

Town of Peace River
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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TOWN OF
PEACE RIVER
ALBERTA

May 9, 2022

Mayor and Council, Town of Peace River

Re: Management's Responsibility

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.

Sincerely,

Tanya Bell, Acting Chief Administrative Officer
THE TOWN OF PEACE RIVER

To the Council of Town Of Peace River:

Report on the Audit of the Consolidated Financial Statements**Opinion**

We have audited the consolidated financial statements of Town Of Peace River (the "Municipality"), which comprise the statement of financial position as at December 31, 2021, and the statements of financial activities and, accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

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

Supplementary Accounting Principles and Standards Regulation

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

Peace River, Alberta

May 9, 2022

MNP LLP

Chartered Professional Accountants

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | 2021 \$ | 2020 \$ |
|---|----------------------------|----------------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 2) | <u>8,754,520</u> | <u>6,468,305</u> |
| Receivables | | |
| Taxes and grants in lieu of taxes (Note 3) | 2,376,697 | 3,447,975 |
| Receivable from other governments | 8,047,800 | 6,364,002 |
| Trade and other receivables (Note 4) | 3,267,970 | 4,114,480 |
| Land inventory held for resale | 28,881 | 28,881 |
| Long-term investments | <u>30</u> | <u>30</u> |
| | <u>22,475,898</u> | <u>20,423,673</u> |
| LIABILITIES | | |
| Bank indebtedness (Note 5) | - | - |
| Accounts payable and accrued liabilities | 3,084,673 | 1,932,692 |
| Deposit liabilities | 71,933 | 73,334 |
| Deferred revenue (Note 6) | 11,545,563 | 10,175,861 |
| Employee benefit obligations (Note 7) | 250,205 | 239,726 |
| Long term debt (Note 8) | 25,325,794 | 23,253,425 |
| Due to related party (Note 9) | 1,181,849 | 1,064,953 |
| Post-closure liability (Note 21) | 2,758,900 | 2,665,879 |
| Other Long term Liabilities | - | - |
| | <u>44,218,917</u> | <u>39,405,870</u> |
| NET FINANCIAL DEBT | <u>(21,743,019)</u> | <u>(18,982,197)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 129,323,311 | 138,790,647 |
| Tangible capital assets of Peace Regional Waste Management Company (Note 10) | 2,469,636 | 2,859,449 |
| Inventory for consumption | - | - |
| Prepaid expenses | <u>29,292</u> | <u>25,361</u> |
| | <u>131,822,239</u> | <u>141,675,457</u> |
| ACCUMULATED SURPLUS (Schedule 1 and Note 13) | <u>110,079,220</u> | <u>122,693,260</u> |

Commitments and contingencies - See Notes 16 and 17

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Budget \$ | 2021 \$ | 2020 \$ |
|--|--------------------|---------------------------|--------------------|
| REVENUE | | | |
| Net municipal property taxes (Schedule 3) | 11,668,260 | 11,383,748 | 11,080,094 |
| User fees and sale of goods | 5,745,260 | 5,520,325 | 5,205,838 |
| Peace Regional Waste Management Company | 1,363,307 | 946,057 | 927,264 |
| Government transfers for operating (Schedule 4) | 4,615,890 | 5,350,358 | 3,951,426 |
| Investment income | 100,000 | 68,436 | 123,792 |
| Penalties and costs on taxes | 483,420 | 519,712 | 402,775 |
| Franchise and concession contracts | 1,229,000 | 1,121,683 | 1,021,030 |
| Other revenues | 469,140 | 506,138 | 671,296 |
| Total revenues | <u>25,674,277</u> | <u>25,416,457</u> | <u>23,383,515</u> |
| EXPENSES | | | |
| Operating | | | |
| Legislative | 280,490 | 935,233 | 218,305 |
| Administration | 2,157,310 | 2,239,647 | 2,156,578 |
| Protective services | 3,306,120 | 3,704,616 | 3,299,128 |
| Transportation | 4,511,980 | 8,674,687 | 8,913,595 |
| Water supply and distribution | 2,471,050 | 3,236,175 | 3,179,797 |
| Wastewater treatment and disposal | 1,134,760 | 1,123,034 | 1,137,754 |
| Waste management | 320,210 | 324,430 | 304,538 |
| Peace Regional Waste Management Company | 1,853,014 | 1,720,864 | 1,682,227 |
| Public health and economic development | 1,297,500 | 1,407,159 | 1,235,586 |
| Recreation and parks | 4,188,420 | 4,912,170 | 5,120,673 |
| Total Expenses | <u>21,520,854</u> | <u>28,278,015</u> | <u>27,248,181</u> |
| SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER | 4,153,423 | (2,861,558) | (3,864,666) |
| OTHER | | | |
| Development Levies and Other Contributions | - | 138,852 | (7,366) |
| Donated assets (Note 23) | - | (11,436,728) | - |
| Government transfers for capital (Schedule 4) | 4,130,100 | 1,545,394 | 1,878,395 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | 8,283,523 | (12,614,040) | (1,993,637) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 122,693,260 | 122,693,260 | 124,686,897 |
| ACCUMULATED SURPLUS, END OF YEAR | <u>130,976,783</u> | <u>110,079,220</u> | <u>122,693,260</u> |

