

TOWN OF PEACE RIVER
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 public sector accounting standards. The 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 responsibility 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 the consolidated financial statements.

The elected Mayor and Council of the Town of Peace River are composed entirely of individuals who are neither management nor employees of the Town. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

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

Barbara Miller, CPA, CGA, CLGM
Chief Administrative Officer

Sam Mugford, CPA, CA
Director of Corporate Services

April 28, 2025
Peace River, Alberta

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Peace River

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Town of Peace River (the Town), which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We did not observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at January 1, 2024. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the surplus for the year reported and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town 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 those 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 these 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Town's internal control.
- Evaluate the appropriateness of accounting policies 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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

April 28, 2025

TOWN OF PEACE RIVER
Consolidated Statement of Financial Position
As at December 31, 2024

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 16,150,554	\$ 11,755,413
Taxes and grants in place of taxes receivable (Note 3)	606,584	639,902
Trade and other receivables (Note 4)	7,659,853	6,649,466
Debt recoverable - local improvements	1,271,335	1,418,423
Land held for resale	42,789	41,868
Investments (Note 5)	<u>1,057,953</u>	<u>2,566,845</u>
	<u>26,789,068</u>	<u>23,071,917</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	3,772,345	3,417,247
Deposit liabilities	54,267	54,937
Deferred revenue (Note 7)	3,585,692	3,781,652
Employee benefit obligations (Note 8)	236,027	253,707
Obligations under capital leases (Note 10)	269,469	980,753
Long-term debt (Note 11)	20,395,906	22,646,393
Asset retirement obligations (Note 12)	<u>3,466,928</u>	<u>3,254,404</u>
	<u>31,780,634</u>	<u>34,389,093</u>
NET FINANCIAL DEBT	<u>(4,991,566)</u>	<u>(11,317,176)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	132,744,643	133,317,589
Inventory for consumption (Note 14)	1,184,844	1,116,118
Prepaid expenses	<u>208,957</u>	<u>167,504</u>
	<u>134,138,444</u>	<u>134,601,211</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 15)	<u>\$129,146,878</u>	<u>\$123,284,035</u>

Commitments (Note 18)

Contingency (Note 22)

ON BEHALF OF COUNCIL:




The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF PEACE RIVER

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2024

	<u>2024</u> (Budget) (Note 24)	<u>2024</u> (Actual)	<u>2023</u> (Restated) (Note 28)
REVENUE			
User fees and sales of goods <i>(Schedule 5)</i>	\$ 10,360,789	\$ 12,894,525	\$ 10,584,037
Net municipal taxes <i>(Schedule 3)</i>	12,457,970	12,411,440	12,288,186
Government transfers for operating <i>(Schedule 4)</i>	5,128,965	4,474,781	4,933,604
Franchise fees and concession contracts <i>(Note 13)</i>	1,887,060	1,869,965	1,727,177
Investment income	381,489	788,695	649,136
Other	380,001	653,055	950,940
Rentals	355,629	378,168	429,374
Penalties on taxes	426,000	374,176	354,032
Licenses and permits	189,050	179,398	165,296
Development levies	-	-	2,432
	<u>31,566,953</u>	<u>34,024,203</u>	<u>32,084,214</u>
EXPENSES			
Transportation services	7,282,830	6,249,542	6,564,836
Parks and recreation	5,470,810	5,338,932	4,882,565
Water supply and distribution	4,731,540	4,408,751	4,129,802
Protective services	4,471,450	4,227,144	4,445,464
Administration	3,198,740	3,606,304	2,835,260
Waste management	2,107,822	2,651,008	2,559,121
Wastewater treatment and disposal	2,020,650	1,838,731	1,802,787
Public health services	1,014,200	1,048,232	1,006,862
Culture	999,709	965,914	1,084,505
Planning and development	833,420	555,061	459,770
Council	426,170	356,937	311,667
	<u>32,557,341</u>	<u>31,246,556</u>	<u>30,082,639</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>(990,388)</u>	<u>2,777,647</u>	<u>2,001,575</u>
OTHER INCOME			
Government transfers for capital <i>(Schedule 4)</i>	-	3,085,196	2,484,259
Gain (loss) on disposal of tangible capital assets	-	-	(244,915)
	<u>-</u>	<u>3,085,196</u>	<u>2,239,344</u>
ANNUAL SURPLUS (DEFICIT)	<u>(990,388)</u>	<u>5,862,843</u>	<u>4,240,919</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	-	122,316,988	118,337,433
Restatement <i>(Note 28)</i>	-	967,047	705,683
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>123,284,035</u>	<u>123,284,035</u>	<u>119,043,116</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 15)	<u>\$ 122,293,647</u>	<u>\$ 129,146,878</u>	<u>\$ 123,284,035</u>

TOWN OF PEACE RIVER

Consolidated Statement of Change in Net Financial Debt

For The Year Ended December 31, 2024

	<u>2024</u> (Budget) (Note 24)	<u>2024</u> (Actual)	<u>2023</u> (Restated) (Note 28)
ANNUAL SURPLUS	\$ <u>(990,388)</u>	\$ <u>5,862,843</u>	\$ <u>4,240,919</u>
Acquisition of tangible capital assets	(6,698,943)	(6,379,612)	(4,943,758)
Write down of tangible capital assets	-	62,673	-
Proceeds on disposal of tangible capital assets	-	-	43,253
Amortization of tangible capital assets	6,578,630	6,889,885	6,521,588
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>244,915</u>
	<u>(120,313)</u>	<u>572,946</u>	<u>1,865,998</u>
Net change in prepaid expenses	-	(41,453)	(46,046)
Net change in inventory for consumption	<u>-</u>	<u>(68,726)</u>	<u>(319,225)</u>
	<u>-</u>	<u>(110,179)</u>	<u>(365,271)</u>
DECREASE IN NET FINANCIAL DEBT	(1,110,701)	6,325,610	5,741,646
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(11,317,176)</u>	<u>(11,317,176)</u>	<u>(17,058,822)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(12,427,877)</u>	\$ <u>(4,991,566)</u>	\$ <u>(11,317,176)</u>

