Schedule of Tangible Capital Assets	9
Schedule of Property Taxes Levied	10
Consolidated Schedule of Government Transfers	11
Consolidated Schedule of Expenses by Object	12
Consolidated Schedules of Segmented Disclosures	13 - 14
Notes to the Consolidated Financial Statements	15 - 26



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.

May 31, 2021


Cheryl Parker
Chief Administrative Officer

Independent Auditor's Report

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, 2020, and the consolidated statements of financial activities and accumulated operating surplus, changes in net financial debt and cash flows for the year then ended, and the 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, 2020, 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

May 31, 2021

MNP LLP

Chartered Professional Accountants

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$ As Restated (Note 24)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	6,468,305	8,309,628
Receivables		
Taxes and grants in lieu of taxes (Note 3)	3,447,975	2,895,379
Receivable from other governments	6,364,002	1,340,125
Trade and other receivables (Note 4)	4,114,480	8,583,875
Land inventory held for resale	28,881	28,881
Long-term investments	30	30
	<u>20,423,673</u>	<u>21,157,918</u>
LIABILITIES		
Bank indebtedness (Note 5)	-	3,282,541
Accounts payable and accrued liabilities	1,932,692	2,922,437
Deposit liabilities	73,334	68,906
Deferred revenue (Note 6)	10,175,861	7,577,355
Employee benefit obligations (Note 7)	239,726	246,125
Long term debt (Note 8)	23,253,425	20,218,942
Due to related party (Note 9)	1,064,953	591
Post-closure liability (Note 21)	2,665,879	2,556,330
Other Long term Liabilities	-	-
	<u>39,405,870</u>	<u>36,873,227</u>
NET FINANCIAL (DEBT) ASSETS	<u>(18,982,197)</u>	<u>(15,715,309)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	138,790,647	137,755,105
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	2,859,449	2,612,315
Inventory for consumption	-	-
Prepaid expenses	25,361	34,786
	<u>141,675,457</u>	<u>140,402,206</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 13)	<u>122,693,260</u>	<u>124,686,897</u>

Commitments and contingencies - See Notes 16 and 17

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$	2020 \$	2019 \$
REVENUE			
Net municipal property taxes (Schedule 3)	11,641,470	11,080,094	11,265,940
User fees and sale of goods	5,753,630	5,205,838	5,044,297
Peace Regional Waste Management Company	906,159	927,264	1,555,430
Government transfers for operating (Schedule 4)	3,324,960	3,951,426	3,296,135
Investment income	152,000	123,792	271,517
Penalties and costs on taxes	366,230	402,775	392,548
Franchise and concession contracts	1,179,020	1,021,030	1,055,942
Other revenues	514,200	671,296	594,122
Total revenues	23,837,669	23,383,515	23,475,931
EXPENSES			
Operating			
Legislative	296,440	218,305	279,054
Administration	2,307,100	2,156,578	2,481,215
Protective services	3,299,390	3,299,128	3,760,670
Transportation	4,498,210	8,913,595	8,618,336
Water supply and distribution	2,345,490	3,179,797	3,057,743
Wastewater treatment and disposal	1,150,300	1,137,754	1,390,772
Waste management	322,160	304,538	301,707
Peace Regional Waste Management Company	2,237,378	1,682,227	2,066,595
Public health and economic development	1,314,320	1,235,586	1,273,829
Recreation and parks	4,288,070	5,120,673	5,057,109
Total Expenses	22,058,858	27,248,181	28,287,030
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	1,778,811	(3,864,666)	(4,811,099)
OTHER			
Development Levies and Other Contributions	100,000	(7,366)	2,180,881
Government transfers for capital (Schedule 4)	1,250,000	1,878,395	1,915,187
EXCESS OF REVENUE OVER EXPENSES	3,128,811	(1,993,637)	(715,031)
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	126,885,511	126,885,511	127,600,542
PRIOR PERIOD ADJUSTMENT (NOTE 24)	-	(2,198,614)	(2,198,614)
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	126,885,511	124,686,897	125,401,928
ACCUMULATED SURPLUS, END OF YEAR	130,014,322	122,693,260	124,686,897

