

**TOWN OF PEACE RIVER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**



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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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Barbara Miller, CPA, CGA, CLGM  
Chief Administrative Officer

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Sam Mugford, CPA, CA  
Director of Corporate  
Services

April 30, 2024  
Peace River,  
Alberta

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of the Town of Peace River

### *Opinion*

We have audited the accompanying consolidated financial statements of the Town of Peace River (the Town), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

We were appointed auditors of the Town on September 25, 2023 and thus did not observe the counting of physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at January 1, 2023. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the surplus for the year reported and the net cash flows from operating activities reported in the statement of cash flows.

Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, requires a liability be recorded when there is a legal obligation to incur retirement costs in relation to a tangible capital assets. The asset retirement obligations in the consolidated statement of financial position amounted to \$3,897,957. We were unable to obtain sufficient appropriate audit evidence to verify the valuation of the asset retirement obligations as the consolidated entity was unable to provide us with adequate documentary evidence to support the assumptions made in the calculation of the liability. We were not able to satisfy ourselves on the valuation of amounts recorded using other procedures. Accordingly, we were not able to determine, as at and for the year ended December 31, 2023, whether any adjustments might be necessary to expenses, and annual surplus reported in the consolidated statement of operations, annual surplus reported in the statement of changes in net financial assets, and tangible capital assets, liabilities, and accumulated surplus reported on the statement of financial position. Our audit opinion on the consolidated financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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

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*Other Matter*

The consolidated financial statements for the year ended December 31, 2022 were audited by another auditor who expressed a modified opinion on those financial statements on May 1, 2023.

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

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

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

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 29, 2024

**TOWN OF PEACE RIVER**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 28)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 11,528,252	\$ 8,254,835
Taxes and grants in place of taxes receivable (Note 3)	639,902	931,548
Trade and other receivables (Note 4)	6,629,492	8,644,964
Debt recoverable - local improvements	1,418,423	1,314,583
Land held for resale	41,868	28,881
Investments (Note 5)	<u>2,566,845</u>	<u>2,376,411</u>
	<u>22,824,782</u>	<u>21,551,222</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	3,400,401	5,707,953
Deposit liabilities	54,937	72,635
Deferred revenue (Note 7)	3,781,180	4,942,773
Employee benefit obligations (Note 8)	246,413	219,745
Obligations under capital leases (Note 9)	980,753	174,100
Long-term debt (Note 11)	22,646,393	24,561,754
Asset retirement obligations (Note 13)	<u>3,897,957</u>	<u>3,522,050</u>
	<u>35,008,034</u>	<u>39,201,010</u>
<b>NET FINANCIAL DEBT</b>	<u>(12,183,252)</u>	<u>(17,649,788)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	133,216,618	135,069,003
Inventory for consumption (Note 14)	1,116,118	796,893
Prepaid expenses	<u>167,504</u>	<u>121,325</u>
	<u>134,500,240</u>	<u>135,987,221</u>
<b>ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 15)</b>	<u>\$122,316,988</u>	<u>\$118,337,433</u>

Commitments (Note 18)

Contingency (Note 22)

