

Town of Peace River
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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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 1, 2023


Chief Administrative Officer

Independent Auditor's Report

To the Council of Town Of Peace River:

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Town Of Peace River (the "Municipality"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and the results of its operations its remeasurement gains and losses, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The entity did not finalize certain inventory numbers until subsequent to year end and thus we did not observe the counting of physical inventories at the end of the year. In addition, the pricing of inventory was done at current rates rather than historical cost. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at December 31, 2022, which are included in the statement of financial position at \$748,612, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated 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.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Town is in compliance with Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 11.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 14.

Peace River, Alberta

May 1, 2023

MNP LLP

Chartered Professional Accountants

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
FINANCIAL ASSETS		(Restated) Note 23
Cash and cash equivalents (Note 2)	<u>10,631,244</u>	<u>8,754,520</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	2,246,131	2,376,697
Receivable from other governments	6,037,049	7,668,296
Trade and other receivables (Note 4)	2,607,914	3,267,970
Land inventory held for resale	28,882	28,882
Long-term investments	<u>30</u>	<u>30</u>
	<u>21,551,250</u>	<u>22,096,395</u>
LIABILITIES		
Bank indebtedness (Note 5)	-	-
Accounts payable and accrued liabilities	5,475,319	3,084,673
Deposit liabilities	72,635	71,933
Deferred revenue (Note 6)	4,942,773	10,864,327
Employee benefit obligations (Note 7)	219,744	250,205
Long term debt (Note 8)	24,735,855	25,325,794
Due to related party (Note 9)	232,663	1,181,849
Post-closure liability (Note 21)	3,085,356	2,758,900
Other Long term Liabilities	-	-
	<u>38,764,345</u>	<u>43,537,681</u>
NET FINANCIAL DEBT	<u>(17,213,095)</u>	<u>(21,441,286)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	132,656,216	129,323,311
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	2,125,977	2,469,636
Inventory for consumption	796,893	634,718
Prepaid expenses	<u>121,325</u>	<u>29,292</u>
	<u>135,700,411</u>	<u>132,456,957</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 13)	<u>118,487,316</u>	<u>111,015,671</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, 2022**

	Budget \$	2022 \$	2021 \$
REVENUE			
Net municipal property taxes (Schedule 3)	11,819,700	11,839,796	11,383,748
User fees and sale of goods	7,249,360	6,893,573	5,520,325
Peace Regional Waste Management Company	1,375,285	2,956,500	946,057
Government transfers for operating (Schedule 4)	5,123,030	4,891,755	5,350,358
Investment income	80,000	291,750	68,436
Penalties and costs on taxes	404,800	539,580	519,712
Franchise and concession contracts	1,100,000	1,769,478	1,121,683
Other revenues	500,210	1,340,141	506,138
Total revenues	27,652,385	30,522,573	25,416,457
EXPENSES			
Operating			
Legislative	389,980	134,591	935,233
Administration	2,500,640	2,756,336	2,239,647
Protective services	3,578,050	4,586,913	3,704,614
Transportation	5,225,160	8,560,989	8,674,687
Water supply and distribution	2,764,740	3,354,774	3,236,175
Wastewater treatment and disposal	1,311,360	1,474,890	1,123,034
Waste management	802,920	787,165	324,430
Peace Regional Waste Management Company	1,531,532	2,085,214	1,720,864
Public health and economic development	1,466,340	1,497,959	1,407,159
Recreation and parks	5,018,940	5,808,373	4,912,170
Total Expenses	24,589,662	31,047,204	28,278,013
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	3,062,723	(524,631)	(2,861,556)
OTHER			
Development Levies and Other Contributions	-	-	138,852
Gain on disposal of assets	-	12,030	-
Donated assets	-	-	(11,436,728)
Government transfers for capital (Schedule 4)	4,790,500	7,984,246	1,545,394
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	7,853,223	7,471,645	(12,614,038)
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	111,015,671	110,079,222	122,693,260
PRIOR PERIOD ADJUSTMENT (Note 23)	-	936,449	936,449
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	111,015,671	111,015,671	123,629,709
ACCUMULATED SURPLUS, END OF YEAR	118,868,894	118,487,316	111,015,671