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, 2020

	Budget \$	2020 \$	2019 \$ As Restated (Note 24)
EXCESS OF REVENUES OVER EXPENSES	<u>3,128,811</u>	<u>(1,993,637)</u>	<u>(715,031)</u>
Acquisition of tangible capital assets	(7,698,500)	(8,046,367)	(15,120,369)
Proportionate share of acquisition of tangible capital assets of Peace Regional Waste Management Company	(656,785)	(760,105)	(237,382)
Proportionate proceeds on disposal of tangible capital assets of Peace Regional Waste Management Company	-	30,642	-
Amortization of tangible capital assets	-	7,010,825	6,624,616
Proportionate share of amortization of tangible capital assets of Peace Regional Waste Management Company	600,000	503,435	602,961
Proportionate (gain) loss on disposal of tangible capital assets of Peace Regional Waste Management Company	-	(21,106)	4,500
Writedown of tangible capital assets	-	-	-
	<u>(7,755,285)</u>	<u>(1,282,676)</u>	<u>(8,125,674)</u>
Use of prepaid assets	-	57,460	23,730
Acquisition of prepaid assets	-	(48,035)	(34,786)
	<u>-</u>	<u>9,425</u>	<u>(11,056)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(4,626,474)</u>	<u>(3,266,888)</u>	<u>(8,851,761)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR AS PREVIOUSLY STATED	(13,516,695)	(13,516,695)	(4,664,934)
PRIOR PERIOD ADJUSTMENT (NOTE 24)	<u>-</u>	<u>(2,198,614)</u>	<u>(2,198,614)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR AS RESTATED	<u>(13,516,695)</u>	<u>(15,715,309)</u>	<u>(6,863,548)</u>
NET FINANCIAL (DEBT) ASSETS, END OF YEAR	<u>(18,143,169)</u>	<u>(18,982,197)</u>	<u>(15,715,309)</u>

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(1,993,637)	(715,031)
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	7,514,292	7,227,577
Loss on disposal of tangible capital assets	(21,106)	4,500
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(552,596)	(45,773)
Decrease (increase) in trade and other receivables	4,469,395	(930,994)
Decrease (increase) in receivable from other governments	(5,023,877)	88,943
Decrease (increase) in prepaid expenses	9,425	(11,056)
Decrease (increase) in accounts payable and accrued liabilities	(989,777)	(3,517,601)
Decrease (increase) in deposit liabilities	4,428	(2,676)
Decrease (increase) in deferred revenue	2,598,506	2,703,454
Increase in post closure liability	109,549	219,569
Decrease in inventory for consumption	-	-
Increase (decrease) in employee benefit obligations	(6,399)	42,668
Cash provided by operating transactions	<u>6,118,203</u>	<u>5,063,580</u>
CAPITAL		
Acquisition of tangible capital assets	(8,046,367)	(15,120,369)
Proportionate share of acquisition of tangible capital assets by Peace Regional Waste Management Company	(760,105)	(237,382)
Proceeds on disposal of tangible capital assets	30,642	-
Cash provided by (applied to) capital transactions	<u>(8,775,830)</u>	<u>(15,357,751)</u>
FINANCING		
New debt issued	4,461,600	-
Due to related party	1,064,362	(171,275)
Long-term debt repaid	(1,427,117)	(1,401,976)
Cash applied to financing transactions	<u>4,098,845</u>	<u>(1,573,251)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,441,218	(11,867,422)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,027,087</u>	<u>16,894,509</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>6,468,305</u></u>	<u><u>5,027,087</u></u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	6,468,305	8,309,628
Bank indebtedness	-	(3,282,541)
	<u><u>6,468,305</u></u>	<u><u>5,027,087</u></u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
DECEMBER 31, 2020
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020 \$	2019 \$ As Restated (Note 24)
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	(2,650,747)	9,387,780	120,148,478	126,885,511	127,600,542
PRIOR PERIOD ADJUSTMENT (NOTE 24)	(2,198,614)	-	-	(2,198,614)	(2,198,614)
BALANCE, BEGINNING OF YEAR AS RESTATED	(4,849,361)	9,387,780	120,148,478	124,686,897	125,401,928
Excess (deficiency) of revenues over expenses	(1,993,637)	-	-	(1,993,637)	(715,031)
Current year funds used for tangible capital assets	(8,486,637)	-	8,486,637	-	-
Funds transferred to restricted surplus	(4,424,336)	4,424,336	-	-	-
Restricted funds used for tangible capital assets	-	(319,867)	319,867	-	-
Restricted funds used for operating	3,960,857	(3,960,857)	-	-	-
Gain on disposal of assets	(21,106)	-	21,106	-	-
Proceeds on disposal of assets	30,642	-	(30,642)	-	-
Current year amortization	7,514,292	-	(7,514,292)	-	-
New debt issued	4,461,600	-	(4,461,600)	-	-
Long term debt repaid	(1,427,117)	-	1,427,117	-	-
Change in accumulated surplus	(385,442)	143,612	(1,751,807)	(1,993,637)	(715,031)
BALANCE, END OF YEAR	(5,234,803)	9,531,392	118,396,671	122,693,260	124,686,897