**ON BEHALF OF COUNCIL:**

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

**TOWN OF PEACE RIVER**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For The Year Ended December 31, 2023**

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 28)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 12,005,570	\$ <b>12,288,186</b>	\$ 11,839,796
User fees and sales of goods (Schedule 5)	7,839,710	<b>10,571,706</b>	9,247,566
Government transfers for operating (Schedule 4)	5,250,070	<b>4,866,545</b>	4,891,760
Franchise fees and concession contracts (Note 12)	1,794,230	<b>1,727,177</b>	1,769,478
Other	302,900	<b>934,181</b>	1,502,127
Investment income	190,000	<b>649,053</b>	298,057
Rentals	312,140	<b>428,276</b>	313,720
Penalties on taxes	422,500	<b>354,032</b>	444,068
Licenses and permits	196,350	<b>165,296</b>	216,007
Development levies	-	<b>2,432</b>	-
	<u>28,313,470</u>	<u><b>31,986,884</b></u>	<u>30,522,579</u>
<b>EXPENSES</b>			
Transportation services	4,455,740	<b>6,564,836</b>	7,517,510
Parks and recreation	3,956,840	<b>4,882,565</b>	5,023,853
Protective services	3,738,990	<b>4,445,464</b>	4,588,965
Water supply and distribution	3,198,030	<b>4,129,802</b>	4,129,995
Administration	2,961,190	<b>2,835,260</b>	2,558,074
Waste management	1,947,187	<b>2,783,749</b>	2,872,062
Wastewater treatment and disposal	1,333,540	<b>1,802,787</b>	1,835,893
Culture	944,640	<b>1,023,911</b>	850,749
Public health services	1,125,830	<b>1,006,862</b>	940,848
Planning and development	499,330	<b>459,770</b>	431,787
Council	379,330	<b>311,667</b>	330,970
	<u>24,540,647</u>	<u><b>30,246,673</b></u>	<u>31,080,706</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	<u>3,772,823</u>	<u><b>1,740,211</b></u>	<u>(558,127)</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 4)	3,207,940	<b>2,484,259</b>	7,984,246
Gain (loss) on disposal of tangible capital assets	-	<b>(244,915)</b>	17,160
	<u>3,207,940</u>	<u><b>2,239,344</b></u>	<u>8,001,406</u>
<b>ANNUAL SURPLUS</b>	6,980,763	<b>3,979,555</b>	7,443,279
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	-	<b>118,487,332</b>	111,015,686
Restatement (Note 28)	-	<b>(149,899)</b>	(121,532)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	<u>118,337,433</u>	<u><b>118,337,433</b></u>	<u>110,894,154</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 15)</b>	<u>\$ 125,318,196</u>	<u><b>\$ 122,316,988</b></u>	<u>\$ 118,337,433</u>

**TOWN OF PEACE RIVER**  
**Consolidated Statement of Change in Net Financial Debt**  
**For The Year Ended December 31, 2023**

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 28)
<b>ANNUAL SURPLUS</b>	\$ <u>6,980,763</u>	\$ <u>3,979,555</u>	\$ <u>7,443,279</u>
Acquisition of tangible capital assets	(7,142,443)	<b>(4,943,758)</b>	(10,122,038)
Proceeds on disposal of tangible capital assets	-	<b>43,253</b>	120,555
Amortization of tangible capital assets	-	<b>6,507,842</b>	7,036,116
Loss (gain) on disposal of tangible capital assets	-	<b>244,915</b>	(17,160)
	<u>(7,142,443)</u>	<u><b>1,852,252</b></u>	<u>(2,982,527)</u>
Net change in prepaid expenses	-	<b>(46,046)</b>	(92,037)
Net change in inventory for consumption	-	<b>(319,225)</b>	(162,175)
	<u>-</u>	<u><b>(365,271)</b></u>	<u>(254,212)</u>
<b>DECREASE IN NET FINANCIAL DEBT</b>	(161,680)	<b>5,466,536</b>	4,206,540
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(17,649,788)</u>	<u><b>(17,649,788)</b></u>	<u>(21,856,328)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	\$ <u>(17,811,468)</u>	\$ <u><b>(12,183,252)</b></u>	\$ <u>(17,649,788)</u>