See accompanying notes to the financial statements

TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget \$	2022 \$	2021 \$ (Restated) Note 23
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>7,853,223</u>	<u>7,471,645</u>	<u>(12,614,038)</u>
Acquisition of tangible capital assets	(4,130,100)	(10,064,473)	(8,286,369)
Proportionate share of acquisition of tangible capital assets of Peace Regional Waste Management Company	(270,000)	(57,566)	(130,770)
Proceeds on disposal of tangible capital assets	-	115,105	-
Proportionate proceeds on disposal of tangible capital assets of Peace Regional Waste Management Company	-	5,237	-
Amortization of tangible capital assets	-	6,633,625	6,317,075
Proportionate share of amortization of tangible capital assets of Peace Regional Waste Management Company	428,571	395,775	520,583
(Gain) loss on disposal of tangible capital assets	-	(17,162)	-
Proportionate (gain) loss on disposal of tangible capital assets of Peace Regional Waste Management Company	-	-	-
Donation of tangible capital assets	-	-	11,436,728
	<u>(3,971,529)</u>	<u>(2,989,459)</u>	<u>9,857,247</u>
Use of prepaid assets	-	29,292	48,035
Acquisition of inventory for consumption	-	(162,175)	-
Acquisition of prepaid assets	-	(121,112)	(52,064)
	<u>-</u>	<u>(253,995)</u>	<u>(4,029)</u>
(INCREASE) DECREASE IN NET FINANCIAL DEBT	<u>3,881,694</u>	<u>4,228,191</u>	<u>(2,760,820)</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR AS PREVIOUSLY STATED	(21,441,286)	(21,743,017)	(18,982,197)
PRIOR PERIOD ADJUSTMENT (Note 23)	<u>-</u>	<u>301,731</u>	<u>301,731</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR AS RESTATED	(21,441,286)	(21,441,286)	(18,680,466)
NET FINANCIAL DEBT, END OF YEAR	<u>(17,559,592)</u>	<u>(17,213,095)</u>	<u>(21,441,286)</u>

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$ (Restated) Note 23
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Shortfall of revenues over expenses	7,471,645	(12,614,038)
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	7,029,402	6,837,658
Donated tangible capital assets	-	11,436,727
(Gain) Loss on disposal of tangible capital assets	(17,162)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	130,566	1,071,278
Decrease (increase) in trade and other receivables	660,056	846,510
Decrease (increase) in receivable from other governments	1,631,247	(1,683,798)
Decrease (increase) in prepaid expenses	(92,033)	(3,931)
Decrease (increase) in accounts payable and accrued liabilities	2,390,646	1,151,980
Decrease (increase) in deposit liabilities	702	(1,401)
Decrease (increase) in deferred revenue	(5,921,554)	1,369,702
Increase in post closure liability	326,456	93,021
(Increase) Decrease in inventory for consumption	(162,176)	-
Increase (decrease) in employee benefit obligations	(30,461)	10,479
Cash provided by operating transactions	<u>13,417,334</u>	<u>8,514,187</u>
CAPITAL		
Acquisition of tangible capital assets	(10,064,473)	(8,286,369)
Proportionate share of acquisition of tangible capital assets by Peace Regional Waste Management Company	(57,566)	(130,770)
Proceeds on disposal of tangible capital assets	120,555	-
Cash provided by (applied to) capital transactions	<u>(10,001,484)</u>	<u>(8,417,139)</u>
FINANCING		
New debt issued	1,349,649	3,735,793
Due to related party	(949,186)	116,798
Long-term debt repaid	(1,939,588)	(1,663,424)
Cash provided by financing transactions	<u>(1,539,125)</u>	<u>2,189,167</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,876,725	2,286,215
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,754,520	6,468,305
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>10,631,245</u>	<u>8,754,520</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	10,631,244	8,754,520
Bank indebtedness	-	-
	<u>10,631,244</u>	<u>8,754,520</u>

