

Town of Peace River
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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Management's Responsibility

To the Mayor and Council of Town of Peace River:

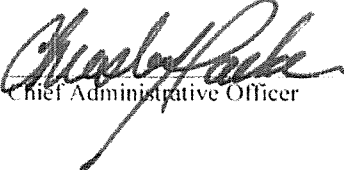
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting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

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

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

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

April 23, 2019


Chief Administrative Officer

Independent Auditor's Report

To the Council of Town Of Peace River:

Opinion

We have audited the consolidated financial statements of Town Of Peace River and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of financial activities, accumulated operating surplus, changes in net debt, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

We bring to your attention Note 20 to the consolidated financial statements, which outline the prior period adjustment required to correct amortization calculation errors.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment

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and maintain professional skepticism throughout the audit. We also:

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

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

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

Peace River, Alberta

April 23, 2019

MNP LLP

Chartered Professional Accountants

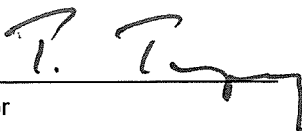
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**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$ (Restated) Note 20
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>16,894,509</u>	<u>12,407,918</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	2,849,606	3,352,634
Receivable from other governments	3,627,682	3,485,272
Trade and other receivables	7,652,881	9,961,917
Land inventory held for resale	28,881	28,881
Long-term investments	<u>30</u>	<u>30</u>
	<u>31,053,589</u>	<u>29,236,652</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,440,038	6,347,393
Deposit liabilities	71,582	49,786
Deferred revenue (Note 4)	4,873,901	5,834,243
Employee benefit obligations (Note 5)	203,457	207,018
Long term debt (Note 6)	21,620,918	10,855,102
Due to related party (Note 7)	171,866	4,319
Post-closure liability (Note 19)	2,336,761	2,095,874
Other Long term Liabilities	-	-
	<u>35,718,523</u>	<u>25,393,735</u>
NET FINANCIAL (DEBT) ASSETS	<u>(4,664,934)</u>	<u>3,842,917</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	129,259,352	114,853,193
Tangible capital assets of Peace Regional Waste Management Company (Note 8)	2,982,394	3,234,631
Inventory for consumption	-	-
Prepaid expenses	<u>23,730</u>	<u>19,520</u>
	<u>132,265,476</u>	<u>118,107,344</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 11)	<u>127,600,542</u>	<u>121,950,261</u>