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Budget \$ | 2021 \$ | 2020 \$ |
|---|----------------------------|----------------------------|----------------------------|
| EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES | <u>8,283,523</u> | <u>(12,614,040)</u> | <u>(1,993,637)</u> |
| Acquisition of tangible capital assets | (4,130,100) | (8,286,369) | (8,046,367) |
| Proportionate share of acquisition of tangible capital assets of Peace Regional Waste Management Company | (656,785) | (130,770) | (760,105) |
| Proportionate proceeds on disposal of tangible capital assets of Peace Regional Waste Management Company | - | - | 30,642 |
| Amortization of tangible capital assets | - | 6,317,075 | 7,010,825 |
| Proportionate share of amortization of tangible capital assets of Peace Regional Waste Management Company | 600,000 | 520,583 | 503,435 |
| Proportionate (gain) loss on disposal of tangible capital assets of Peace Regional Waste Management Company | - | - | (21,106) |
| Donation of tangible capital assets | - | 11,436,728 | - |
| | <u>(4,186,885)</u> | <u>9,857,247</u> | <u>(1,282,676)</u> |
| Use of prepaid assets | - | 48,035 | 57,460 |
| Acquisition of prepaid assets | - | (52,064) | (48,035) |
| | <u>-</u> | <u>(4,029)</u> | <u>9,425</u> |
| (INCREASE) DECREASE IN NET FINANCIAL DEBT | 4,096,638 | (2,760,822) | (3,266,888) |
| NET FINANCIAL DEBT, BEGINNING OF YEAR | (18,982,197) | (18,982,197) | (15,715,309) |
| NET FINANCIAL DEBT, END OF YEAR | <u><u>(14,885,559)</u></u> | <u><u>(21,743,019)</u></u> | <u><u>(18,982,197)</u></u> |

**TOWN OF PEACE RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | 2021 \$ | 2020 \$ |
|--|-------------------------|-------------------------|
| | <hr/> | <hr/> |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Shortfall of revenues over expenses | (12,614,040) | (1,993,637) |
| Non-cash items included in shortfall of revenues over expenses: | | |
| Amortization of tangible capital assets | 6,837,658 | 7,514,292 |
| Donated tangible capital assets | 11,436,728 | - |
| Loss on disposal of tangible capital assets | - | (21,106) |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in lieu receivable | 1,071,278 | (552,596) |
| Decrease (increase) in trade and other receivables | 846,510 | 4,469,395 |
| Decrease (increase) in receivable from other governments | (1,683,798) | (5,023,877) |
| Decrease (increase) in prepaid expenses | (3,931) | 9,425 |
| Decrease (increase) in accounts payable and accrued liabilities | 1,151,981 | (989,777) |
| Decrease (increase) in deposit liabilities | (1,401) | 4,428 |
| Decrease (increase) in deferred revenue | 1,369,702 | 2,598,506 |
| Increase in post closure liability | 93,021 | 109,549 |
| Decrease in inventory for consumption | - | - |
| Increase (decrease) in employee benefit obligations | 10,479 | (6,399) |
| Cash provided by operating transactions | <u>8,514,187</u> | <u>6,118,203</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | (8,286,369) | (8,046,367) |
| Proportionate share of acquisition of tangible capital assets by Peace Regional Waste Management Company | (130,770) | (760,105) |
| Proceeds on disposal of tangible capital assets | - | 30,642 |
| Cash provided by (applied to) capital transactions | <u>(8,417,139)</u> | <u>(8,775,830)</u> |
| FINANCING | | |
| New debt issued | 3,735,793 | 4,461,600 |
| Due to related party | 116,798 | 1,064,362 |
| Long-term debt repaid | (1,663,424) | (1,427,117) |
| Cash provided by financing transactions | <u>2,189,167</u> | <u>4,098,845</u> |
| CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR | 2,286,215 | 1,441,218 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>6,468,305</u> | <u>5,027,087</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>8,754,520</u></u> | <u><u>6,468,305</u></u> |
| Cash and cash equivalents consists of: | | |
| Cash and cash equivalents | 8,754,520 | 6,468,305 |
| Bank indebtedness | - | - |
| | <u><u>8,754,520</u></u> | <u><u>6,468,305</u></u> |