See accompanying notes to the financial statements

TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
DECEMBER 31, 2022
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	(7,305,241)	10,917,310	106,467,153	110,079,222	122,693,260
PRIOR PERIOD ADJUSTMENT (Note 23)	936,449	-	-	936,449	936,449
BALANCE, BEGINNING OF YEAR AS RESTATED	(6,368,792)	10,917,310	106,467,153	111,015,671	123,629,709
Excess (deficiency) of revenues over expenses	7,471,645	-	-	7,471,645	(12,614,038)
Current year funds used for tangible capital assets	(10,118,094)	-	10,118,094	-	-
Funds transferred to restricted surplus	(1,640,333)	1,640,333	-	-	-
Restricted funds used for tangible capital assets	-	(3,944)	3,944	-	-
Restricted funds used for operating	81,200	(81,200)	-	-	-
Donated assets	-	-	-	-	-
Disposal of assets	103,390	-	(103,390)	-	-
Current year amortization	7,029,402	-	(7,029,402)	-	-
New debt issued	1,349,649	-	(1,349,649)	-	-
Long term debt repaid	(1,939,588)	-	1,939,588	-	-
Change in accumulated surplus	2,337,271	1,555,189	3,579,185	7,471,645	(12,614,038)
BALANCE, END OF YEAR	(4,031,521)	12,472,499	110,046,338	118,487,316	111,015,671

**TOWN OF PEACE RIVER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022 \$	2021 \$
COST:							
BALANCE, BEGINNING OF YEAR	4,214,818	73,490,600	124,115,724	17,060,332	4,689,849	223,571,323	235,875,747
Acquisition of tangible capital assets	-	113,192	8,546,735	993,853	247,649	9,901,429	8,270,744
Work in progress	-	13,107	78,567	71,370	-	163,044	15,625
Disposal of tangible capital assets	-	-	-	(122,862)	(568,128)	(690,990)	(20,590,793)
BALANCE, END OF YEAR	4,214,818	73,616,899	132,741,026	18,002,693	4,369,370	232,944,806	223,571,323
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	22,450,711	58,091,050	10,941,255	2,764,996	94,248,012	97,085,100
Annual amortization	-	1,630,795	4,074,680	542,313	385,837	6,633,625	6,317,075
Accumulated amortization on writedowns	-	-	-	(100,865)	(492,182)	(593,047)	(9,154,163)
BALANCE, END OF YEAR	-	24,081,506	62,165,730	11,382,703	2,658,651	100,288,590	94,248,012
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,214,818	49,535,393	70,575,296	6,619,990	1,710,719	132,656,216	129,323,311
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,214,818	51,039,889	66,024,674	6,119,077	1,924,853	129,323,311	

Included in the above is leased equipment of \$262,815 (2021 - \$130,166) and accumulated amortization of \$32,666 (2021 - \$13,017). The leased assets are amortized on a straight line basis over the estimated useful life of 10 years.

**TOWN OF PEACE RIVER
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 3**

	Budget \$	2022 \$	2021 \$
TAXATION			
Real property taxes	14,513,370	14,295,362	14,138,290
Linear property taxes	289,000	305,449	289,127
Government grants in place of property taxes	172,200	183,264	173,098
Special assessments and local improvement taxes	100	214,195	1,173
	<u>14,974,670</u>	<u>14,998,270</u>	<u>14,601,688</u>
REQUISITIONS			
Alberta School Foundation Fund	2,698,350	2,698,312	2,768,275
North Peace Housing Foundation	456,620	456,621	449,665
Designated Industrial Properties	-	3,541	-
	<u>3,154,970</u>	<u>3,158,474</u>	<u>3,217,940</u>
NET MUNICIPAL TAXES	<u>11,819,700</u>	<u>11,839,796</u>	<u>11,383,748</u>