TOWN OF PEACE RIVER
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 5,862,843	\$ 4,240,919
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,889,885	6,521,588
Write down of tangible capital assets	62,673	-
Loss (gain) on disposal of tangible capital assets	-	244,915
Revision in estimates of asset retirement obligations	59,748	-
Asset retirement obligation accretion expense	<u>152,776</u>	<u>145,876</u>
	<u>13,027,925</u>	<u>11,153,298</u>
Change in non-cash working capital balances:		
Accounts receivable	(977,069)	2,307,118
Inventory for consumption	(68,726)	(319,225)
Prepaid expenses	(41,453)	(46,046)
Local improvements - recoverable	147,088	(103,840)
Land held for resale	(921)	(12,987)
Accounts payable and accrued liabilities	355,225	(2,057,914)
Employee benefit obligations	(17,679)	33,962
Deposit liabilities	(670)	(17,698)
Deferred revenue	<u>(195,960)</u>	<u>(1,161,119)</u>
	<u>(800,165)</u>	<u>(1,377,749)</u>
	<u>12,227,760</u>	<u>9,775,549</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(2,250,488)	(1,915,522)
Repayment of obligations under capital lease	(711,284)	(164,499)
Proceeds from obligations under capital lease	<u>-</u>	<u>971,152</u>
	<u>(2,961,772)</u>	<u>(1,108,869)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(6,379,612)	(4,943,758)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>43,253</u>
	<u>(6,379,612)</u>	<u>(4,900,505)</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	2,501,792	1,153,053
Purchase of investments	<u>(993,027)</u>	<u>(1,343,457)</u>
	<u>1,508,765</u>	<u>(190,404)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	4,395,141	3,575,771
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>11,755,413</u>	<u>8,179,642</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	\$ <u>16,150,554</u>	\$ <u>11,755,413</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF PEACE RIVER
Consolidated Schedule of Tangible Capital Assets
For The Year Ended December 31, 2024

Schedule 1

	<u>Land and Land improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
COST:								
Balance, Beginning of Year	\$ 7,839,808	\$ 66,520,971	\$ 149,100,882	\$ 18,925,661	\$ 1,966,275	\$ 2,744,471	\$ 247,098,068	\$ 244,771,367
Restatement (Note 28)	<u>-</u>	<u>-</u>	<u>334,800</u>	<u>256,007</u>	<u>-</u>	<u>-</u>	<u>590,807</u>	<u>590,807</u>
Balance, Beginning of Year, as Restated	7,839,808	66,520,971	149,435,682	19,181,668	1,966,275	2,744,471	247,688,875	245,362,174
Additions	516,533	1,141,661	3,671,503	732,096	135,160	182,659	6,379,612	4,943,758
Disposals	-	-	-	-	-	-	-	(2,617,057)
Transfers	117,587	64,469	2,085,502	77,560	-	(2,345,118)	-	-
Write down of tangible capital assets	<u>-</u>	<u>(62,673)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,673)</u>	<u>-</u>
Balance, End of Year	<u>8,473,928</u>	<u>67,664,428</u>	<u>155,192,687</u>	<u>19,991,324</u>	<u>2,101,435</u>	<u>582,012</u>	<u>254,005,814</u>	<u>247,688,875</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	2,518,037	22,236,810	76,526,098	11,439,093	1,161,412	-	113,881,450	109,702,364
Restatement (Note 28)	<u>-</u>	<u>-</u>	<u>253,942</u>	<u>235,894</u>	<u>-</u>	<u>-</u>	<u>489,836</u>	<u>476,090</u>
Balance, Beginning of Year, as Restated	2,518,037	22,236,810	76,780,040	11,674,987	1,161,412	-	114,371,286	110,178,454
Amortization expense	160,098	1,688,592	3,730,904	1,143,385	166,906	-	6,889,885	6,521,588
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,328,756)</u>
Balance, End of Year	<u>2,678,135</u>	<u>23,925,402</u>	<u>80,510,944</u>	<u>12,818,372</u>	<u>1,328,318</u>	<u>-</u>	<u>121,261,171</u>	<u>114,371,286</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 5,795,793</u>	<u>\$ 43,739,026</u>	<u>\$ 74,681,743</u>	<u>\$ 7,172,952</u>	<u>\$ 773,117</u>	<u>\$ 582,012</u>	<u>\$ 132,744,643</u>	<u>\$ 133,317,589</u>
NET BOOK VALUE, BEGINNING OF YEAR	<u>\$ 5,321,771</u>	<u>\$ 44,284,161</u>	<u>\$ 72,655,642</u>	<u>\$ 7,506,681</u>	<u>\$ 804,863</u>	<u>\$ 2,744,471</u>	<u>\$ 133,317,589</u>	<u>\$ -</u>
 *Construction in progress is comprised of	 <u>\$ 17,250</u>	 <u>\$ 278,861</u>	 <u>\$ 259,351</u>	 <u>\$ 26,550</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 582,012</u>	 <u>\$ 2,744,471</u>