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
DECEMBER 31, 2021
SCHEDULE 1**

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2021 \$ | 2020 \$ |
|---|-------------------------|-----------------------|--------------------------------------|---------------------|--------------------|
| BALANCE, BEGINNING OF YEAR | <u>(5,234,803)</u> | <u>9,531,392</u> | <u>118,396,671</u> | <u>122,693,260</u> | <u>124,686,897</u> |
| Excess (deficiency) of revenues over expenses | (12,614,040) | - | - | (12,614,040) | (1,993,637) |
| Current year funds used for tangible capital assets | (6,795,605) | - | 6,795,605 | - | - |
| Funds transferred to restricted surplus | (3,410,215) | 3,410,215 | - | - | - |
| Restricted funds used for tangible capital assets | - | (1,621,632) | 1,621,632 | - | - |
| Restricted funds used for operating | 402,665 | (402,665) | - | - | - |
| Donated assets | 11,436,728 | - | (11,436,728) | - | - |
| Proceeds on disposal of assets | - | - | - | - | - |
| Current year amortization | 6,837,658 | - | (6,837,658) | - | - |
| New debt issued | 3,735,793 | - | (3,735,793) | - | - |
| Long term debt repaid | (1,663,424) | - | 1,663,424 | - | - |
| Change in accumulated surplus | <u>(2,070,440)</u> | <u>1,385,918</u> | <u>(11,929,518)</u> | <u>(12,614,040)</u> | <u>(1,993,637)</u> |
| BALANCE, END OF YEAR | <u>(7,305,243)</u> | <u>10,917,310</u> | <u>106,467,153</u> | <u>110,079,220</u> | <u>122,693,260</u> |

**TOWN OF PEACE RIVER
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
SCHEDULE 2**

| | Land | Buildings | Engineered Structures | Machinery and Equipment | Vehicles | 2021 \$ | 2020 \$ |
|---|------------------|-------------------|-----------------------|-------------------------|------------------|---------------------|--------------------|
| COST: | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 4,091,612 | 75,918,202 | 135,702,785 | 16,773,879 | 3,389,269 | 235,875,747 | 227,829,380 |
| Acquisition of tangible capital assets | 123,206 | 11,446 | 4,353,787 | 2,038,290 | 1,744,015 | 8,270,744 | 7,458,253 |
| Work in progress | - | 3,850 | 11,775 | - | - | 15,625 | 588,114 |
| Disposal of tangible capital assets | - | (2,442,898) | (15,952,623) | (1,751,837) | (443,435) | (20,590,793) | - |
| BALANCE, END OF YEAR | 4,214,818 | 73,490,600 | 124,115,724 | 17,060,332 | 4,689,849 | 223,571,323 | 235,875,747 |
| ACCUMULATED AMORTIZATION: | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 21,222,728 | 61,672,767 | 11,443,479 | 2,746,126 | 97,085,100 | 90,074,275 |
| Annual amortization | - | 1,688,408 | 3,689,350 | 535,195 | 404,122 | 6,317,075 | 7,010,825 |
| Accumulated amortization on writedowns | - | (460,425) | (7,271,067) | (1,037,419) | (385,252) | (9,154,163) | - |
| BALANCE, END OF YEAR | - | 22,450,711 | 58,091,050 | 10,941,255 | 2,764,996 | 94,248,012 | 97,085,100 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 4,214,818 | 51,039,889 | 66,024,674 | 6,119,077 | 1,924,853 | 129,323,311 | 138,790,647 |
| 2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 4,091,612 | 54,695,474 | 74,030,018 | 5,330,400 | 643,143 | 138,790,647 | |

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

**TOWN OF PEACE RIVER
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2021
SCHEDULE 3**

| | Budget \$ | 2021 \$ | 2020 \$ |
|---|-------------------|--------------------------|-------------------|
| TAXATION | | | |
| Real property taxes | 14,533,990 | 14,138,290 | 13,997,492 |
| Linear property taxes | 282,000 | 289,127 | 276,984 |
| Government grants in place of property taxes | 199,940 | 173,098 | 113,333 |
| Special assessments and local improvement taxes | - | 1,173 | 1,172 |
| | <u>15,015,930</u> | <u>14,601,688</u> | <u>14,388,981</u> |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 2,898,870 | 2,768,275 | 2,862,895 |
| North Peace Housing Foundation | 448,800 | 449,665 | 445,992 |
| Designated Industrial Properties | - | - | - |
| | <u>3,347,670</u> | <u>3,217,940</u> | <u>3,308,887</u> |
| NET MUNICIPAL TAXES | <u>11,668,260</u> | <u>11,383,748</u> | <u>11,080,094</u> |