**TOWN OF PEACE RIVER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020 \$	2019 \$
COST:							
BALANCE, BEGINNING OF YEAR	4,091,612	69,841,295	134,733,538	16,044,790	3,118,145	<u>227,829,380</u>	212,709,011
Acquisition of tangible capital assets	-	6,076,907	748,869	361,353	271,124	<u>7,458,253</u>	10,043,844
Work in progress	-	-	220,378	367,736	-	<u>588,114</u>	5,076,525
Writedown of tangible capital assets	-	-	-	-	-	<u>-</u>	-
BALANCE, END OF YEAR	<u>4,091,612</u>	<u>75,918,202</u>	<u>135,702,785</u>	<u>16,773,879</u>	<u>3,389,269</u>	<u>235,875,747</u>	227,829,380
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	19,474,275	57,153,390	10,964,379	2,482,231	<u>90,074,275</u>	83,449,659
Annual amortization	-	1,748,453	4,519,377	479,100	263,895	<u>7,010,825</u>	6,624,616
Accumulated amortization on writedowns	-	-	-	-	-	<u>-</u>	-
BALANCE, END OF YEAR	<u>-</u>	<u>21,222,728</u>	<u>61,672,767</u>	<u>11,443,479</u>	<u>2,746,126</u>	<u>97,085,100</u>	90,074,275
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>4,091,612</u>	<u>54,695,474</u>	<u>74,030,018</u>	<u>5,330,400</u>	<u>643,143</u>	<u>138,790,647</u>	<u>137,755,105</u>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>4,091,612</u>	<u>50,367,020</u>	<u>77,580,148</u>	<u>5,080,411</u>	<u>635,914</u>	<u>137,755,105</u>	

**TOWN OF PEACE RIVER
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 3**

	Budget \$	2020 \$	2019 \$
TAXATION			
Real property taxes	14,530,720	13,997,492	13,977,935
Linear property taxes	267,400	276,984	265,615
Government grants in place of property taxes	237,350	113,333	288,580
Special assessments and local improvement taxes	-	1,172	1,225
	<u>15,035,470</u>	<u>14,388,981</u>	<u>14,533,355</u>
REQUISITIONS			
Alberta School Foundation Fund	2,954,000	2,862,895	2,841,871
North Peace Housing Foundation	440,000	445,992	424,319
Designated Industrial Properties	-	-	1,225
	<u>3,394,000</u>	<u>3,308,887</u>	<u>3,267,415</u>
NET MUNICIPAL TAXES	<u>11,641,470</u>	<u>11,080,094</u>	<u>11,265,940</u>

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 4**

	Budget \$	2020 \$	2019 \$
	<hr/>	<hr/>	<hr/>
TRANSFERS FOR OPERATING:			
Provincial Government	1,492,720	1,538,834	1,174,512
Federal Government	16,220	50,363	19,205
Other Local Governments	1,816,020	2,362,229	2,102,418
	<hr/>	<hr/>	<hr/>
	3,324,960	3,951,426	3,296,135
TRANSFERS FOR CAPITAL:			
Provincial Government	1,250,000	1,878,395	1,915,187
Other Local Governments	-	-	-
	<hr/>	<hr/>	<hr/>
	1,250,000	1,878,395	1,915,187
TOTAL GOVERNMENT TRANSFERS	<hr/>	<hr/>	<hr/>
	4,574,960	5,829,821	5,211,322

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE 5	Budget	2020	2019
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	8,905,124	8,402,190	8,297,698
Contracted and general services	5,367,681	4,546,825	5,044,644
Purchases from other governments	-	-	-
Materials, goods, supplies and utilities	5,656,614	5,389,639	5,502,590
Provision for allowances	121,900	84,673	97,109
Provision for reclamation	241,029	111,402	231,463
Transfers to individuals and organizations	107,150	33,217	78,317
Bank charges and short term interest	10,850	63,505	13,838
Interest on capital long-term debt	694,130	628,896	678,642
Amortization of tangible capital assets	600,000	7,514,292	7,227,577
Writedown of tangible capital assets	-	-	-
Other expenses	354,380	473,542	1,115,152
	<u>22,058,858</u>	<u>27,248,181</u>	<u>28,287,030</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES
DECEMBER 31, 2020**