TOWN OF PEACE RIVER

Schedule 2

Consolidated Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2024

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023 (Restated) (Note 28)
BALANCE, BEGINNING OF YEAR	\$ (1,503,451)	\$ 16,066,945	\$ 107,753,494	\$ 122,316,988	\$ 118,337,433
Restatement (Note 28)	<u>861,076</u>	<u>5,000</u>	<u>100,971</u>	<u>967,047</u>	<u>705,683</u>
BALANCE, BEGINNING OF YEAR, AS RESTATED	<u>(642,375)</u>	<u>16,071,945</u>	<u>107,854,465</u>	<u>123,284,035</u>	<u>119,043,116</u>
Annual surplus	5,862,843	-	-	5,862,843	4,240,919
Funds transferred to restricted surplus	(601,411)	601,411	-	-	-
Current year funds used for tangible capital assets	(6,379,612)	-	6,379,612	-	-
Write down of tangible capital assets	62,673	-	(62,673)	-	-
Accretion on asset retirement obligations	152,776	-	(152,776)	-	-
Revision in estimates on asset retirement obligations	59,748	-	(59,748)	-	-
Annual amortization expense	6,889,885	-	(6,889,885)	-	-
Levied portion of debt recoverable - local improvements	147,088	-	(147,088)	-	-
Long-term debt and obligations under capital leases repaid	<u>(2,961,772)</u>	<u>-</u>	<u>2,961,772</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>3,172,470</u>	<u>601,411</u>	<u>2,088,962</u>	<u>5,862,843</u>	<u>4,240,919</u>
BALANCE, END OF YEAR (NOTE 15)	<u>\$ 2,589,843</u>	<u>\$ 16,673,356</u>	<u>\$ 109,883,679</u>	<u>\$ 129,146,878</u>	<u>\$ 123,284,035</u>

Consolidated Schedule of Property and Other Taxes

For The Year Ended December 31, 2024

	<u>2024</u> (Budget) (Note 24)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
TAXATION			
Real property taxes	\$ 14,996,920	\$ 14,875,665	\$ 14,466,809
Linear property taxes	305,000	402,079	332,149
Government grants in lieu of property taxes	294,800	318,499	309,849
Local improvement taxes	<u>-</u>	<u>-</u>	<u>248,000</u>
	<u>15,596,720</u>	<u>15,596,243</u>	<u>15,356,807</u>
REQUISITIONS			
Alberta School Foundation Fund	2,690,000	2,668,208	2,564,179
North Peace Housing Foundation	448,750	515,185	503,228
Designated Industrial Property	<u>-</u>	<u>1,410</u>	<u>1,214</u>
	<u>3,138,750</u>	<u>3,184,803</u>	<u>3,068,621</u>
NET MUNICIPAL TAXES	<u>\$ 12,457,970</u>	<u>\$ 12,411,440</u>	<u>\$ 12,288,186</u>

Consolidated Schedule of Government Transfers

For The Year Ended December 31, 2024

	<u>2024</u> (Budget) (Note 24)	<u>2024</u> (Actual)	<u>2023</u> (Restated) (Note 28)
TRANSFERS FOR OPERATING			
Local governments	\$ 3,978,740	\$ 2,946,871	\$ 3,483,807
Provincial government	1,135,875	1,522,909	1,398,522
Federal government	<u>14,350</u>	<u>5,001</u>	<u>51,275</u>
	<u>5,128,965</u>	<u>4,474,781</u>	<u>4,933,604</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	1,834,180	1,933,516
Federal government	-	1,006,227	299,065
Local governments	<u>-</u>	<u>244,789</u>	<u>251,678</u>
	<u>-</u>	<u>3,085,196</u>	<u>2,484,259</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 5,128,965</u>	<u>\$ 7,559,977</u>	<u>\$ 7,417,863</u>

TOWN OF PEACE RIVER

Schedule 5

Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2024

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Planning and Development</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Water, Sewer and Waste Management</u>	<u>Parks and Recreation and Culture</u>	<u>Total</u>
REVENUE								
User fees and sales of goods	\$ -	\$ 26,740	\$ 11,950	\$ 49,055	\$ 329,322	\$ 12,108,745	\$ 368,713	\$ 12,894,525
Taxation	12,411,440	-	-	-	-	-	-	12,411,440
Government transfers	118,068	824,137	(15,909)	861,548	-	-	2,686,937	4,474,781
All other	2,346,075	315,209	3,370	20,384	19,810	51,644	518,872	3,275,364
Investment income	681,778	-	-	-	-	106,799	118	788,695
Licenses and permits	<u>14,490</u>	<u>139,291</u>	<u>25,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,398</u>
	<u>15,571,851</u>	<u>1,305,377</u>	<u>25,028</u>	<u>930,987</u>	<u>349,132</u>	<u>12,267,188</u>	<u>3,574,640</u>	<u>34,024,203</u>
EXPENSES								
Salaries, wages, and benefits	1,961,619	919,495	298,369	753,304	1,553,814	1,944,158	2,438,507	9,869,266
Contracted and general services	901,177	2,392,756	155,101	207,173	859,401	1,947,462	1,185,721	7,648,791
Amortization of tangible capital assets	87,405	323,733	9,168	774	2,435,235	2,839,201	1,194,369	6,889,885
Materials, goods, supplies and utilities	134,959	367,222	49,857	35,545	1,279,382	1,610,080	1,125,602	4,602,647
Other	801,248	185,366	-	10,768	9,510	101,639	18,363	1,126,894
Interest on long-term debt and obligations under capital leases	-	24,681	-	-	112,200	307,489	283,111	727,481
Transfers to local boards and organizations	68,870	13,488	42,566	40,668	-	-	55,900	221,492
Accretion expense	639	403	-	-	-	148,461	3,273	152,776
Transfers to other governments	<u>7,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,324</u>
	<u>3,963,241</u>	<u>4,227,144</u>	<u>555,061</u>	<u>1,048,232</u>	<u>6,249,542</u>	<u>8,898,490</u>	<u>6,304,846</u>	<u>31,246,556</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>11,608,610</u>	<u>(2,921,767)</u>	<u>(530,033)</u>	<u>(117,245)</u>	<u>(5,900,410)</u>	<u>3,368,698</u>	<u>(2,730,206)</u>	<u>2,777,647</u>
Government transfers for capital	<u>44,708</u>	<u>56,160</u>	<u>-</u>	<u>-</u>	<u>1,872,698</u>	<u>923,001</u>	<u>188,629</u>	<u>3,085,196</u>
ANNUAL SURPLUS	<u>\$ 11,653,318</u>	<u>\$ (2,865,607)</u>	<u>\$ (530,033)</u>	<u>\$ (117,245)</u>	<u>\$ (4,027,712)</u>	<u>\$ 4,291,699</u>	<u>\$ (2,541,577)</u>	<u>\$ 5,862,843</u>