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 4**

	Budget \$		2022 \$		2021 \$
TRANSFERS FOR OPERATING:					
Provincial Government	1,386,550		1,058,299		2,016,726
Federal Government	34,600	-	36,050	-	10,460
Other Local Governments	3,701,880	-	3,797,406	-	3,323,172
	<u>5,123,030</u>		<u>4,891,755</u>		<u>5,350,358</u>
TRANSFERS FOR CAPITAL:					
Provincial Government	4,319,500	-	4,090,258	-	1,245,321
Federal Government	391,000	-	3,893,988	-	300,073
Other Local Governments	80,000		-		-
	<u>4,790,500</u>		<u>7,984,246</u>		<u>1,545,394</u>
TOTAL GOVERNMENT TRANSFERS	<u>9,913,530</u>		<u>12,876,001</u>		<u>6,895,752</u>

See accompanying notes to the financial statements

TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 5

	Budget \$	2022 \$	2021 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	8,958,587	8,944,461	8,405,928
Contracted and general services	7,077,991	6,811,110	5,979,095
Materials, goods, supplies and utilities	6,634,754	6,040,387	4,814,139
Provision for allowances	180,000	520,868	1,025,769
Provision for reclamation	63,429	326,775	93,021
Transfers to individuals and organizations	148,540	85,585	99,110
Bank charges and short term interest	10,300	11,159	9,448
Interest on capital long-term debt	711,490	870,887	687,120
Amortization of tangible capital assets	428,571	7,029,402	6,837,658
Other expenses	376,000	406,570	326,725
	<u>24,589,662</u>	<u>31,047,204</u>	<u>28,278,013</u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES
DECEMBER 31, 2022**

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Regional Waste Management Company	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	11,839,796	-	-	-	-	-	-	11,839,796
Government transfers	59,034	814,780	3,469,145	-	2,732,240	5,127,130	673,672	12,876,001
User fees and sales of goods	13,552	82,265	34,030	2,562,992	425,862	6,280,737	57,127	9,456,565
Investment income	291,750	-	-	6,307	-	-	-	298,057
Other revenues	2,925,001	184,802	116,260	392,651	403,468	21,765	4,484	4,048,431
	15,129,133	1,081,847	3,619,435	2,961,950	3,561,570	11,429,632	735,283	38,518,850

EXPENSES

Contract & general services	708,429	2,759,219	719,662	535,158	1,190,357	625,712	272,573	6,811,110
Salaries & wages	1,645,461	879,676	1,788,960	644,742	1,834,577	1,266,400	884,646	8,944,462
Goods & supplies	315,858	324,378	1,738,143	182,765	1,144,190	2,196,818	138,235	6,040,387
Provision for allowances	102,255	103,895	294,310	-	10,488	-	9,920	520,868
Long term debt interest	-	25,667	106,592	-	384,375	354,253	-	870,887
Other expenses	47,340	99,590	241,478	326,775	75,074	(336)	40,168	830,089
	2,819,343	4,192,425	4,889,145	1,689,440	4,639,061	4,442,847	1,345,542	24,017,803

**NET (SHORTFALL OF) REVENUE BEFORE
AMORTIZATION**

12,309,790	(3,110,578)	(1,269,710)	1,272,510	(1,077,491)	6,986,785	(610,259)	14,501,047
Transferred assets	-	-	-	-	-	-	-
Amortization expense	(71,581)	(394,490)	(3,671,842)	(395,775)	(1,161,869)	(1,173,985)	(7,029,402)

**NET (SHORTFALL OF)
REVENUE**

12,238,209	(3,505,068)	(4,941,552)	876,735	(2,239,360)	5,812,800	(770,119)	7,471,645
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**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
DECEMBER 31, 2021**