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2021
SCHEDULE 4**

| | Budget \$ | 2021 \$ | 2020 \$ |
|---------------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| TRANSFERS FOR OPERATING: | | | |
| Provincial Government | 1,235,760 | 2,023,026 | 1,538,834 |
| Federal Government | 41,850 | 4,160 | 50,363 |
| Other Local Governments | 3,338,280 | 3,323,172 | 2,362,229 |
| | <u>4,615,890</u> | <u>5,350,358</u> | <u>3,951,426</u> |
| TRANSFERS FOR CAPITAL: | | | |
| Provincial Government | 3,395,100 | 1,245,321 | 1,878,395 |
| Federal Government | 735,000 | 300,073 | - |
| Other Local Governments | - | - | - |
| | <u>4,130,100</u> | <u>1,545,394</u> | <u>1,878,395</u> |
| TOTAL GOVERNMENT TRANSFERS | <u><u>8,745,990</u></u> | <u><u>6,895,752</u></u> | <u><u>5,829,821</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, 2021**

SCHEDULE 5

| | Budget \$ | 2021 \$ | 2020 \$ |
|--|-------------------|--------------------------|-------------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | 8,586,497 | 8,405,930 | 8,402,190 |
| Contracted and general services | 5,509,197 | 5,979,095 | 4,546,825 |
| Materials, goods, supplies and utilities | 5,354,389 | 4,814,139 | 5,389,639 |
| Provision for allowances | 122,000 | 1,025,769 | 84,673 |
| Provision for reclamation | 158,571 | 93,021 | 111,402 |
| Transfers to individuals and organizations | 127,450 | 99,110 | 33,217 |
| Bank charges and short term interest | 4,180 | 9,448 | 63,505 |
| Interest on capital long-term debt | 679,970 | 687,120 | 628,896 |
| Amortization of tangible capital assets | 600,000 | 6,837,658 | 7,514,292 |
| Other expenses | 378,600 | 326,725 | 473,542 |
| | <u>21,520,854</u> | <u>28,278,015</u> | <u>27,248,181</u> |

See accompanying notes to the financial statements

**TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURES
DECEMBER 31, 2021**

SCHEDULE 6

| | General Government | Protective Services | Transportation Services | Peace Regional Waste Management Company | Recreation & Culture | Environmental Services | Other | Total \$ |
|---|-----------------------|------------------------|----------------------------|--|-------------------------|---------------------------|------------------|---------------------|
| REVENUE | | | | | | | | |
| Net municipal taxes | 11,383,748 | - | - | - | - | - | - | 11,383,748 |
| Government transfers | 1,653,110 | 820,274 | 1,344,375 | - | 2,434,969 | - | 643,024 | 6,895,752 |
| User fees and sales of goods | 26,108 | 97,502 | 84,820 | 865,197 | 222,920 | 5,023,240 | 65,735 | 6,385,522 |
| Investment income | 68,436 | - | - | 6,625 | - | - | - | 75,061 |
| Other revenues | 1,827,155 | 161,802 | 6,590 | 74,235 | 222,939 | 54,292 | 13,607 | 2,360,620 |
| | <u>14,958,557</u> | <u>1,079,578</u> | <u>1,435,785</u> | <u>946,057</u> | <u>2,880,828</u> | <u>5,077,532</u> | <u>722,366</u> | <u>27,100,703</u> |
| EXPENSES | | | | | | | | |
| Contract & general services | 487,452 | 1,820,730 | 1,573,084 | 343,515 | 969,786 | 691,866 | 92,662 | 5,979,095 |
| Salaries & wages | 1,496,567 | 843,049 | 1,823,114 | 610,789 | 1,527,167 | 1,245,258 | 859,986 | 8,405,930 |
| Goods & supplies | 248,392 | 297,770 | 1,510,010 | 152,863 | 949,561 | 1,496,125 | 159,418 | 4,814,139 |
| Provision for allowances | 808,414 | 217,262 | - | 93 | - | - | - | 1,025,769 |
| Long term debt interest | - | - | 88,798 | - | 306,907 | 291,415 | - | 687,120 |
| Other expenses | 60,390 | 73,098 | 197,649 | 93,021 | 55,775 | - | 48,371 | 528,304 |
| | <u>3,101,215</u> | <u>3,251,909</u> | <u>5,192,655</u> | <u>1,200,281</u> | <u>3,809,196</u> | <u>3,724,664</u> | <u>1,160,437</u> | <u>21,440,357</u> |
| NET (SHORTFALL OF) REVENUE BEFORE AMORTIZATION | 11,857,342 | (2,172,331) | (3,756,870) | (254,224) | (928,368) | 1,352,868 | (438,071) | 5,660,346 |
| Donated assets | - | - | (11,436,728) | - | - | - | - | (11,436,728) |
| Amortization expense | (73,445) | (452,488) | (3,482,252) | (520,583) | (1,085,360) | (958,975) | (264,555) | (6,837,658) |
| NET (SHORTFALL OF) REVENUE | <u>11,783,897</u> | <u>(2,624,819)</u> | <u>(18,675,850)</u> | <u>(774,807)</u> | <u>(2,013,728)</u> | <u>393,893</u> | <u>(702,626)</u> | <u>(12,614,040)</u> |