Commitments and contingencies - See Notes 14 and 15

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget \$	2018 \$	2017 \$ (Restated) Note 20
REVENUE			
Net municipal property taxes (Schedule 3)	10,944,550	10,912,675	10,590,047
User fees and sale of goods	4,732,340	4,725,475	4,637,893
Peace Regional Waste Management Company	1,782,985	1,813,899	1,564,660
Government transfers for operating (Schedule 4)	2,502,610	5,322,150	4,392,185
Investment income	149,000	349,795	224,058
Penalties and costs on taxes	536,900	417,714	423,153
Franchise and concession contracts	1,235,550	1,018,718	1,087,515
Other revenues	486,070	494,897	825,896
Total revenues	<u>22,370,005</u>	<u>25,055,323</u>	<u>23,745,407</u>
EXPENSES			
Operating			
Legislative	266,940	801,185	255,320
Administration	2,055,910	2,337,729	2,076,367
Protective services	3,285,240	3,283,616	3,313,772
Transportation	4,063,360	8,384,432	8,509,400
Water supply and distribution	1,931,610	2,849,057	2,515,037
Wastewater treatment and disposal	1,035,930	875,703	855,609
Waste management	304,880	319,283	365,095
Peace Regional Waste Management Company	2,236,100	2,085,540	2,028,195
Public health and economic development	1,301,130	1,303,960	1,310,912
Recreation and parks	3,531,660	3,849,690	3,695,380
Writedown of tangible capital assets	-	-	-
Total Expenses	<u>20,012,760</u>	<u>26,090,195</u>	<u>24,925,087</u>
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	2,357,245	(1,034,872)	(1,179,680)
OTHER			
Development Levies and Other Contributions	4,850,300	1,333,833	4,185,735
Government transfers for capital (Schedule 4)	2,377,500	5,351,320	5,037,624
EXCESS OF REVENUE OVER EXPENSES	<u>9,585,045</u>	<u>5,650,281</u>	<u>8,043,679</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	122,654,685	122,654,685	114,645,109
PRIOR PERIOD ADJUSTMENT (Note 20)	<u>(704,424)</u>	<u>(704,424)</u>	<u>(738,527)</u>
ACCUMULATED SURPLUS, AS RESTATED	121,950,261	121,950,261	113,906,582
ACCUMULATED SURPLUS, END OF YEAR	<u><u>131,535,306</u></u>	<u><u>127,600,542</u></u>	<u><u>121,950,261</u></u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL (DEBT) ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget \$	2018 \$	2017 \$ (Restated) Note 20
EXCESS OF REVENUES OVER EXPENSES	<u>9,585,045</u>	<u>5,650,281</u>	<u>8,043,679</u>
Acquisition of tangible capital assets	(22,484,700)	(20,148,164)	(13,357,599)
Proportionate share of acquisition of tangible capital assets of Peace Regional Waste Management Company	(1,743,514)	(408,594)	(1,744,376)
Proportionate proceeds on disposal of tangible capital assets of Peace Regional Waste Management Company	-	33,060	-
Amortization of tangible capital assets	-	5,742,005	5,906,878
Proportionate share of amortization of tangible capital assets of Peace Regional Waste Management Company	857,143	627,064	676,594
Proportionate loss on disposal of tangible capital assets of Peace Regional Waste Management Company	-	707	-
Writedown of tangible capital assets	-	-	-
	<u>(23,371,071)</u>	<u>(14,153,922)</u>	<u>(8,518,503)</u>
Use of prepaid assets	-	19,520	291,192
Acquisition of prepaid assets	-	(23,730)	(19,520)
	<u>-</u>	<u>(4,210)</u>	<u>271,672</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(13,786,026)	(8,507,851)	(203,152)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,842,917</u>	<u>3,842,917</u>	<u>4,046,069</u>
NET FINANCIAL (DEBT) ASSETS, END OF YEAR	<u><u>(9,943,109)</u></u>	<u><u>(4,664,934)</u></u>	<u><u>3,842,917</u></u>