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Regional Management Company	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	11,383,748	-	-	-	-	-	-	11,383,748
Government transfers	1,653,110	820,274	1,344,375	-	2,434,969	-	643,024	6,895,752
User fees and sales of goods	26,108	97,502	84,820	865,197	222,920	5,023,240	65,735	6,385,522
Investment income	68,436	-	-	6,625	-	-	-	75,061
Other revenues	1,827,155	161,804	6,590	74,235	222,939	54,292	13,607	2,360,622
	14,958,557	1,079,580	1,435,785	946,057	2,880,828	5,077,532	722,366	27,100,705

EXPENSES

Contract & general services	487,452	1,820,730	1,573,084	343,515	969,786	691,866	92,662	5,979,095
Salaries & wages	1,496,565	843,049	1,823,114	610,789	1,527,167	1,245,258	859,986	8,405,928
Goods & supplies	248,392	297,770	1,510,010	152,863	949,561	1,496,125	159,418	4,814,139
Provision for allowances	808,414	217,262	-	93	-	-	-	1,025,769
Long term debt interest	-	-	88,798	-	306,907	291,415	-	687,120
Other expenses	60,390	73,100	197,649	93,021	55,775	-	48,371	528,306
	3,101,213	3,251,911	5,192,655	1,200,281	3,809,196	3,724,664	1,160,437	21,440,357

**NET (SHORTFALL OF) REVENUE BEFORE
AMORTIZATION**

	11,857,344	(2,172,331)	(3,756,870)	(254,224)	(928,368)	1,352,868	(438,071)	5,660,348
Donated assets	-	-	(11,436,728)	-	-	-	-	(11,436,728)
Amortization expense	(73,445)	(452,488)	(3,482,252)	(520,583)	(1,085,360)	(958,975)	(264,555)	(6,837,658)

**NET (SHORTFALL OF)
REVENUE**

	11,783,899	(2,624,819)	(18,675,850)	(774,807)	(2,013,728)	393,893	(702,626)	(12,614,038)
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**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022**

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, 2022

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, 2022

2. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash	147,706	2,632,983
Temporary investments	10,028,379	5,825,925
Cash held by Peace Regional Waste Management Company	384,778	210,380
Common shares in Credit Union	70,366	71,219
Trust Assets	15	14,013
	<u>10,631,244</u>	<u>8,754,520</u>

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

Included in the above are \$1,931,182 of funds which are externally restricted in use (2021 - \$7,399,153) in the form of deferred grants.

Restricted surplus of \$12,472,499 is partially unfunded (2021 - \$10,917,310 fully unfunded).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2022	2021
	\$	\$
Current taxes and grants in place of taxes	490,070	759,866
Local improvement taxes	1,314,583	1,318,526
Arrears taxes	981,669	1,034,714
	<u>2,786,322</u>	<u>3,113,106</u>
Non-current tax arrears	-	-
Less: allowance for doubtful accounts	(540,191)	(736,409)
	<u>2,246,131</u>	<u>2,376,697</u>

4. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Utilities receivable	1,170,917	730,427
Trade receivables	1,125,376	2,429,527
Peace Regional Waste Management Company receivables	744,740	158,930
Loans receivable	-	36,000
Allowance for doubtful accounts	(433,119)	(86,914)
	<u>2,607,914</u>	<u>3,267,970</u>

5. BANK INDEBTEDNESS

Municipal revolving loan through ATB Financial at a rate of prime plus 1%. Effective rate of 7.45% at December 31, 2022 (2021 - 3.45%).

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

6. DEFERRED REVENUE

	2022 \$	2021 \$ (Restated) Note 23
Developers' agreements	49,806	49,806
Municipal Sustainability Initiative - Capital	3,030,634	3,887,547
Canada Community Building Fund (formerly Federal Gas Tax)	540,798	1,551,322
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
Other deferred grants	1,321,535	5,375,652
	<u>4,942,773</u>	<u>10,864,327</u>

Municipal Sustainability Initiative

Funding of \$1,499,529 from prior years' allocations was received in the year and \$750,604 was allocated 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 2023. Unexpended funds related to prior advances are supported by restricted cash of \$429,056 held exclusively for these projects (refer to Note 2). In addition, \$59,034 operating funding was received in the year.