TOWN OF PEACE RIVER
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
DECEMBER 31, 2020

SCHEDULE 6

| | General Government | Protective Services | Transportation Services | Peace Regional Management Company | Recreation & Culture | Environmental Services | Other | Total \$ |
|------------------------------|-----------------------|------------------------|----------------------------|--|-------------------------|---------------------------|---------|-------------|
| Net municipal taxes | 11,080,094 | - | - | - | - | - | - | 11,080,094 |
| Government transfers | 513,469 | 757,288 | 1,958,010 | - | 1,673,068 | 227,980 | 700,006 | 5,829,821 |
| User fees and sales of goods | 11,534 | 153,775 | 205,886 | 856,306 | 191,008 | 4,615,903 | 27,732 | 6,062,144 |
| Investment income | 123,792 | - | - | 2,285 | - | - | - | 126,077 |
| Other revenues | 1,353,274 | 161,003 | 20,149 | 68,673 | 534,891 | 2,611 | 15,807 | 2,156,408 |
| | 13,082,163 | 1,072,066 | 2,184,045 | 927,264 | 2,398,967 | 4,846,494 | 743,545 | 25,254,544 |

EXPENSES

| | | | | | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Contract & general services | 398,096 | 1,658,018 | 551,289 | 237,498 | 983,412 | 599,973 | 118,539 | 4,546,825 |
| Salaries & wages | 1,502,737 | 875,773 | 1,753,353 | 632,015 | 1,550,469 | 1,253,608 | 834,235 | 8,402,190 |
| Goods & supplies | 209,414 | 319,214 | 1,834,175 | 197,877 | 938,625 | 1,686,885 | 203,449 | 5,389,639 |
| Provision for allowances | 84,673 | - | - | - | - | - | - | 84,673 |
| Long term debt interest | - | - | 99,632 | - | 322,029 | 207,235 | - | 628,896 |
| Other expenses | 110,298 | 148,500 | 254,305 | 111,402 | 6,995 | - | 50,166 | 681,666 |
| | 2,305,218 | 3,001,505 | 4,492,754 | 1,178,792 | 3,801,530 | 3,747,701 | 1,206,389 | 19,733,889 |

NET (SHORTFALL OF) REVENUE BEFORE
AMORTIZATION

| | | | | | | | | |
|----------------------|------------|-------------|-------------|-----------|-------------|-----------|-----------|-------------|
| | 10,776,945 | (1,929,439) | (2,308,709) | (251,528) | (1,402,563) | 1,098,793 | (462,844) | 5,520,655 |
| Amortization expense | (69,663) | (296,393) | (4,422,070) | (503,435) | (1,314,430) | (874,388) | (33,913) | (7,514,292) |

NET (SHORTFALL OF)
REVENUE

| | | | | | | | | |
|--|------------|-------------|-------------|-----------|-------------|---------|-----------|-------------|
| | 10,707,282 | (2,225,832) | (6,730,779) | (754,963) | (2,716,993) | 224,405 | (496,757) | (1,993,637) |
|--|------------|-------------|-------------|-----------|-------------|---------|-----------|-------------|

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting entity

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

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

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

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

b) Basis of Accounting

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

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

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

c) Use of Estimates

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

d) Investments

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

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

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

One-half of the annual amortization is charged in the year of acquisition.

Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

k) Pension Expense

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

2. CASH AND CASH EQUIVALENTS

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Cash | 2,632,983 | 175,324 |
| Temporary investments | 5,825,925 | 5,787,185 |
| Cash held by Peace Regional Waste Management Company | 210,380 | 419,917 |
| Common shares in Credit Union | 71,219 | 70,654 |
| Trust Assets | 14,013 | 15,225 |
| | <u>8,754,520</u> | <u>6,468,305</u> |

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

Included in the above are \$8,130,469 of funds which are externally restricted in use (2020 - \$7,134,444) in the form of deferred grants.