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$ (Restated) Note 20
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	5,650,281	8,043,679
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	6,369,070	6,583,472
Loss on disposal of tangible capital assets	706	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	503,028	(345,445)
Decrease (increase) in trade and other receivables	2,309,036	(7,850,080)
Decrease (increase) in receivable from other governments	(142,410)	1,646,817
Decrease (increase) in prepaid expenses	(4,210)	271,672
Decrease (increase) in accounts payable and accrued liabilities	92,645	2,272,225
Decrease (increase) in deposit liabilities	21,796	(5,065)
Decrease (increase) in deferred revenue	(960,342)	(672,464)
Increase in post closure liability	240,887	226,733
Decrease in inventory for consumption	-	-
Increase (decrease) in employee benefit obligations	(3,561)	20,959
Cash provided by operating transactions	<u>14,076,926</u>	<u>10,192,503</u>
CAPITAL		
Acquisition of tangible capital assets	(20,148,164)	(13,357,599)
Proportionate share of acquisition of tangible capital assets by Peace Regional Waste Management Company	(408,594)	(1,744,376)
Proceeds on disposal of tangible capital assets	33,060	-
Cash provided by (applied to) capital transactions	<u>(20,523,698)</u>	<u>(15,101,975)</u>
FINANCING		
New debt issued	11,617,276	-
Due to related party	167,547	(7,578)
Long-term debt repaid	(851,460)	(1,056,015)
Cash applied to financing transactions	<u>10,933,363</u>	<u>(1,063,593)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	4,486,591	(5,973,065)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,407,918</u>	<u>18,380,983</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u><u>16,894,509</u></u>	<u><u>12,407,918</u></u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
DECEMBER 31, 2018
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$ (Restated) Note 20
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	1,560,073	13,157,466	107,937,146	122,654,685	114,645,109
PRIOR PERIOD ADJUSTMENT (Note 20)	-	-	(704,424)	(704,424)	(738,527)
BALANCE, BEGINNING OF YEAR AS RESTATED	1,560,073	13,157,466	107,232,722	121,950,261	113,906,582
Excess (deficiency) of revenues over expenses	5,650,281	-	-	5,650,281	8,043,679
Current year funds used for tangible capital assets	(17,790,108)	-	17,790,108	-	-
Funds transferred to restricted surplus	(6,874,170)	6,874,170	-	-	-
Restricted funds used for tangible capital assets	-	(2,766,650)	2,766,650	-	-
Restricted funds used for operating	995,108	(995,108)	-	-	-
Loss on disposal of assets	706	-	(706)	-	-
Proceeds on disposal of assets	33,060	-	(33,060)	-	-
Current year amortization	6,369,070	-	(6,369,070)	-	-
New debt issued	11,617,276	-	(11,617,276)	-	-
Long term debt repaid	(851,460)	-	851,460	-	-
Change in accumulated surplus	(850,237)	3,112,412	3,388,106	5,650,281	8,043,679
BALANCE, END OF YEAR	709,836	16,269,878	110,620,828	127,600,542	121,950,261

**TOWN OF PEACE RIVER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$ (Restated) Note 20
COST:							
BALANCE, BEGINNING OF YEAR	3,705,395	50,496,560	120,951,703	14,599,343	2,807,846	192,560,847	179,203,248
Acquisition of tangible capital assets	386,217	76,274	1,219,917	505,101	38,806	2,226,315	6,525,506
Work in progress	-	10,403,438	7,408,293	89,678	20,440	17,921,849	6,832,093
Writedown of tangible capital assets	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>4,091,612</u>	<u>60,976,272</u>	<u>129,579,913</u>	<u>15,194,122</u>	<u>2,867,092</u>	212,709,011	192,560,847
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY STATED	-	16,936,718	48,630,669	9,130,940	2,304,903	77,003,230	71,062,249
PRIOR PERIOD ADJUSTMENT (Note 20)	-	-	(189,468)	1,243,537	(349,645)	704,424	738,527
BALANCE, BEGINNING OF YEAR AS RESTATED	-	16,936,718	48,441,201	10,374,477	1,955,258	77,707,654	71,800,776
Annual amortization	-	941,027	4,307,435	209,305	284,238	5,742,005	5,906,878
Accumulated amortization on writedowns	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>-</u>	<u>17,877,745</u>	<u>52,748,636</u>	<u>10,583,782</u>	<u>2,239,496</u>	83,449,659	77,707,654
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>4,091,612</u>	<u>43,098,527</u>	<u>76,831,277</u>	<u>4,610,340</u>	<u>627,596</u>	129,259,352	114,853,193
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>3,705,395</u>	<u>33,559,842</u>	<u>72,510,502</u>	<u>4,224,866</u>	<u>852,588</u>	<u>114,853,193</u>	

**TOWN OF PEACE RIVER
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 3**

	Budget \$	2018 \$	2017 \$
TAXATION			
Real property taxes	13,704,128	13,692,005	13,505,164
Linear property taxes	231,850	244,840	229,802
Government grants in place of property taxes	270,900	281,656	268,679
Special assessments and local improvement taxes	-	-	-
	<u>14,206,878</u>	<u>14,218,501</u>	<u>14,003,645</u>
REQUISITIONS			
Alberta School Foundation Fund	2,839,248	2,882,752	3,030,290
North Peace Housing Foundation	423,080	423,074	383,308
	<u>3,262,328</u>	<u>3,305,826</u>	<u>3,413,598</u>
NET MUNICIPAL TAXES	<u>10,944,550</u>	<u>10,912,675</u>	<u>10,590,047</u>