Canada Community-Building Fund (formerly Gas Tax Fund)

Funding of \$1,965,645 from prior years' allocations was received in the year and \$410,013 was allocated in the current year from the Canada Community-Building Fund. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2023. Unexpended funds related to prior advances are supported by restricted cash of \$130,785 held exclusively for these projects (refer to Note 2).

7. EMPLOYEE BENEFIT OBLIGATIONS

	2022 \$	2021 \$
Vacation	209,880	232,980
Accrued overtime/time off in lieu	9,864	17,225
	<u>219,744</u>	<u>250,205</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, 2022

8. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
Supported by general tax levies	17,215,712	16,986,793
Supported by special levies	786,074	875,157
Supported by utility rates	5,709,508	6,421,942
Total ACFA debentures	<u>23,711,294</u>	<u>24,283,892</u>
Capital leases	174,100	94,710
Bank loans	333,595	365,717
Other long term debt	516,866	581,475
	<u><u>24,735,855</u></u>	<u><u>25,325,794</u></u>

The current portion of the long-term debt amounts to \$1,984,346 (2021 - \$1,919,461)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
2023	1,984,346	738,058	2,722,404
2024	1,995,775	678,977	2,674,752
2025	2,056,805	617,947	2,674,752
2026	1,986,674	504,677	2,491,351
2027	2,024,793	443,028	2,467,821
Thereafter	14,687,462	2,884,588	17,572,050
	<u><u>24,735,855</u></u>	<u><u>5,867,275</u></u>	<u><u>30,603,130</u></u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.416% to 5.096% per annum and matures in periods 2023 through 2051. The average annual interest rate is 3.07% for 2021 (3.03% for 2021).

Included in the above debt amounts are capital lease obligations of \$174,100 (2021 - \$94,710) relating to purchases of equipment and vehicles. The equipment lease is for a 36 month term with a purchase option price of \$1 at the end of the lease. The equipment lease is for an 84 month term with a purchase option price of \$29,400, which is expected to be paid.

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 \$870,887 (2021 - \$687,120).

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.

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

10. TANGIBLE CAPITAL ASSETS OF PEACE REGIONAL WASTE MANAGEMENT COMPANY

	Cost	Accumulated Amortization	Net Book Value 2022	Net Book Value 2021
Land	\$ 27,857	\$ -	\$ 27,857	\$ 27,857
Land Improvements	393,535	198,050	195,485	207,627
Buildings	1,462,167	635,502	826,665	885,283
Engineered Structures	7,922,775	7,271,179	651,596	825,873
Machinery and Equipment	1,477,610	1,138,785	338,825	437,302
Vehicles	228,273	142,724	85,549	85,694
	<u>\$ 11,512,217</u>	<u>\$ 9,386,240</u>	<u>\$ 2,125,977</u>	<u>\$ 2,469,636</u>

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:

	2022 \$	2021 \$ (Restated) Note 23
Total debt limit	<u>45,783,860</u>	38,124,686
Total debt	<u>24,735,855</u>	25,325,794
Amount of debt limit unused	<u>21,048,005</u>	12,798,892
Debt servicing limit	<u>7,630,643</u>	6,354,114
Debt servicing	<u>2,722,404</u>	2,647,788
Amount of debt servicing limit unused	<u>4,908,239</u>	3,706,326

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

	2022 \$	2021 \$
Tangible capital assets (Schedule 2)	<u>232,944,806</u>	223,571,323
Tangible capital assets of Peace Regional Waste Management Company (Note 10)	<u>11,512,217</u>	11,674,079
Accumulated amortization (Schedule 2)	<u>(100,288,590)</u>	(94,248,012)
Accumulated amortization of Peace Regional Waste Management Company (Note 10)	<u>(9,386,240)</u>	(9,204,443)
Long-term debt (Note 8)	<u>(24,735,855)</u>	(25,325,794)
	<u>110,046,338</u>	106,467,153