Restricted surplus of \$10,917,310 is fully unfunded (2020 - \$9,531,392 fully unfunded).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| | \$ | \$ |
| Current taxes and grants in place of taxes | 759,866 | 1,013,775 |
| Local improvement taxes | 1,318,526 | 1,523,183 |
| Arrears taxes | 1,034,714 | 983,477 |
| | <u>3,113,106</u> | <u>3,520,435</u> |
| Non-current tax arrears | - | - |
| Less: allowance for doubtful accounts | (736,409) | (72,460) |
| | <u>2,376,697</u> | <u>3,447,975</u> |

4. TRADE AND OTHER RECEIVABLES

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Utilities receivable | 730,427 | 723,817 |
| Trade receivables | 2,429,527 | 3,294,816 |
| Peace Regional Waste Management Company receivables | 158,930 | 159,330 |
| Loans receivable | 36,000 | 36,000 |
| Allowance for doubtful accounts | (86,914) | (99,483) |
| | <u>3,267,970</u> | <u>4,114,480</u> |

5. BANK INDEBTEDNESS

Municipal revolving loan through ATB Financial at a rate of prime plus 1%. Effective rate of 3.45% at December 31, 2020 (2020 - 2.2%).

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

6. DEFERRED REVENUE

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Developers' agreements | <u>52,701</u> | 2,895 |
| Municipal Sustainability Initiative | <u>3,887,547</u> | 3,281,894 |
| Canada Community Building Fund (formerly Federal Gas Tax) | <u>1,551,322</u> | 950,201 |
| Proportionate share of deferred revenue in Peace Regional Waste Management Company | - | - |
| Other deferred grants | <u>6,053,993</u> | 5,940,871 |
| | <u><u>11,545,563</u></u> | <u><u>10,175,861</u></u> |

Municipal Sustainability Initiative

No funding was received in the year but \$1,850,974 was allocated in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2022. Unexpended funds related to prior advances are supported by restricted cash of \$537,044 held exclusively for these projects (refer to Note 2). In addition, \$59,034 operating funding was received in the year.

7. EMPLOYEE BENEFIT OBLIGATIONS

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Vacation | <u>232,980</u> | 225,028 |
| Accrued overtime/time off in lieu | <u>17,225</u> | 14,698 |
| | <u><u>250,205</u></u> | <u><u>239,726</u></u> |

Vacation payable

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

8. LONG-TERM DEBT

| | <u>2021</u> | <u>2020</u> |
|---------------------------------|--------------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> |
| Supported by general tax levies | 16,986,793 | 16,256,034 |
| Supported by special levies | 875,157 | 960,503 |
| Supported by utility rates | 6,421,942 | 5,637,828 |
| Total ACFA debentures | 24,283,892 | 22,854,365 |
| Capital leases | 94,710 | - |
| Bank loans | 365,717 | 399,060 |
| Other long term debt | 581,475 | - |
| | <u>25,325,794</u> | <u>23,253,425</u> |

The current portion of the long-term debt amounts to \$1,919,461 (2020 - \$1,593,082)

Principal and interest repayments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|--------------------------|-------------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| 2022 | 1,919,461 | 728,327 | 2,647,788 |
| 2023 | 1,895,092 | 673,532 | 2,568,624 |
| 2024 | 1,890,392 | 618,287 | 2,508,679 |
| 2025 | 1,975,869 | 559,803 | 2,535,672 |
| 2026 | 2,034,718 | 500,954 | 2,535,672 |
| Thereafter | 15,610,262 | 2,516,288 | 18,126,550 |
| | <u>25,325,794</u> | <u>5,597,191</u> | <u>30,922,985</u> |

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.416% to 6.75% per annum and matures in periods 2022 through 2051. The average annual interest rate is 3.03% for 2021 (2.95% for 2020).

Included in the above debt amounts is a capital lease obligation of \$94,710 (2020 - nil) relating to the purchase of equipment. This lease is for a 36 month term with a purchase option price of \$1 at the end of the lease.

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 \$687,120 (2020 - \$628,896).