**TOWN OF PEACE RIVER**  
**Consolidated Statement of Cash Flows**  
**For The Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Cash from operations:		
Annual surplus	\$ 3,979,555	\$ 7,443,279
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,507,842	7,036,116
Loss (gain) on disposal of tangible capital assets	244,915	(17,160)
Asset retirement obligation accretion expense	<u>375,907</u>	<u>348,110</u>
	<u>11,108,219</u>	<u>14,810,345</u>
Change in non-cash working capital balances:		
Accounts receivable	2,307,118	2,417,923
Inventory for consumption	(319,225)	(162,175)
Prepaid expenses	(46,046)	(92,037)
Local improvements - recoverable	(103,840)	3,944
Land held for resale	(12,987)	-
Accounts payable and accrued liabilities	(2,307,421)	1,441,461
Employee benefit obligations	26,668	(30,461)
Deposit liabilities	(17,698)	702
Deferred revenue	<u>(1,161,593)</u>	<u>(5,921,554)</u>
	<u>(1,635,024)</u>	<u>(2,342,197)</u>
	<u>9,473,195</u>	<u>12,468,148</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	1,217,000
Repayment of long-term debt	(1,915,522)	(1,886,329)
Repayment of obligations under capital lease	(164,499)	(53,259)
Proceeds from obligations under capital lease	<u>971,152</u>	<u>132,649</u>
	<u>(1,108,869)</u>	<u>(589,939)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,943,758)	(10,122,038)
Proceeds on disposal of tangible capital assets	<u>43,253</u>	<u>120,555</u>
	<u>(4,900,505)</u>	<u>(10,001,483)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	1,153,053	2,300,866
Purchase of investments	<u>(1,343,457)</u>	<u>(2,306,045)</u>
	<u>(190,404)</u>	<u>(5,179)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR</b>	<b>3,273,417</b>	<b>1,871,547</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>8,254,835</b></u>	<u><b>6,383,288</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)</b>	<u><b>\$ 11,528,252</b></u>	<u><b>\$ 8,254,835</b></u>

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Tangible Capital Assets**  
**For The Year Ended December 31, 2023**

**Schedule 1**

	<u>Land and Land improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2023</u>	<u>2022</u> (Restated) (Note 28)
<b>COST:</b>								
Balance, Beginning of Year	\$ 7,836,838	\$ 68,211,350	\$ 147,950,466	\$ 18,712,989	\$ 1,575,517	\$ 169,865	\$ 244,457,025	\$ 235,245,402
Restatement (Note 28)	-	13,804	300,538	-	-	-	314,342	314,342
Balance, Beginning of Year, as Restated	7,836,838	68,225,154	148,251,004	18,712,989	1,575,517	169,865	244,771,367	235,559,744
Additions	-	28,943	849,878	924,767	490,508	2,649,662	4,943,758	10,122,038
Disposals	-	(1,737,261)	-	(760,475)	(99,750)	(19,571)	(2,617,057)	(910,415)
Transfers	2,970	4,135	-	48,380	-	(55,485)	-	-
Balance, End of Year	<u>7,839,808</u>	<u>66,520,971</u>	<u>149,100,882</u>	<u>18,925,661</u>	<u>1,966,275</u>	<u>2,744,471</u>	<u>247,098,068</u>	<u>244,771,367</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	2,382,748	22,048,215	73,054,480	11,091,098	1,098,276	-	109,674,817	103,452,440
Restatement (Note 28)	-	9,173	18,374	-	-	-	27,547	20,833
Balance, Beginning of Year, as Restated	2,382,748	22,057,388	73,072,854	11,091,098	1,098,276	-	109,702,364	103,473,273
Amortization expense	135,289	1,659,933	3,453,244	1,109,866	149,510	-	6,507,842	7,036,116
Disposals	-	(1,480,511)	-	(761,871)	(86,374)	-	(2,328,756)	(807,025)
Balance, End of Year	<u>2,518,037</u>	<u>22,236,810</u>	<u>76,526,098</u>	<u>11,439,093</u>	<u>1,161,412</u>	<u>-</u>	<u>113,881,450</u>	<u>109,702,364</u>
<b>NET BOOK VALUE, END OF YEAR</b>	<b><u>\$ 5,321,771</u></b>	<b><u>\$ 44,284,161</u></b>	<b><u>\$ 72,574,784</u></b>	<b><u>\$ 7,486,568</u></b>	<b><u>\$ 804,863</u></b>	<b><u>\$ 2,744,471</u></b>	<b><u>\$ 133,216,618</u></b>	<b><u>\$ 135,069,003</u></b>
<b>NET BOOK VALUE, BEGINNING OF YEAR</b>	<b><u>\$ 5,454,090</u></b>	<b><u>\$ 46,167,766</u></b>	<b><u>\$ 75,178,150</u></b>	<b><u>\$ 7,621,891</u></b>	<b><u>\$ 477,241</u></b>	<b><u>\$ 169,865</u></b>	<b><u>\$ 135,069,003</u></b>	<b><u>\$ -</u></b>
*Construction in progress is comprised of	<u>\$ 117,587</u>	<u>\$ 246,147</u>	<u>\$ 2,280,186</u>	<u>\$ 100,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,744,471</u>	<u>\$ 169,865</u>