TOWN OF PEACE RIVER

Schedule 5

Consolidated Schedule of Segmented Information

For the Year Ended December 31, 2023

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Planning and Development</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Water, Sewer and Waste Management</u>	<u>Parks and Recreation and Culture</u>	<u>Total (Restated) (Note 28)</u>
REVENUE								
Taxation	\$ 12,288,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,288,186
User fees and sales of goods	-	470	20,985	34,069	312,302	9,885,178	331,033	10,584,037
Government transfers	118,068	1,001,166	69,806	809,837	-	-	2,934,727	4,933,604
All other	2,238,729	520,656	3,145	17,322	52,012	52,268	579,823	3,463,955
Investment income	593,551	-	-	-	-	55,503	82	649,136
Licenses and permits	<u>11,782</u>	<u>112,526</u>	<u>40,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,296</u>
	<u>15,250,316</u>	<u>1,634,818</u>	<u>134,924</u>	<u>861,228</u>	<u>364,314</u>	<u>9,992,949</u>	<u>3,845,665</u>	<u>32,084,214</u>
EXPENSES								
Salaries, wages, and benefits	1,706,241	958,987	257,691	704,851	1,612,317	1,925,813	2,190,815	9,356,715
Contracted and general services	666,704	2,474,787	134,837	180,537	741,128	1,905,647	1,174,617	7,278,257
Amortization of tangible capital assets	73,164	326,984	15,383	774	2,284,671	2,648,013	1,172,598	6,521,587
Materials, goods, supplies and utilities	133,415	237,466	1,784	68,204	1,802,641	1,445,706	977,347	4,666,563
Other	504,770	385,139	-	13,496	11,203	80,296	61,675	1,056,579
Interest on long-term debt and obligations under capital leases	-	23,230	-	-	112,876	344,466	302,732	783,304
Transfers to local boards and organizations	54,700	38,488	50,075	39,000	-	-	84,171	266,434
Accretion expense	609	383	-	-	-	141,769	3,115	145,876
Transfers to other governments	<u>7,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,324</u>
	<u>3,146,927</u>	<u>4,445,464</u>	<u>459,770</u>	<u>1,006,862</u>	<u>6,564,836</u>	<u>8,491,710</u>	<u>5,967,070</u>	<u>30,082,639</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>12,103,389</u>	<u>(2,810,646)</u>	<u>(324,846)</u>	<u>(145,634)</u>	<u>(6,200,522)</u>	<u>1,501,239</u>	<u>(2,121,405)</u>	<u>2,001,575</u>
Government transfers for capital	55,292	70,000	-	-	2,177,289	-	181,678	2,484,259
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,171)</u>	<u>(113,882)</u>	<u>16,516</u>	<u>(41,378)</u>	<u>(244,915)</u>
	<u>55,292</u>	<u>70,000</u>	<u>-</u>	<u>(106,171)</u>	<u>2,063,407</u>	<u>16,516</u>	<u>181,678</u>	<u>2,280,722</u>
ANNUAL SURPLUS	<u>\$ 12,158,681</u>	<u>\$ (2,740,646)</u>	<u>\$ (324,846)</u>	<u>\$ (251,805)</u>	<u>\$ (4,137,115)</u>	<u>\$ 1,517,755</u>	<u>\$ (1,981,105)</u>	<u>\$ 4,240,919</u>

The accompanying notes are an integral part of these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Peace River (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Town of Peace River Library Board and the Town's 43% proportionate share of the Peace Regional Waste Management Company (see Note 27).

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

The schedule of taxes levied also includes requisitions for education and seniors foundations that are not 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.

(b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

(c) Land Held for Resale

Land 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 leveling 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 their respective function.

(d) Investments

Investments are recorded at amortized cost. 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.

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

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(f) Cash and Temporary Investments

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(g) Tax Revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(i) Government Transfers

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

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

(j) 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. In situations 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.

(k) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(l) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues.

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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 annual surplus, provides the consolidated change in net financial assets 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:

Land Improvements	15 years
Buildings	40 years
Engineered Structures	
Transportation	15 - 40 years
Water distribution system	40 years
Wastewater treatment system	15 years
Machinery and Equipment	10 years
Vehicles	10 years

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) **Inventory for Consumption**

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the average cost method.