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 4**

	Budget \$	2018 \$	2017 \$
	<u> </u>	<u> </u>	<u> </u>
TRANSFERS FOR OPERATING:			
Provincial Government	1,190,470	1,057,325	1,423,946
Federal Government	25,500	515,960	32,228
Other Local Governments	1,286,640	3,748,865	2,936,011
	<u>2,502,610</u>	<u>5,322,150</u>	<u>4,392,185</u>
 TRANSFERS FOR CAPITAL:			
Provincial Government	2,377,500	5,351,320	5,034,924
Other Local Governments	-	-	2,700
	<u>2,377,500</u>	<u>5,351,320</u>	<u>5,037,624</u>
 TOTAL GOVERNMENT TRANSFERS	 <u><u>4,880,110</u></u>	 <u><u>10,673,470</u></u>	 <u><u>9,429,809</u></u>

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018**

SCHEDULE 5

	Budget \$	2018 \$	2017 \$ (Restated) Note 20
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,786,962	7,985,835	7,687,035
Contracted and general services	5,155,146	4,967,811	4,802,085
Purchases from other governments	-	-	-
Materials, goods, supplies and utilities	5,170,849	5,077,287	4,565,668
Provision for allowances	95,500	93,900	94,479
Provision for reclamation	222,000	240,887	227,310
Transfers to individuals and organizations	108,900	96,117	91,400
Bank charges and short term interest	3,700	10,001	5,765
Interest on capital long-term debt	340,500	342,743	373,568
Amortization of tangible capital assets	857,143	6,369,070	6,583,472
Writedown of tangible capital assets	-	-	-
Other expenses	272,060	906,544	494,305
	<u>20,012,760</u>	<u>26,090,195</u>	<u>24,925,087</u>

See accompanying notes to the financial statements

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

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

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
DECEMBER 31, 2017**

SCHEDULE 6	General Government	Protective Services	Transportation Services	Peace Regional Waste Management Company	Recreation & Culture	Environmental Services	Other	Total \$ (Restated) Note 20
REVENUE								
Net municipal taxes	10,590,047	-	-	-	-	-	-	10,590,047
Government transfers	1,107,827	744,533	3,391,987	2,700	1,660,785	1,921,613	600,364	9,429,809
User fees and sales of goods	15,242	97,794	270,013	1,551,521	305,091	3,879,788	69,965	6,189,414
Investment income	224,058	-	-	12,744	-	-	-	236,802
Other revenues	1,420,989	407,031	66,372	395	4,471,719	36,700	119,488	6,522,694
	13,358,163	1,249,358	3,728,372	1,567,360	6,437,595	5,838,101	789,817	32,968,766
EXPENSES								
Contract & general services	516,295	1,907,858	485,685	320,157	819,110	462,160	290,820	4,802,085
Salaries & wages	1,349,770	780,346	1,853,964	618,423	1,408,015	910,183	766,334	7,687,035
Goods & supplies	203,289	235,844	1,613,870	185,729	857,657	1,270,016	199,263	4,565,668
Provision for allowances	94,479	-	-	-	-	-	-	94,479
Long term debt interest	-	-	89,063	-	41,310	243,195	-	373,568
Other expenses	104,425	99,066	860	227,310	147,727	189,832	49,560	818,780
	2,268,258	3,023,114	4,043,442	1,351,619	3,273,819	3,075,386	1,305,977	18,341,615
NET REVENUE BEFORE AMORTIZATION	11,089,905	(1,773,756)	(315,070)	215,741	3,163,776	2,762,715	(516,160)	14,627,151
Amortization expense	(63,431)	(290,657)	(4,276,127)	(676,577)	(420,572)	(850,186)	(5,922)	(6,583,472)
NET REVENUE	11,026,474	(2,064,413)	(4,591,197)	(460,836)	2,743,204	1,912,529	(522,082)	8,043,679

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Canadian Institute of Chartered Accountants. 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 18).