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

13. ACCUMULATED SURPLUS

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

	2022 \$	2021 \$ (Restated) Note 23
Unrestricted surplus (deficit)	<u>(4,031,521)</u>	<u>(6,368,792)</u>
Restricted surplus		
Local improvements	1,314,583	1,318,526
Infrastructure renewal	417,765	417,765
Planning and Development - Capital	36,900	35,100
Mill rate stabilization	328,445	328,445
Capital - Fire	151,580	-
Fund 1 - Off-site Levies	990,293	990,293
Capital - Op Admin	203,153	-
Safe Community	186,540	186,540
Capital	201,000	-
Landfill post closure	263,300	263,300
General operating	1,264,714	1,345,915
Low flow replacement program	7,354	7,354
Museum	131,997	131,997
Peace Regional Waste Management Company	254,213	254,213
Recreation	-	-
Risk management	-	-
Transportation operating	28,454	28,454
Water distribution	49,997	49,997
Wastewater treatment plant	1,607,807	801,167
Recycling and trenching	-	-
Transportation capital	180,455	180,455
Arena replacement	-	-
Public land reserve	84,345	84,345
General capital	4,769,604	4,493,444
	<u>12,472,499</u>	<u>10,917,310</u>
Equity in tangible capital assets	<u>110,046,338</u>	<u>106,467,153</u>
	<u>118,487,316</u>	<u>111,015,671</u>

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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:

		2022		2021
		\$		\$
	Honorarium	Benefits & allowances ²	Total	Total
Councillors				
Mayor Tarpey	-	-	-	24,127
Mayor/Deputy Mayor Manzer	50,025	279	50,304	39,157
Deputy Mayor/Councillor Schamehorn	31,203	-	31,203	24,705
Councillor Ford	26,928	-	26,928	23,283
Councillor Needham	-	-	-	23,601
Councillor Good	22,855	2,901	25,756	22,228
Councillor Downing	-	-	-	15,599
Councillor Shannon	27,967	-	27,967	5,566
Councillor Boychuk	26,994	-	26,994	5,555
Councillor Carr	26,793	-	26,793	4,758
Chief Administrative Officer	Base Salary ¹			
C. Parker	285,870	17,044	302,914	219,886
B. Miller	28,369	4,905	33,274	-
T. Bell - interim CAO	52,303	8,813	61,116	-

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 8.45% (2021 - 9.4%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.8% (2021 - 12.3%) on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.45% (2021 - 8.4%) of pensionable salary up to the year's maximum pensionable salary and 11.8% (2021 - 11.3%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$442,680 (2021 - \$432,415). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2022 were \$395,033 (2021 - \$390,533).

At December 31, 2021, the LAPP disclosed a surplus of \$11.9 billion. The 2022 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, 2022**

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 multiple vehicle operating lease agreements, with annual payment as follows:

		GST	
2023	\$	173,997	8,700
2024		122,804	6,140
2025		40,438	2,022

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 is a defendant in various lawsuits as at December 31, 2022. 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.

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 consolidated 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

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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:

	2022	2021
	\$	\$
Cash and cash equivalents	384,778	210,380
Trade and other receivables	744,740	158,930
Total Financial Assets	<u>1,129,518</u>	<u>369,310</u>
Accounts payable and accrued liabilities	328,747	155,409
Deferred revenue	-	-
Due to Northern Sunrise County	232,663	1,181,849
Post closure liability	3,085,356	2,758,900
Total liabilities	<u>3,646,766</u>	<u>4,096,158</u>
Tangible capital assets	2,125,977	2,469,636
Prepays	23,935	23,722
Total Non-Financial Assets	<u>2,149,912</u>	<u>2,493,358</u>
Municipal tippage	393,827	254,170
Recycling	33,587	38,998
Industrial tippage	2,135,578	572,029
Other	387,201	74,235
Gain on disposal of assets	5,450	-
Return on investments	6,307	6,625
Total Revenues	<u>2,961,950</u>	<u>946,057</u>
Salaries, wages and benefits	644,742	610,789
Contracted services	535,158	343,515
Material, goods and utilities	182,764	152,863
Provision for allowances	-	93
Provision for reclamation	326,456	93,021
Loss on disposal of assets	-	-
Other	5,450	-
Amortization of tangible capital assets	395,775	520,583
Total Expenditures	<u>2,090,345</u>	<u>1,720,864</u>