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

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

(n) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and temporary investments	Cost
Receivables	Lower of cost and net realizable value
Debt recoverable - local improvements	Amortized cost
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost
Obligations under capital leases	Amortized cost

(Continues)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) *Change in Accounting Policies*

Effective January 1, 2024, the Town adopted Canadian public sector accounting standards PS 3400 Revenue, PS 3160 Public Private Partnerships and PSG-8 Purchased Intangible Assets. Adoption of these standards had no effect on the Town's consolidated financial statements.

(p) *Future Accounting Standard Pronouncements*

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The Town will continue to assess the impact and prepare for the adoption of these standards.

i) *Financial Statement Presentation*

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Cash	\$ 1,905,095	\$ 1,752,456
Temporary investments	<u>14,245,459</u>	<u>10,002,957</u>
	<u>\$ 16,150,554</u>	<u>\$ 11,755,413</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at variable rates ranging from 3.55% to 3.85% (2023 - 5.30% to 5.60%) maturing in 2025.

Included in cash is the Town's portion of the Peace Regional Waste Management Company's cash on hand totaling \$1,536,675 (2023 - \$1,477,407) and the Town of Peace River Library Board's cash on hand totaling \$249,699 (2023 - \$227,160).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Taxes and grants in place of taxes		
Current taxes	\$ 663,204	\$ 487,067
Arrears taxes	<u>1,059,228</u>	<u>837,890</u>
	1,722,432	1,324,957
Less: Allowance for doubtful accounts	<u>(1,115,848)</u>	<u>(685,055)</u>
	<u>\$ 606,584</u>	<u>\$ 639,902</u>

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

4. TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Receivable from other governments	\$ 5,239,032	\$ 3,639,900
Utilities receivables	1,222,608	1,005,457
Peace Regional Waste Management Company receivables	568,211	289,195
Trade and other receivables	480,062	1,934,888
Receivable from other governments - GST	165,045	180,048
Due from Northern Sunrise County	19,537	7,101
Loan receivable	16,000	20,000
Town of Peace River Library Board receivables	<u>7,172</u>	<u>12,873</u>
	7,717,667	7,089,462
Less: Allowance for doubtful accounts	<u>(57,814)</u>	<u>(439,996)</u>
	<u>\$ 7,659,853</u>	<u>\$ 6,649,466</u>

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

5. INVESTMENTS

	<u>2024</u>	<u>2023</u>
Peace River Waste Management Company - investments	\$ 941,745	\$ 76,377
Vision Credit Union shares	116,208	93,334
Guaranteed Investment Certificates	<u>-</u>	<u>2,397,134</u>
	<u>\$ 1,057,953</u>	<u>\$ 2,566,845</u>

Guaranteed Investment Certificates bearing interest at a fixed rates of N/A per annum (2023 - 4.00% - 4.75%) maturing N/A (2023 - October 2, 2024 to October 3, 2024).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Trade	\$ 2,693,610	\$ 2,388,963
Other governments	1,061,906	900,562
Accrued interest payable	<u>16,829</u>	<u>127,722</u>
	<u>\$ 3,772,345</u>	<u>\$ 3,417,247</u>

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

7. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2023</u> (Restated) (Note 28)	<u>Additions</u>	<u>Revenue</u> <u>Recognized</u>	<u>2024</u>
Local Government Fiscal Framework \$	-	\$ 1,081,131	\$ -	\$ 1,081,131
Alberta Community Resilience Program	770,575	23,117	-	793,692
Municipal Sustainability Initiative	1,820,060	27,178	(1,077,621)	769,617
Other	400,509	1,262,285	(1,090,589)	572,205
Northern and Regional Economic Development Program	12,500	208,000	(15,991)	204,509
Canada Community Building Fund	732,828	436,071	(1,006,227)	162,672
Town of Peace River Library Board	472	5,000	(3,606)	1,866
Government of Canada - Enabling Access	<u>44,708</u>	<u>-</u>	<u>(44,708)</u>	<u>-</u>
	<u>\$ 3,781,652</u>	<u>\$ 3,042,782</u>	<u>\$(3,238,742)</u>	<u>\$ 3,585,692</u>

8. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Vacation payable	\$ 228,149	\$ 247,394
Overtime / time off in lieu payable	<u>7,878</u>	<u>6,313</u>
	<u>\$ 236,027</u>	<u>\$ 253,707</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Town does not provide post-employment benefits to their employees.

9. REVOLVING LOAN

The Town has a \$6,000,000 revolving loan through ATB Financial at a rate of prime plus 1%. Prime rate as at December 31, 2024 was 5.45% (2023 - 7.20%). As at December 31, 2024, no amounts had been drawn on the revolving loan (2023 - \$NIL).

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

10. OBLIGATIONS UNDER CAPITAL LEASES

The Caterpillar Financial Services Limited leases were retired during the year. The Enterprise Fleet Management leases consist of 7 leases bearing interest ranging from 5.557% to 6.431% (2023 - 5.557% to 6.431%) and matures between 2027 and 2028 (2023 - 2027 and 2028). The cost of assets under capital lease are \$431,403 (2023 - \$431,403) the accumulated amortization is \$172,561 (2023 - \$86,281) and the resulting net book value included in capital assets is \$258,842 (2023 - \$345,122).