9. DUE TO RELATED PARTY

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

10. TANGIBLE CAPITAL ASSETS OF PEACE REGIONAL WASTE MANAGEMENT COMPANY

| | Cost | Accumulated Amortization | Net Book Value 2021 | Net Book Value 2020 |
|-------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 27,857 | \$ - | \$ 27,857 | \$ 27,857 |
| Land Improvements | 390,290 | 182,663 | 207,627 | 216,469 |
| Buildings | 1,462,168 | 576,885 | 885,283 | 901,377 |
| Engineered Structures | 7,922,775 | 7,096,902 | 825,873 | 1,154,249 |
| Machinery and Equipment | 1,638,417 | 1,201,115 | 437,302 | 457,208 |
| Vehicles | 232,572 | 146,878 | 85,694 | 102,289 |
| | <u>\$ 11,674,079</u> | <u>\$ 9,204,443</u> | <u>\$ 2,469,636</u> | <u>\$ 2,859,449</u> |

11. DEBT LIMITS

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

| | 2021 | 2020 |
|---------------------------------------|--------------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| Total debt limit | 38,124,686 | 35,075,273 |
| Total debt | 25,325,794 | 23,253,425 |
| Amount of debt limit unused | <u>12,798,892</u> | <u>11,821,848</u> |
| Debt servicing limit | 6,354,114 | 5,845,879 |
| Debt servicing | 2,647,788 | 2,282,725 |
| Amount of debt servicing limit unused | <u>3,706,326</u> | <u>3,563,154</u> |

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

12. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2021 | 2020 |
|---|----------------------------|---------------------|
| | <u>\$</u> | <u>\$</u> |
| Tangible capital assets (Schedule 2) | 223,571,323 | 235,875,747 |
| Tangible capital assets of Peace Regional Waste Management Company (Note 10) | 11,674,079 | 11,780,223 |
| Accumulated amortization (Schedule 2) | (94,248,012) | (97,085,100) |
| Accumulated amortization of Peace Regional Waste Management Company (Note 10) | (9,204,443) | (8,920,774) |
| Long-term debt (Note 8) | <u>(25,325,794)</u> | <u>(23,253,425)</u> |
| | <u>106,467,153</u> | <u>118,396,671</u> |

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

13. ACCUMULATED SURPLUS

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

| | 2021 | 2020 |
|---|---------------------------|--------------------|
| | \$ | \$ |
| Unrestricted surplus (deficit) | <u>(7,305,243)</u> | <u>(5,234,803)</u> |
| Restricted surplus | | |
| Local improvements | 1,318,526 | 1,687,192 |
| Infrastructure renewal | 417,765 | 190,975 |
| Planning and Development - Capital | 35,100 | 35,100 |
| Mill rate stabilization | 328,445 | 328,445 |
| Flood prevention | - | - |
| Fund 1 - Off-site Levies | 990,293 | 990,293 |
| Fund 2 - Town wide facilities | - | - |
| Safe Community | 186,540 | 186,540 |
| Joint regional capital | - | - |
| Landfill post closure | 263,300 | 263,300 |
| General operating | 1,345,915 | 1,413,914 |
| Low flow replacement program | 7,354 | 7,354 |
| Museum | 131,997 | 131,997 |
| Peace Regional Waste Management Company | 254,213 | 254,213 |
| Recreation | - | - |
| Risk management | - | - |
| Transportation operating | 28,454 | 28,454 |
| Water distribution | 49,997 | 49,997 |
| Wastewater treatment plant | 801,167 | 397,247 |
| Recycling and trenching | - | - |
| Transportation capital | 180,455 | 180,455 |
| Arena replacement | - | - |
| Public land reserve | 84,345 | 84,345 |
| General capital | 4,493,444 | 3,301,571 |
| | <u>10,917,310</u> | <u>9,531,392</u> |
| Equity in tangible capital assets | <u>106,467,153</u> | <u>118,396,671</u> |
| | <u>110,079,220</u> | <u>122,693,260</u> |

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

14. SALARY AND BENEFITS DISCLOSURE

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

| | 2021 \$ | Benefits & allowances 2 | Total | 2020 \$ |
|-------------------------------------|--------------------------|-------------------------------|----------------|------------|
| | Honorarium | | Total | Total |
| Councillors | | | | |
| Mayor Tarpey | 24,127 | - | 24,127 | 33,834 |
| Mayor/Deputy Mayor Manzer | 38,948 | 209 | 39,157 | 34,472 |
| Deputy Mayor/Councillor Schamehorn | 24,705 | - | 24,705 | 19,317 |
| Councillor Ford | 23,283 | - | 23,283 | 22,646 |
| Councillor Needham | 20,888 | 2,713 | 23,601 | 27,283 |
| Councillor Good | 19,325 | 2,903 | 22,228 | 20,710 |
| Councillor Downing | 15,599 | - | 15,599 | 16,787 |
| Councillor Shannon | 5,566 | - | 5,566 | - |
| Councillor Boychuk | 5,555 | - | 5,555 | - |
| Councillor Carr | 4,758 | - | 4,758 | - |
| Chief Administrative Officer | Base Salary ¹ | | | |
| C. Parker | 187,273 | 32,613 | 219,886 | 222,757 |

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

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

15 LOCAL AUTHORITIES PENSION PLAN

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

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

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

Total current service contributions by the Town to the LAPP in 2021 were \$432,415 (2020 - \$520,233). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2021 were \$390,533 (2020 - \$476,593).