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Changes in Accumulated Surplus**  
**For The Year Ended December 31, 2023**

**Schedule 2**

	<u>Unrestricted Surplus (Deficit)</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2023</u>	<u>2022</u> (Restated) (Note 28)
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (2,260,747)	\$ 12,472,499	\$ 108,275,580	<b>\$ 118,487,332</b>	\$ 110,894,154
Restatement (Note 28)	<u>-</u>	<u>-</u>	<u>(149,899)</u>	<u>(149,899)</u>	<u>(121,532)</u>
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	<u>(2,260,747)</u>	<u>12,472,499</u>	<u>108,125,681</u>	<b><u>118,337,433</u></b>	<u>110,772,622</u>
Annual surplus	3,979,555	-	-	<b>3,979,555</b>	7,443,279
Funds transferred to restricted surplus	(3,594,446)	3,594,446	-	-	-
Current year funds used for tangible capital assets	(4,943,758)	-	4,943,758	-	-
Accretion on asset retirement obligations	375,907	-	(375,907)	-	-
Disposal of tangible capital assets (net of amortization)	288,457	-	(288,457)	-	-
Annual amortization expense	6,507,842	-	(6,507,842)	-	-
Proceeds on obligations under capital lease	971,152	-	(971,152)	-	-
Levied portion of debt recoverable - local improvements	(103,840)	-	103,840	-	-
Long-term debt and obligations under capital leases repaid	<u>(2,080,021)</u>	<u>-</u>	<u>2,080,021</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>1,400,848</u>	<u>3,594,446</u>	<u>(1,015,739)</u>	<b><u>3,979,555</u></b>	<u>7,443,279</u>
<b>BALANCE, END OF YEAR (NOTE 15)</b>	<b><u>\$ (859,899)</u></b>	<b><u>\$ 16,066,945</u></b>	<b><u>\$ 107,109,942</u></b>	<b><u>\$ 122,316,988</u></b>	<b><u>\$ 118,337,433</u></b>

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Property and Other Taxes**  
**For The Year Ended December 31, 2023**

**Schedule 3**

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 14,650,230	<b>\$ 14,466,809</b>	\$ 14,296,557
Linear property taxes	305,000	<b>332,149</b>	305,449
Government grants in lieu of property taxes	179,090	<b>309,849</b>	183,264
Local improvement taxes	<u>10,000</u>	<u><b>248,000</b></u>	<u>213,000</u>
	<u>15,144,320</u>	<u><b>15,356,807</b></u>	<u>14,998,270</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	2,690,000	<b>2,564,179</b>	2,698,312
North Peace Housing Foundation	448,750	<b>503,228</b>	456,621
Designated Industrial Property	<u>-</u>	<u><b>1,214</b></u>	<u>3,541</u>
	<u>3,138,750</u>	<u><b>3,068,621</b></u>	<u>3,158,474</u>
<b>NET MUNICIPAL TAXES</b>	<u><b>\$ 12,005,570</b></u>	<u><b>\$ 12,288,186</b></u>	<u><b>\$ 11,839,796</b></u>

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Government Transfers**  
**For The Year Ended December 31, 2023**

**Schedule 4**

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Local governments	\$ 4,131,780	\$ <b>3,467,563</b>	\$ 3,797,410
Provincial government	1,096,440	<b>1,347,707</b>	1,058,300
Federal government	<u>21,850</u>	<u><b>51,275</b></u>	<u>36,050</u>
	<u>5,250,070</u>	<u><b>4,866,545</b></u>	<u>4,891,760</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	2,462,970	<b>1,933,516</b>	4,090,258
Federal government	744,970	<b>299,065</b>	3,893,988
Local governments	<u>-</u>	<u><b>251,678</b></u>	<u>-</u>
	<u>3,207,940</u>	<u><b>2,484,259</b></u>	<u>7,984,246</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 8,458,010</u>	<u>\$ <b>7,350,804</b></u>	<u>\$ 12,876,006</u>