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, 2018**

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, 2018**

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 13.

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash	10,809,521	6,465,999
Temporary investments	5,569,220	5,465,872
Cash held by Peace Regional Waste Management Company	500,680	461,008
Trust Assets	15,088	15,039
	<u>16,894,509</u>	<u>12,407,918</u>

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

Included in the above are \$4,873,901 of funds which are externally restricted in use (2017 - \$5,834,243) in the form of deferred grants.

Also included in the above are \$12,020,608 funds internally restricted in use (2017 - \$6,573,675) in the form of restricted surplus.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2018</u>	<u>2017</u>
	\$	\$
Current taxes and grants in place of taxes	515,463	885,546
Local improvement taxes	1,945,807	2,161,248
Arrears taxes	460,796	378,300
	<u>2,922,066</u>	<u>3,425,094</u>
Non-current tax arrears	-	-
Less: allowance for doubtful accounts	(72,460)	(72,460)
	<u>2,849,606</u>	<u>3,352,634</u>

4. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
	\$	\$
Developers' agreements	2,895	8,955
Municipal Sustainability Initiative	1,163,201	2,340,941
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
Other deferred grants	3,707,805	3,484,347
	<u>4,873,901</u>	<u>5,834,243</u>

Municipal Sustainability Initiative

Funding in the amount of \$1,636,853 received in the year from prior allocations and \$2,212,074 was allocated but not received in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2019. Unexpended funds related to prior advances are supported by restricted cash of \$1,163,201 held exclusively for these projects (refer to Note 2). In addition, \$61,564 operating funding was received in the year.

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

5. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
	\$	\$
Vacation	175,602	190,795
Accrued overtime/time off in lieu	27,855	16,223
	<u>203,457</u>	<u>207,018</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.

6. LONG-TERM DEBT

	2018	2017
	\$	\$
Supported by general tax levies	13,279,848	2,792,000
Supported by special levies	1,135,580	1,224,292
Supported by utility rates	6,746,313	6,352,745
Total ACFA debentures	21,161,741	10,369,037
Bank loans	459,177	486,065
	<u>21,620,918</u>	<u>10,855,102</u>

The current portion of the long-term debt amounts to \$1,403,320 (2017 - \$851,442)

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2019	1,403,320	675,355	2,078,675
2020	1,424,570	630,775	2,055,345
2021	1,468,448	586,898	2,055,346
2022	1,513,153	542,193	2,055,346
2023	1,410,595	496,633	1,907,228
Thereafter	14,400,832	3,583,345	17,984,177
	<u>21,620,918</u>	<u>6,515,199</u>	<u>28,136,117</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.724% to 9.75% per annum and matures in periods 2019 through 2038. The average annual interest rate is 4.07% for 2017 (4.64% for 2017).

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 \$342,743 (2017 - \$373,568).

7. 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, 2018**

8. TANGIBLE CAPITAL ASSETS OF PEACE REGIONAL WASTE MANAGEMENT COMPANY

	Cost	Accumulated Amortization	Net Book Value 2018	Net Book Value 2017
Land	\$ 27,857	\$ -	\$ 27,857	\$ 27,857
Land Improvements	383,935	137,328	246,607	236,463
Buildings	1,164,645	429,012	735,633	783,207
Engineered Structures	7,341,633	6,045,417	1,296,216	1,681,512
Machinery and Equipment	1,946,875	1,304,438	642,437	424,037
Vehicles	157,626	123,982	33,644	81,555
	<u>\$ 11,022,571</u>	<u>\$ 8,040,177</u>	<u>\$ 2,982,394</u>	<u>\$ 3,234,631</u>