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Regional Management Company	Waste	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE									
Net municipal taxes	11,080,094	-	-	-	-	-	-	-	11,080,094
Government transfers	513,469	757,288	1,958,010	-	-	1,673,068	227,980	700,006	5,829,821
User fees and sales of goods	11,534	153,775	205,886	856,306	4,615,903	191,008	27,732	-	6,062,144
Investment income	123,792	-	-	2,285	-	-	-	-	126,077
Other revenues	1,353,274	161,003	20,149	68,673	2,611	534,891	15,807	-	2,156,408
	13,082,163	1,072,066	2,184,045	927,264	4,846,494	2,398,967	743,545	-	25,254,544
EXPENSES									
Contract & general services	398,096	1,658,018	551,289	237,498	599,973	983,412	118,539	-	4,546,825
Salaries & wages	1,502,737	875,773	1,753,353	632,015	1,253,608	1,550,469	834,235	-	8,402,190
Goods & supplies	209,414	319,214	1,834,175	197,877	1,686,885	938,625	203,449	-	5,389,639
Provision for allowances	84,673	-	-	-	-	-	-	-	84,673
Long term debt interest	-	-	99,632	-	207,235	322,029	-	-	628,896
Other expenses	110,298	148,500	254,305	111,402	-	6,995	50,166	-	681,666
	2,305,218	3,001,505	4,492,754	1,178,792	3,747,701	3,801,530	1,206,389	-	19,733,889
NET REVENUE BEFORE AMORTIZATION	10,776,945	(1,929,439)	(2,308,709)	(251,528)	1,098,793	(1,402,563)	(462,844)	-	5,520,655
Amortization expense	(69,663)	(296,393)	(4,422,070)	(503,435)	(874,388)	(1,314,430)	(33,913)	-	(7,514,292)
NET REVENUE	10,707,282	(2,225,832)	(6,730,779)	(754,963)	224,405	(2,716,993)	(496,757)	-	(1,993,637)

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

SCHEDULE 6

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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, 2020

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:

	YEARS
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, 2020

2. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash	182,137	2,003,366
Temporary investments	5,780,372	5,694,650
Cash held by Peace Regional Waste Management Company	419,917	534,822
Common shares in Credit Union	70,654	61,622
Trust Assets	15,225	15,168
	<u>6,468,305</u>	<u>8,309,628</u>

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

Included in the above are \$7,134,444 of funds which are externally restricted in use (2019 - \$7,577,355) in the form of deferred grants.

Restricted surplus of \$10,231,230 is fully unfunded (2019 - underfunded by \$8,401,294).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Current taxes and grants in place of taxes	1,013,775	539,388
Local improvement taxes	1,523,183	1,732,345
Arrears taxes	983,477	696,106
	<u>3,520,435</u>	<u>2,967,839</u>
Non-current tax arrears	-	-
Less: allowance for doubtful accounts	(72,460)	(72,460)
	<u>3,447,975</u>	<u>2,895,379</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Utilities receivable	723,817	649,900
Trade receivables	3,294,816	7,786,420
Peace Regional Waste Management Company receivables	159,330	211,038
Loans receivable	36,000	36,000
Allowance for doubtful accounts	(99,483)	(99,483)
	<u>4,114,480</u>	<u>8,583,875</u>

5. BANK INDEBTEDNESS

	<u>2020</u>	<u>2019</u>
	\$	\$
Outstanding cheques in excess of bank balance	-	165,225
Municipal revolving loan	-	3,117,316
	<u>-</u>	<u>3,282,541</u>

Municipal revolving loan through ATB Financial at a rate of prime minus 0.25%. Effective rate of 2.2% at December 31, 2020 (2019 - 3.7%).