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Segmented Information**  
**For The Year Ended December 31, 2023**

**Schedule 5**

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Planning and Development</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Water, Sewer and Waste Management</u>	<u>Parks and Recreation and Culture</u>	<u>Total</u>
<b>REVENUE</b>								
Taxation	\$ 12,288,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,288,186
User fees and sales of goods	-	470	20,985	34,069	312,302	9,887,453	316,427	10,571,706
Government transfers	118,068	1,001,166	69,806	809,837	-	-	2,867,668	4,866,545
All other	2,238,729	520,656	3,145	17,322	52,012	52,268	561,966	3,446,098
Investment income	593,550	-	-	-	-	55,503	-	649,053
Licenses and permits	<u>11,782</u>	<u>112,526</u>	<u>40,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,296</u>
	<u>15,250,315</u>	<u>1,634,818</u>	<u>134,924</u>	<u>861,228</u>	<u>364,314</u>	<u>9,995,224</u>	<u>3,746,061</u>	<u>31,986,884</u>
<b>EXPENSES</b>								
Salaries, wages, and benefits	1,706,241	958,987	257,691	704,851	1,612,317	1,925,813	1,868,962	9,034,862
Contracted and general services	666,704	2,474,787	134,837	180,537	741,128	1,905,647	1,526,992	7,630,632
Amortization of tangible capital assets	73,164	326,984	15,383	774	2,284,671	2,642,610	1,164,256	6,507,842
Materials, goods, supplies and utilities	133,415	237,466	1,784	68,204	1,802,641	1,445,706	899,085	4,588,301
Other	504,770	385,139	-	13,496	11,203	80,296	57,163	1,052,067
Interest on long-term debt and obligations under capital leases	-	23,230	-	-	112,876	344,466	302,732	783,304
Accretion expense	609	383	-	-	-	371,800	3,115	375,907
Transfers to local boards and organizations	54,700	38,488	50,075	39,000	-	-	84,171	266,434
Transfers to other governments	<u>7,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,324</u>
	<u>3,146,927</u>	<u>4,445,464</u>	<u>459,770</u>	<u>1,006,862</u>	<u>6,564,836</u>	<u>8,716,338</u>	<u>5,906,476</u>	<u>30,246,673</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>12,103,388</u>	<u>(2,810,646)</u>	<u>(324,846)</u>	<u>(145,634)</u>	<u>(6,200,522)</u>	<u>1,278,886</u>	<u>(2,160,415)</u>	<u>1,740,211</u>
Government transfers for capital Contributed assets	55,292	70,000	-	-	2,177,289	-	181,678	2,484,259
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,171)</u>	<u>(113,882)</u>	<u>16,516</u>	<u>(41,378)</u>	<u>(244,915)</u>
	<u>55,292</u>	<u>70,000</u>	<u>-</u>	<u>(106,171)</u>	<u>2,063,407</u>	<u>16,516</u>	<u>140,300</u>	<u>2,239,344</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 12,158,680</u>	<u>\$ (2,740,646)</u>	<u>\$ (324,846)</u>	<u>\$ (251,805)</u>	<u>\$ (4,137,115)</u>	<u>\$ 1,295,402</u>	<u>\$ (2,020,115)</u>	<u>\$ 3,979,555</u>