At December 31, 2020, the LAPP disclosed a surplus of \$5 billion. The 2021 report was not available at the time of these financial statements.

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

16. COMMITMENTS

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

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

| | | |
|------|----|-------|
| 2022 | \$ | 9,194 |
| 2023 | | 7,662 |

The Peace River Regional Airport was transferred to the Peace River Regional Airport Association on April 1, 2021. As part of the agreement, the Town will provide a total of \$1.4 million to cover operating costs for next year and 2023. The Association is a local not-for-profit organization operating independently from the Town.

17. CONTINGENCIES

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

The Town has issued an interest free loan to the Peace River Curling Club in the amount of \$45,000 payable in full by December 31, 2022. The purpose of the loan is to assist in the interim financing of the Curling Club roof repairs. At December 31, 2021, the balance of the loan is \$36,000. These funds are authorized under Bylaw No. 1780. The loan is included in the Town's trade and other receivables.

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

The Town is a defendant in various lawsuits as at December 31, 2021. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting loss, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the Town's Administration believes there will be no material adverse effect on the Town's financial position.

18. FINANCIAL INSTRUMENTS

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

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

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

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

19. SEGMENTED DISCLOSURE

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

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

20. CONSOLIDATION OF PEACE RIVER REGIONAL WASTE MANAGEMENT COMPANY

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:

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 210,380 | 419,916 |
| Trade and other receivables | 158,930 | 159,330 |
| Total Financial Assets | <u>369,310</u> | <u>579,246</u> |
| Accounts payable and accrued liabilities | 155,409 | 182,859 |
| Deferred revenue | - | - |
| Due to Northern Sunrise County | 1,181,849 | 1,064,953 |
| Post closure liability | 2,758,900 | 2,665,879 |
| Total liabilities | <u>4,096,158</u> | <u>3,913,691</u> |
| Tangible capital assets | 2,469,636 | 2,859,449 |
| Prepays | 23,722 | 16,313 |
| Total Non-Financial Assets | <u>2,493,358</u> | <u>2,875,762</u> |
| Municipal tippage | 254,170 | 180,407 |
| Recycling | 38,998 | 25,360 |
| Industrial tippage | 572,029 | 650,538 |
| Other | 74,235 | 47,568 |
| Gain on disposal of assets | - | 21,106 |
| Return on investments | 6,625 | 2,285 |
| Total Revenues | <u>946,057</u> | <u>927,264</u> |
| Salaries, wages and benefits | 610,789 | 632,015 |
| Contracted services | 343,515 | 237,498 |
| Material, goods and utilities | 152,863 | 197,877 |
| Provision for allowances | 93 | - |
| Provision for reclamation | 93,021 | 111,402 |
| Loss on disposal of assets | - | - |
| Amortization of tangible capital assets | 520,583 | 503,435 |
| Total Expenditures | <u>1,720,864</u> | <u>1,682,227</u> |

**TOWN OF PEACE RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

21. POST CLOSURE LIABILITY

Included in the consolidated financial statements are the Town's proportionate share of the post-closure liability of the Peace Regional Waste Management Company. For 2021, an amount of \$3.70 per tonne of waste was used as the post-closure liability expense (2020 - \$3.70). In 2021, this rate was applied against 58,662 tonnes of waste (2020 - \$3.70 against 69,085 tonnes), resulting in a current period expense of \$217,049 (2020 - \$255,615) in Peace Regional Waste Management Company.

22. IMPACT ON OPERATIONS

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

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

23. DONATED ASSETS

Assets transferred as part of the agreement with the Peace River Regional Airport Association:

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> |
|-------------------------|----------------------|-------------------------------------|---------------------------|
| Buildings | \$ 2,442,898 | \$ 460,425 | \$ 1,982,473 |
| Engineered Structures | 15,952,623 | 7,271,067 | 8,681,556 |
| Machinery and Equipment | 1,751,835 | 1,037,419 | 714,416 |
| Vehicles | 443,535 | 385,252 | 58,283 |
| | <u>\$ 20,590,891</u> | <u>\$ 9,154,163</u> | <u>\$ 11,436,728</u> |

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.