	<u>2024</u>	<u>2023</u>
Enterprise Fleet Management leases	\$ 269,469	\$ 353,661
Caterpillar Financial Services Limited leases	<u>-</u>	<u>627,092</u>
	<u>\$ 269,469</u>	<u>\$ 980,753</u>

The current portion of the capital lease amounts to \$83,228 (2023 - \$137,301).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 83,228	\$ 13,820	\$ 97,048
2026	88,331	8,717	97,048
2027	95,813	3,307	99,120
2028	<u>2,097</u>	<u>11</u>	<u>2,108</u>
	<u>\$ 269,469</u>	<u>\$ 25,855</u>	<u>\$ 295,324</u>

11. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Debenture debt	\$ 20,008,256	\$ 21,888,093
Other long-term debt	387,650	452,258
Bank debt	<u>-</u>	<u>306,042</u>
	<u>\$ 20,395,906</u>	<u>\$ 22,646,393</u>

The current portion of the long-term debt amounts to \$2,002,905 (2023 - \$1,973,783).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,002,905	\$ 601,287	\$ 2,604,192
2026	2,063,247	540,945	2,604,192
2027	2,101,861	478,803	2,580,664
2028	2,131,256	415,484	2,546,740
2029	1,685,322	354,051	2,039,373
Thereafter	<u>10,411,315</u>	<u>2,071,872</u>	<u>12,483,187</u>
	<u>\$ 20,395,906</u>	<u>\$ 4,462,442</u>	<u>\$ 24,858,348</u>

(Continues)

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

11. LONG-TERM DEBT (CONTINUED)

Debenture debt is repayable to the Province of Alberta bearing interest at rates ranging from 1.416% - 5.096% per annum maturing in the year 2026 and 2050 respectively.

Bank debt was retired during the year.

Other long-term debt is repayable to Northern Lights County and is interest free. The loan is repayable in annual payments of \$64,608 and matures September 30, 2030.

Debenture, bank and other long-term debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$708,847 (2023 - \$728,455). The Town's total cash payments for interest is \$673,059 (2023 - \$737,936).

12. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include buildings and engineered structures.

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur.

The Town has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Town to reclaim the work site when the asset retirement activity occur.

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Balance, Beginning of Year	\$ 3,254,404	\$ 3,108,528
Net Change for the Year		
Revision in estimates	59,748	-
Accretion expense	<u>152,776</u>	<u>145,876</u>
Balance, End of Year	\$ <u>3,466,928</u>	\$ <u>3,254,404</u>

Asset retirement obligations of \$3,466,928 (2023 - \$3,254,404) were measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$10,676,547 (2023 - \$10,676,547), a discount rates between 4.07% and 5.25% (2023 - 4.07% and 5.25%), an annual inflation rates between 2.00% and 3.65% (2023 - 2.00% and 3.65%), with retirement and reclamation activities expected to be settled between 2025 and 2074.

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

13. FRANCHISE FEES AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2024</u>	<u>2023</u>
ATCO Electric Ltd.	\$ 1,087,354	\$ 982,995
ATCO Gas Ltd.	<u>782,611</u>	<u>744,182</u>
	<u>\$ 1,869,965</u>	<u>\$ 1,727,177</u>

14. INVENTORY FOR CONSUMPTION

	<u>2024</u>	<u>2023</u>
Parts, culverts and other	<u>\$ 1,184,844</u>	<u>\$ 1,116,118</u>

15. ACCUMULATED SURPLUS

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

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
Unrestricted surplus (deficit)	<u>\$ 2,589,843</u>	<u>\$ (642,375)</u>
Restricted surplus		
Tax supported capital reserve -		
Buildings and engineered structures	5,924,196	6,665,882
Neighbourhood infrastructure renewal	3,205,354	3,111,994
Water - capital reserve	2,500,800	2,608,081
Tax supported operating reserve	1,621,613	1,293,168
Wastewater capital reserve	1,070,828	78,300
Off-site levies reserve	1,020,002	990,293
Landfill post closure reserve	271,199	263,300
Peace Regional Waste Management Company reserve	254,212	254,213
Storm sewer capital reserve	214,647	20,390
Safe communities initiatives	192,136	186,540
Solid waste reserve	170,536	-
Museum acquisitions reserve	135,957	131,997
Public use recreation land reserve	86,876	84,345
Town of Peace River Library Board	5,000	5,000
Water - operating reserve	-	49,997
Mill rate stabilization	-	328,445
	<u>16,673,356</u>	<u>16,071,945</u>
Equity in tangible capital assets	<u>109,883,679</u>	<u>107,854,465</u>
	<u>\$ 129,146,878</u>	<u>\$ 123,284,035</u>

TOWN OF PEACE RIVER**Notes to Consolidated Financial Statements****Year Ended December 31, 2024****16. DEBT LIMITS**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 51,036,305	\$ 48,126,321
Total debt	<u>20,665,375</u>	<u>23,627,146</u>
Amount of total debt limit unused	<u>\$ 30,370,930</u>	<u>\$ 24,499,175</u>
Debt servicing limit	\$ 8,506,051	\$ 8,021,054
Debt servicing	<u>2,701,240</u>	<u>2,722,404</u>
Amount of debt servicing limit unused	<u>\$ 5,804,811</u>	<u>\$ 5,298,650</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

17. SALARIES AND BENEFITS DISCLOSURE

Disclosure of remuneration and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary (1)</u>	<u>Benefits, Travel and Allowances (2)</u>	<u>2024 Total</u>	<u>2023 Total</u>
Elected Officials:				
Mayor Manzer	\$ 57,329	\$ 81	\$ 57,410	\$ 46,355
Councillor Shannon	34,873	5,307	40,180	34,441
Councillor Schamehorn	32,680	5,132	37,812	29,284
Councillor Boychuk	26,885	4,787	31,672	32,817
Councillor Good	27,711	3,125	30,836	26,909
Councillor Carr	27,119	1,738	28,857	26,613
Councillor Ford	<u>24,589</u>	<u>2,648</u>	<u>27,237</u>	<u>28,675</u>
	<u>\$ 231,186</u>	<u>\$ 22,818</u>	<u>\$ 254,004</u>	<u>\$ 225,094</u>
Chief Administrative Officer	<u>\$ 200,491</u>	<u>\$ 36,528</u>	<u>\$ 237,019</u>	<u>\$ 234,764</u>

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

(2) Employer's share of all employee benefits, travel and allowances or payments made on behalf of employees including, pension, health care, dental coverage, vision coverage, group life disability plans, professional memberships and tuition.