9. 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:

	2018 \$	2017 \$
Total debt limit	<u>37,582,985</u>	35,618,111
Total debt	<u>21,620,918</u>	10,855,102
Amount of debt limit unused	<u>15,962,067</u>	<u>24,763,009</u>
Debt servicing limit	<u>6,263,831</u>	5,936,352
Debt servicing	<u>2,078,675</u>	1,190,595
Amount of debt servicing limit unused	<u>4,185,156</u>	<u>4,745,757</u>

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

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018 \$	2017 \$ (Restated) Note 20
Tangible capital assets (Schedule 2)	<u>212,709,011</u>	192,560,847
Tangible capital assets of Peace Regional Waste Management Company (Note 8)	<u>11,022,571</u>	11,115,650
Accumulated amortization (Schedule 2)	<u>(83,449,659)</u>	(77,707,654)
Accumulated amortization of Peace Regional Waste Management Company (Note 8)	<u>(8,040,177)</u>	(7,881,019)
Long-term debt (Note 6)	<u>(21,620,918)</u>	(10,855,102)
	<u>110,620,828</u>	<u>107,232,722</u>

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. ACCUMULATED SURPLUS

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

	2018 \$	2017 \$ (Restated) Note 20
Unrestricted surplus (deficit)	<u>709,836</u>	<u>1,560,073</u>
Restricted surplus		
Local improvements	2,128,790	2,356,895
Infrastructure renewal	1,041,295	903,645
Planning and Development - Capital	35,100	35,100
Mill rate stabilization	333,945	947,945
Flood prevention	-	-
Fund 1 - Off-site Levies	997,658	956,936
Fund 2 - Town wide facilities	-	-
Safe Community	186,540	186,540
Joint regional capital	1,453,203	1,133,373
Landfill post closure	263,300	263,300
General operating	521,772	521,772
Low flow replacement program	7,354	7,360
Museum	65,321	56,601
Peace Regional Waste Management Company	254,219	254,213
Recreation	132,419	132,419
Risk management	-	-
Transportation operating	154,654	254,654
Water distribution	49,997	49,997
Wastewater treatment plant	747,793	347,589
Recycling and trenching	-	-
Transportation capital	84,392	18,198
Arena replacement	4,985,663	3,222,640
Public land reserve	84,345	84,345
General capital	<u>2,742,118</u>	<u>1,423,944</u>
	<u>16,269,878</u>	<u>13,157,466</u>
Equity in tangible capital assets	<u>110,620,828</u>	<u>107,232,722</u>
	<u>127,600,542</u>	<u>121,950,261</u>

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. 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:

	2018			2017
	2018			2017
	\$			\$
	Base Salary ¹	Meeting Fees	Benefits & allowances ²	Total
				Total
Councillors				
Mayor Tarpey	20,652	7,845	-	28,497
Deputy Mayor Manzer	15,492	17,417	119	33,028
Councillor Ford	12,900	7,890	-	20,790
Councillor Burr	-	-	-	-
Councillor Behnke	-	-	-	-
Councillor Sawchuk	-	-	-	-
Councillor Needham	12,900	14,002	114	27,016
Councillor Schamehorn	12,900	11,014	-	23,914
Councillor Good	12,900	9,022	114	22,036
Councillor Downing	12,900	5,268	-	18,168
Chief Administrative Officer				
C. Parker	177,683	-	31,283	208,966

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.

13. 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 133,000 people and 389 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2018 were \$507,982 (2017 - \$522,995). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2018 were \$463,781 (2017 - \$480,884).

At December 31, 2017, the LAPP disclosed an Optimal Margin actuarial excess of \$1.776 billion.