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

6. DEFERRED REVENUE

	2020	2019
	\$	\$
Developers' agreements	2,895	2,895
Municipal Sustainability Initiative	3,281,894	1,849,427
Gas Tax Fund	950,201	162,604
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
Other deferred grants	5,940,871	5,562,429
	<u>10,175,861</u>	<u>7,577,355</u>

Municipal Sustainability Initiative

Funding in the amount of \$1,057,042 received in the year from prior allocations and \$1,499,529 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 2021. Unexpended funds related to prior advances are supported by restricted cash of \$1,682,365 held exclusively for these projects (refer to Note 2). In addition, \$59,398 operating funding was received in the year.

7. EMPLOYEE BENEFIT OBLIGATIONS

	2020	2019
	\$	\$
Vacation	225,028	219,587
Accrued overtime/time off in lieu	14,698	26,538
	<u>239,726</u>	<u>246,125</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, 2020

8. LONG-TERM DEBT

	2020	2019
	\$	\$
Supported by general tax levies	16,256,034	12,547,900
Supported by special levies	960,503	1,042,275
Supported by utility rates	5,637,828	6,197,017
Total ACFA debentures	22,854,365	19,787,192
Bank loans	399,060	431,750
	<u>23,253,425</u>	<u>20,218,942</u>

The current portion of the long-term debt amounts to \$1,593,082 (2019 - \$1,424,570)

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	1,593,082	689,643	2,282,725
2022	1,645,140	642,229	2,287,369
2023	1,545,349	593,903	2,139,252
2024	1,593,330	545,920	2,139,250
2025	1,642,846	496,405	2,139,251
Thereafter	15,233,678	3,609,068	18,842,746
	<u>23,253,425</u>	<u>6,577,168</u>	<u>29,830,593</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.416% to 6.75% per annum and matures in periods 2022 through 2038. The average annual interest rate is 2.95% for 2019 (3.36% for 2019).

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 \$628,896 (2019 - \$678,642).

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

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Land	\$ 27,857	\$ -	\$ 27,857	\$ 27,857
Land Improvements	383,935	167,466	216,469	231,538
Buildings	1,425,057	523,680	901,377	688,218
Engineered Structures	7,918,057	6,763,808	1,154,249	1,018,507
Machinery and Equipment	1,792,745	1,335,537	457,208	538,624
Vehicles	232,572	130,283	102,289	107,571
	<u>\$ 11,780,223</u>	<u>\$ 8,920,774</u>	<u>\$ 2,859,449</u>	<u>\$ 2,612,315</u>

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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:

	2020	2019
	\$	\$
Total debt limit	35,075,273	35,213,897
Total debt	23,253,425	20,218,942
Amount of debt limit unused	11,821,848	14,994,955
Debt servicing limit	5,845,879	5,868,983
Debt servicing	2,282,725	2,055,345
Amount of debt servicing limit unused	3,563,154	3,813,638

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

	2020	2019
	\$	\$
Tangible capital assets (Schedule 2)	235,875,747	227,829,380
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	11,780,223	11,054,079
Accumulated amortization (Schedule 2)	(97,085,100)	(90,074,275)
Accumulated amortization of Peace Regional Waste Management Company (Note 10)	(8,920,774)	(8,441,764)
Long-term debt (Note 8)	(23,253,425)	(20,218,942)
	118,396,671	120,148,478

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

13. ACCUMULATED SURPLUS

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

	2020 \$	2019 \$ As Restated (Note 24)
Unrestricted surplus (deficit)	<u>(5,234,803)</u>	<u>(4,849,361)</u>
Restricted surplus		
Local improvements	1,687,192	1,903,002
Infrastructure renewal	190,975	440,762
Planning and Development - Capital	35,100	35,100
Mill rate stabilization	328,445	328,445
Flood prevention	-	-
Fund 1 - Off-site Levies	990,293	997,658
Fund 2 - Town wide facilities	-	-
Safe Community	186,540	186,540
Joint regional capital	-	307,072
Landfill post closure	263,300	263,300
General operating	1,413,914	503,352
Low flow replacement program	7,354	7,354
Museum	131,997	154,160
Peace Regional Waste Management Company	254,213	254,219
Recreation	-	(607)
Risk management	-	-
Transportation operating	28,454	28,454
Water distribution	49,997	49,997
Wastewater treatment plant	397,247	672,050
Recycling and trenching	-	-
Transportation capital	180,455	180,455
Arena replacement	-	-
Public land reserve	84,345	84,345
General capital	<u>3,301,571</u>	<u>2,992,122</u>
	<u>9,531,392</u>	<u>9,387,780</u>
Equity in tangible capital assets	<u>118,396,671</u>	<u>120,148,478</u>
	<u>122,693,260</u>	<u>124,686,897</u>