21. POST CLOSURE LIABILITY

Included in the consolidated financial statements are the Town's proportionate share of the post-closure liability of the Peace Regional Waste Management Company. For 2022, an amount of \$3.70 per tonne of waste was used as the post-closure liability expense (2021 - \$3.70). In 2022, this rate was applied against nil tonnes of waste (2020 - \$3.70 against 69,085 tonnes), resulting in a current period expense of \$nil (2021 - \$217,049) in Peace Regional Waste Management Company.

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

22 RECONCILIATION OF 2021 BUDGET TO OPERATING RESULTS

Effective January 1, 2009, the Town adopted the changes required under the Public Sector Accounting Board (PSAB) Handbook, including Section 1200, "Financial Statement Presentation". Under these requirements, the Town is required to use a full accrual reporting model for preparation of its consolidated financial statements. However, the Town continues to use a cash requirement basis in determining its annual budget. The reconciliation below is for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated financial statements provided and users should note that this information may not be appropriate for their purposes.

	Budget \$	2022 \$	2021 \$
Excess of revenue over expenses per financial statements	7,853,223	7,471,645	(12,614,038)
Capital expenditures:			
Add amortization expense	-	6,633,625	6,317,075
Disposal of assets	-	108,525	-
Deduct tangible capital assets acquired	(7,184,062)	(10,064,473)	(8,286,369)
Excess (deficiency) of operating and capital revenues over expenditures	669,161	4,149,322	(14,583,332)
Capital financing:			
Add interest on long-term capital debt	711,420	870,887	687,120
New debt issued	2,116,312	1,349,649	3,735,793
Deduct repayment of capital debt, including interest	(2,566,400)	(2,810,475)	(2,350,544)
Net surplus (deficiency) before the following:	930,493	3,559,383	(12,510,963)
Other:			
Add (Deduct): transfer from (to) operating reserves	137,190	40,200	67,262
Add (Deduct): transfer from (to) capital reserves	(1,223,930)	(1,595,390)	(1,453,278)
Deduct: Peace Regional Waste Management Company excess (deficiency) of revenues over expenses	156,247	(876,735)	774,807
Donated assets	-	-	11,436,728
Increase (decrease) in unrestricted surplus	-	1,127,458	(1,685,444)
Increase (decrease) in unrestricted surplus of Peace Regional Waste Management Company	-	1,209,813	(384,994)
	-	2,337,271	(2,070,438)

TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

23 PRIOR PERIOD ADJUSTMENT

The prior year's financial information has been restated to reflect a correction in the timing of revenue recognition for various funding received in prior years. In addition, estimated inventory on hand at December 31, 2021 has been set up. The financial information has been restated as follows:

	2021 \$
Adjustments to opening accumulated surplus:	
As previously reported	122,693,260
Adjusted for opening inventory values	634,718
Adjusted for overstated grants receivable	(379,504)
Adjusted for overstated deferred revenues	681,235
As restated	<u>123,629,709</u>
Adjustments to receivable from other governments	
As previously reported	8,047,800
Adjusted for overstated grants receivable	(379,504)
As restated	<u>7,668,296</u>
Adjustments to deferred revenue	
As previously reported	11,545,562
Adjusted for overstated deferred revenues	(681,235)
As restated	<u>10,864,327</u>
Adjustments to inventory	
As previously reported	-
Adjusted to set up opening inventory values	634,718
As restated	<u>634,718</u>

24 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.