18. COMMITMENTS

The Town is in an energy services agreement with Alberta Municipal Services Corporation ("AMSC") to provide electricity for the Town. The agreement was in effect August 4, 2022 and amended September 5, 2023 and is in place until December 31, 2029. The fees for the services include \$0.0695 per kilowatt hour of electricity. Under this contract, the Town had a total electricity cost in 2024 of \$1,035,838 (2023 - \$1,016,011).

The Town has entered into multiple vehicle and equipment operating lease agreements, with annual payments as follows:

2025	\$ 113,095
2026	17,435
2027	8,262
2028	7,542
2029	3,398
2030	2,737
2031	2,737
2032	<u>2,737</u>
	<u>\$ 157,943</u>

19. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 8.45% (2023 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2023 - 12.23%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2024 were \$473,662 (2023 - \$442,548). Total current and past service contributions made by the employees of the Town to the LAPP in 2024 were \$421,932 (2023 - \$394,686).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion).

20. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, and Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plans Act commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees (approximately 124 beneficiaries). The plan supplements the Local Authorities Pension Plan.

The prescribed class of employees and the Town make contributions. Employees and the Town are required to make current service contributions to APEX of 2.42% (2023 - 2.42%) and 2.96% (2023 - 2.96%) respectively of pensionable earnings up to \$175,333 (2023 - \$175,333).

Total current service contributions by the Town to APEX in 2024 were \$18,967 (2023 - \$16,431). Total current and past service contributions made by the employees of the Town to the APEX in 2024 were \$15,507 (2023 - \$13,434).

21. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, debt recoverable local improvements, long-term debt and obligations under capital leases. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Credit risk

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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 fulfil their obligations. The large number and diversity of customers minimizes the Town's credit risk.

Unless otherwise noted, the carrying value of these financial instruments approximates their fair value.

22. CONTINGENCY

The Town is a member of the Alberta Municipal Insurance Exchange (the "Exchange"). Under the terms of the memberships, 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.

23. SEGMENTED INFORMATION

The Town is a diversified municipal government that provides a wide range of services to its citizens including police, fire, roads, water and waste management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. The functions that have been disclosed in the segmented information, along with the services provided are as follows:

i. Council and Administration

General government consists of Town council and general administrative which includes executive leadership, corporate services, legislative services and human resources and communications.

ii. Protective Services

Protective services includes police, municipal enforcement and fire.

iii. Planning and Development

Planning and development includes subdivision land development and economic development.

iv. Public Health Services

Public health services includes family and community services (FCSS).

v. Transportation Services

Transportation services include roads and transit.

vi. Water, Sewer and Waste Management

Water, sewer and waste management includes water, wastewater and storm sewer, and waste.

(Continues)

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

23. SEGMENTED INFORMATION (CONTINUED)

vii. Parks and Recreation and Culture

Parks and recreation and culture includes parks and recreation and culture and library. Parks and recreation and culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Town.

For each reported segment, revenue and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

24. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on December 11, 2023 and includes the Town of Peace River Library Board's budget and the Town's proportionate share of the Peace Regional Waste Management Company's budget. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts annual surplus to align with the budget process. It should not be used as a replacement for the consolidated statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2024</u> (Budget)	<u>2024</u> (Actual)	<u>2023</u> (Actual)
Annual surplus	(990,388)	5,862,843	4,240,919
Add back (deduct):			
Amortization expense	\$ 6,578,630	\$ 6,889,885	\$ 6,521,588
Accretion expense	212,143	152,776	145,876
Net transfers (to) from reserves	2,948,268	(601,411)	(3,594,446)
Acquisition of tangible capital assets	(6,698,943)	(6,379,612)	(4,943,758)
Loss (gain) on disposal of tangible capital assets	-	-	244,915
Proceeds on tangible capital assets	-	-	43,253
Principal debt repayments	(2,049,710)	(2,250,488)	(1,915,522)
Levied portion of debt recoverable - local improvements	-	147,088	(103,840)
Operating surplus	<u>\$ -</u>	<u>\$ 3,821,081</u>	<u>\$ 638,985</u>

25. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

27. GOVERNMENT PARTNERSHIP

In accordance with the Canadian public sector accounting standards *PS 3060 Government Partnerships*, the financial position of the Town has been consolidated with the Town's proportionate share of the Peace Regional Waste Management Company. Ownership is determined by the number of shares issued to the Directors of the Company. The Town contributes 3 of the 7 Directors to the Board of Directors and this is used to determine the Town's 43% proportionate share.