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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			2019
	\$			\$
	Base Salary ¹	Meeting Fees	Benefits & allowances ²	Total
Councillors				
Mayor Tarpey	26,664	7,170	-	33,834
Deputy Mayor Manzer	20,182	14,095	195	34,472
Councillor Ford	16,787	5,859	-	22,646
Councillor Needham	16,787	7,581	2,915	27,283
Councillor Schamehorn	16,787	2,530	-	19,317
Councillor Good	16,787	1,008	2,915	20,710
Councillor Downing	16,787	-	-	16,787
Chief Administrative Officer				
C. Parker	191,980	-	30,777	222,757

- 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 9.4% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.3% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.4% of pensionable salary up to the year's maximum pensionable salary and 11.3% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$520,233 (2019 - \$484,285). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2020 were \$476,593 (2019 - \$437,910).

At December 31, 2019, the LAPP disclosed a surplus of \$7.9 billion. The 2020 report was not available at the time of these financial statements.

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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:

2021	\$	9,194
2022		9,194
2023		7,662

The Peace River Regional Airport was transferred to the Peace River Regional Airport Association on December 15, 2020. As part of the agreement, the Town will provide a total of \$1.4 million to cover operating costs for next year and 2022. Final transfer of assets is expected in 2021 after approvals from the appropriate regulatory agencies.

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, 2021. The purpose of the loan is to assist in the interim financing of the Curling Club roof repairs. At December 31, 2020, 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, 2020. 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.

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.

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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).

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:

	2020 \$	2019 \$
Cash and cash equivalents	419,916	534,822
Trade and other receivables	159,330	211,038
Total Financial Assets	579,246	745,860
Accounts payable and accrued liabilities	182,859	527,648
Deferred revenue	-	-
Due to Northern Sunrise County	1,064,953	591
Post closure liability	2,665,879	2,556,330
Total liabilities	3,913,691	3,084,569
Tangible capital assets	2,859,449	2,612,315
Prepays	16,313	22,674
Total Non-Financial Assets	2,875,762	2,634,989
Municipal tippage	180,407	230,982
Recycling	25,360	24,039
Industrial tippage	650,538	1,285,703
Other	47,568	3,864
Gain on disposal of assets	21,106	-
Return on investments	2,285	10,842
Total Revenues	927,264	1,555,430
Salaries, wages and benefits	632,015	718,610
Contracted services	237,498	289,984
Material, goods and utilities	197,877	219,077
Provision for allowances	-	-
Provision for reclamation	111,402	231,463
Loss on disposal of assets	-	4,500
Amortization of tangible capital assets	503,435	602,961
Total Expenditures	1,682,227	2,066,595

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020, an amount of \$3.70 per tonne of waste was used as the post-closure liability expense (2019 - \$3.70). In 2020, this rate was applied against 69,085 tonnes of waste (2019 - \$3.70 against 145,965 tonnes), resulting in a current period expense of \$255,615 (2019 - \$540,080) in Peace Regional Waste Management Company.

22. IMPACT ON OPERATIONS

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Town's operations were impacted by COVID-19 due to closure of operations, added cleaning and supply costs, additional PP&E purchased in year, cancellation of events and other cost management strategies. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause supply chain disruptions and increased government regulations, all of which may negatively impact the Town's operations and financial condition.

23. SUBSEQUENT EVENTS

On March 8, 2021, Town Council approved the formal transfer of ownership of the Al Adair Rec Centre to the Sagitawa Friendship Society, with the condition of sale that no financial support for the building will be available through the Town of Peace River.

24. CORRECTION OF AN ERROR

The Town has restated its financial statements to reclassify grants previously set up as receivable as the capital projects were instead funded through debentures. The adjustments to correct these balances are as follows:

	2020 \$	2019 \$
Adjustments to opening accumulated surplus:		
As previously reported	126,885,511	127,600,542
Adjusted for grant revenue previously recognized	<u>(2,198,614)</u>	<u>(2,198,614)</u>
As restated	<u>124,686,897</u>	<u>125,401,928</u>
Adjustments to accounts receivable:		
As previously reported		3,538,739
Adjusted for grant receivable previously recorded		<u>(2,198,614)</u>
As restated		<u>1,340,125</u>

25. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.