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

14. 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 committed funds for the construction of the Peace Regional Recreation Centre. Marshall Lee Construction was awarded the tender for general contractor. The total project amount for construction is \$21,990,000, of which \$16,867,802 has been incurred up to December 31, 2018. Construction is anticipated to take 18 months and be completed mid-2019.

15. CONTINGENCIES

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

The Town has co-signed loans of the Peace Country Sports Club to an aggregate total of \$30,000. At December 31, 2018, the amounts of the loans were \$21,972 and the Peace Country Sports Club is responsible for making loan payments. The terms of the repayment are authorized under Bylaw No. 1988. The Town has not recorded a liability in relation to this guarantee.

The Town has issued an interest free loan to the Peace River Curling Club in the amount of \$45,000 payable in full by December 31, 2019. The purpose of the loan is to assist in the interim financing of the Curling Club roof repairs. At December 31, 2018, the balance of the loan is \$36,000. These funds are authorized under Bylaw No. 1780. The loan is included in the Town's trade and other receivables.

In 2012, the assets of the Peace River Ski Hill were transferred from the Peace River Ski Club and a discussion entered into for the ongoing operating and maintenance costs, subject to terms such as assurance of liability insurance and provision of an operations plan. A formal operating and maintenance and lease agreement was signed October 10, 2015 and renewed in December 2016.

The Town is a defendant in various lawsuits as at December 31, 2018. 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.

16. FINANCIAL INSTRUMENTS

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

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

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

17. SEGMENTED DISCLOSURE

The Town of Peace River provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

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

18. CONSOLIDATION OF PEACE RIVER REGIONAL WASTE MANAGEMENT COMPANY

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

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	500,681	461,008
Trade and other receivables	341,097	257,657
Total Financial Assets	<u>841,778</u>	<u>718,665</u>
Accounts payable and accrued liabilities	526,830	793,538
Deferred revenue	-	-
Due to Northern Sunrise County	171,866	4,319
Post closure liability	2,336,761	2,095,874
Total liabilities	<u>3,035,457</u>	<u>2,893,731</u>
Tangible capital assets	2,982,394	3,234,631
Prepays	18,730	19,520
Total Non-Financial Assets	<u>3,001,124</u>	<u>3,254,151</u>
Municipal tippage	247,089	189,152
Recycling	38,436	56,865
Industrial tippage	1,480,962	1,305,504
Other	38,875	395
Return on investments	8,536	12,744
Total Revenues	<u>1,813,898</u>	<u>1,564,660</u>
Salaries, wages and benefits	686,305	618,423
Contracted services	320,942	320,157
Material, goods and utilities	209,634	185,729
Provision for allowances	-	-
Provision for reclamation	240,887	227,310
Loss on disposal of assets	707	-
Amortization of tangible capital assets	627,063	676,577
Total Expenditures	<u>2,085,538</u>	<u>2,028,196</u>

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

19. POST CLOSURE LIABILITY

Included in the financial statements are the Town's proportionate share of the post-closure liability of the Peace Regional Waste Management Company. For 2018, an amount of \$3.70 per tonne of waste was used as the post-closure liability expense (2017 - \$3.70). In 2018, this rate was applied against 151,911 tonnes of waste (2017 - \$3.70 against 143,349 tonnes), resulting in a current period expense of \$562,070 (2017 - \$530,391) in Peace Regional Waste Management Company.

20. PRIOR PERIOD ADJUSTMENT

The Town has restated its financial statements to correct amortization calculation errors. The adjustments to correct these balances are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Adjustments to opening accumulated surplus:		
As previously reported	122,654,685	114,645,109
Adjusted for amortization calculation errors	<u>(704,424)</u>	<u>(738,527)</u>
	<u>121,950,261</u>	<u>113,906,582</u>
		<u>2017</u>
		\$
Adjustments to amortization expense:		
As previously reported		6,617,575
Adjustment for amortization calculation errors		<u>(34,103)</u>
		<u>6,583,472</u>

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.