The following is a summary of the Town's share in this government partnership:

	<u>2024</u>	<u>2023</u> (Restated) (Note 28)
FINANCIAL ASSETS		
Cash and temporary investments	\$ 1,536,675	\$ 1,477,407
Investments	941,745	76,377
Accounts receivable	<u>587,748</u>	<u>296,296</u>
	<u>3,066,168</u>	<u>1,850,080</u>
LIABILITIES		
Accounts payable and accrued liabilities	337,731	217,010
Asset retirement obligations	<u>2,923,729</u>	<u>2,794,926</u>
	<u>3,261,460</u>	<u>3,011,936</u>
NET FINANCIAL DEBT	<u>(195,292)</u>	<u>(1,161,856)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	25,656	25,702
Tangible capital assets	<u>3,566,861</u>	<u>2,061,195</u>
	<u>3,592,517</u>	<u>2,086,897</u>
ACCUMULATED SURPLUS	\$ <u>3,397,225</u>	\$ <u>925,041</u>
REVENUE		
User fees and sales of goods	\$ 4,523,201	\$ 2,798,129
Investment income	106,799	55,503
Other	<u>500</u>	<u>1,424</u>
	<u>4,630,500</u>	<u>2,855,056</u>
EXPENSES		
Salaries, wages and benefits	750,115	723,331
Contracted and general services	609,062	793,470
Amortization of tangible capital assets	389,357	227,776
Materials, goods, supplies and utilities	280,979	211,310
Accretion expense	<u>128,803</u>	<u>123,092</u>
	<u>2,158,316</u>	<u>2,078,979</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>2,472,184</u>	<u>776,077</u>
OTHER INCOME		
Gain on disposal of tangible capital assets	<u>-</u>	<u>16,516</u>
ANNUAL SURPLUS	\$ <u>2,472,184</u>	\$ <u>792,593</u>

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

28. RESTATEMENT

During the year, it was determined that the Town controls the Town of Peace River Library Board (the "Library Board") and the financial records are to be consolidated.

The consolidation with the Library Board has resulted in the following:

- Increase to financial assets, liabilities, non-financial assets and accumulated surplus;
- Increase in revenue and expenses;
- Adjustment to the opening balance of accumulated surplus.

During the year, the Peace Regional Waste Management Company adopted public sector accounting standard 3280, Asset Retirement Obligations, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

The Peace Regional Waste Management Company recognized the following to conform to the new standard, and the Town consolidated their portion of the restatement:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

Comparative figures have been restated as follows.

	<u>As Previously Stated</u>	<u>Restatement</u>	<u>As Restated</u>
Consolidated statement of financial position			
Assets			
Cash and temporary investments	\$ 11,528,252	\$ 227,161	\$ 11,755,413
Taxes and grants in place of taxes receivable	639,902	-	639,902
Trade and other receivables	6,636,593	12,873	6,649,466
Debt recoverable - local improvements	1,418,423	-	1,418,423
Land held for resale	41,868	-	41,868
Investments	<u>2,566,845</u>	<u>-</u>	<u>2,566,845</u>
	<u>22,831,883</u>	<u>240,034</u>	<u>23,071,917</u>
Liabilities			
Accounts payable and accrued liabilities	3,407,502	9,745	3,417,247
Deposit liabilities	54,937	-	54,937
Deferred revenue	3,781,180	472	3,781,652
Employee benefit obligations	246,413	7,294	253,707
Obligations under capital leases	980,753	-	980,753
Long-term debt	22,646,393	-	22,646,393
Asset retirement obligation	<u>3,897,957</u>	<u>(643,553)</u>	<u>3,254,404</u>
	<u>35,015,135</u>	<u>(626,042)</u>	<u>34,389,093</u>
Net financial debt	<u>(12,183,252)</u>	<u>866,076</u>	<u>(11,317,176)</u>
Non-financial assets			
Tangible capital assets	133,216,618	100,971	133,317,589
Inventory for consumption	1,116,118	-	1,116,118
Prepaid expenses	<u>167,504</u>	<u>-</u>	<u>167,504</u>
	<u>\$122,316,988</u>	<u>\$ 967,047</u>	<u>\$123,284,035</u>

TOWN OF PEACE RIVER
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

28. RESTATEMENT (CONTINUED)

Consolidated statement of operations and accumulated surplus

Revenues

Net municipal taxes	\$ 12,288,186	\$ -	\$ 12,288,186
User fees and sales of goods	10,571,706	12,332	10,584,038
Government transfers for operating	4,866,545	67,059	4,933,604
Franchise fees and concession contracts	1,727,177	-	1,727,177
Other	934,181	16,759	950,940
Investment income	649,053	82	649,135
Rentals	428,276	1,098	429,374
Penalties on taxes	354,032	-	354,032
Licenses and permits	165,296	-	165,296
Development levies	2,432	-	2,432
	<u>31,986,884</u>	<u>97,330</u>	<u>32,084,214</u>

Expenses

Transportation services	6,564,836	-	6,564,836
Parks and recreation	4,882,565	-	4,882,565
Protective services	4,445,464	-	4,445,464
Water supply and distribution	4,129,802	-	4,129,802
Administration	2,835,260	-	2,835,260
Waste management	2,783,749	(224,628)	2,559,121
Wastewater treatment and disposal	1,802,787	-	1,802,787
Culture	1,023,911	60,594	1,084,505
Public health services	1,006,862	-	1,006,862
Planning and development	459,770	-	459,770
Council	311,667	-	311,667
	<u>30,246,673</u>	<u>(164,034)</u>	<u>30,082,639</u>

Annual surplus before other income	1,740,211	261,364	2,001,575
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Other income

Government transfers for capital	2,484,259	-	2,484,259
Gain (loss) on disposal of tangible capital assets	(244,915)	-	(244,915)
	<u>2,239,344</u>	<u>-</u>	<u>2,239,344</u>

Annual surplus	<u>3,979,555</u>	<u>261,364</u>	<u>4,240,919</u>
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Accumulated surplus

Accumulated surplus - Beginning of year	\$ 118,337,433	\$ 705,683	\$ 119,043,116
Accumulated surplus - End of year	\$ 122,316,988	\$ 967,047	\$ 123,284,035