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

**TOWN OF PEACE RIVER**  
**Consolidated Schedule of Segmented Information**  
**For the Year Ended December 31, 2022**

**Schedule 5**

	<u>Council and Administration</u>	<u>Protective Services</u>	<u>Planning and Development</u>	<u>Public Health Services</u>	<u>Transportation Services</u>	<u>Water, Sewer and Waste Management</u>	<u>Parks and Recreation and Culture</u>	<u>Total (Restated) (Note 28)</u>
<b>REVENUE</b>								
Taxation	\$ 11,839,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,839,796
User fees and sales of goods	-	725	1,700	37,008	34,030	8,828,016	346,087	9,247,566
Government transfers	59,034	814,785	40,000	633,672	631,601	-	2,712,668	4,891,760
All other	2,923,977	88,896	5,088	(12,752)	116,261	424,679	483,244	4,029,393
Investment income	291,750	-	-	-	-	6,307	-	298,057
Licenses and permits	<u>7,995</u>	<u>177,053</u>	<u>30,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,007</u>
	<u>15,122,552</u>	<u>1,081,459</u>	<u>77,747</u>	<u>657,928</u>	<u>781,892</u>	<u>9,259,002</u>	<u>3,541,999</u>	<u>30,522,579</u>
<b>EXPENSES</b>								
Salaries, wages, and benefits	1,687,809	922,087	261,731	633,276	1,800,530	1,922,735	1,841,811	9,069,979
Contracted and general services	785,747	2,828,226	149,446	155,261	1,052,449	2,109,418	1,437,131	8,517,678
Amortization of tangible capital assets	69,121	390,724	17,440	9,652	2,628,363	2,688,239	1,232,577	7,036,116
Materials, goods, supplies and utilities	112,669	212,028	3,129	92,613	1,635,025	1,419,440	835,707	4,310,611
Interest on long-term debt and obligations under capital leases	-	25,667	-	-	106,593	354,233	384,375	870,868
Other (recovery)	220,612	196,382	41	20,046	294,550	(317)	77,682	808,996
Accretion expense	580	364	-	-	-	344,202	2,964	348,110
Transfers to local boards and organizations	<u>12,506</u>	<u>13,488</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>62,354</u>	<u>118,348</u>
	<u>2,889,044</u>	<u>4,588,966</u>	<u>431,787</u>	<u>940,848</u>	<u>7,517,510</u>	<u>8,837,950</u>	<u>5,874,601</u>	<u>31,080,706</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	<u>12,233,508</u>	<u>(3,507,507)</u>	<u>(354,040)</u>	<u>(282,920)</u>	<u>(6,735,618)</u>	<u>421,052</u>	<u>(2,332,602)</u>	<u>(558,127)</u>
Government transfers for capital	-	-	-	-	2,837,544	5,127,131	19,571	7,984,246
Gain (loss) on disposal of tangible capital assets	<u>17,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,160</u>
	<u>17,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,837,544</u>	<u>5,127,131</u>	<u>19,571</u>	<u>8,001,406</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 12,250,668</u>	<u>\$ (3,507,507)</u>	<u>\$ (354,040)</u>	<u>\$ (282,920)</u>	<u>\$ (3,898,074)</u>	<u>\$ 5,548,183</u>	<u>\$ (2,313,031)</u>	<u>\$ 7,443,279</u>

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Town's 43% proportionate share of the Peace Regional Waste Management Company (see Note 24).

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

The schedule of taxes levied also includes requisitions for education and seniors foundations that are not part of the municipal reporting entity.

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

**(b) Basis of Accounting**

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

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

**(c) Land Held for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

**(d) Investments**

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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

(Continues)



**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Asset retirement obligations**

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

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

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

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

**(f) Cash and Temporary Investments**

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

**(g) Tax Revenue**

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

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

(Continues)

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Use of Estimates**

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

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

**(i) Government Transfers**

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

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

**(j) Requisition Over-Levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**(k) Pension Expenses**

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

**(l) Allowances for Operating and Physical Assets**

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

(Continues)

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

i) **Tangible Capital Assets**

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

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

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

ii) **Contributions of Tangible Capital Assets**

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

iii) **Leases**

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

iv) **Inventory for Consumption**

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

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

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

**(n) Valuation of Financial Assets and Liabilities**

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

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

(Continues)

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Change in Accounting Policies**

Effective January 1, 2023, the Town adopted Canadian public sector accounting standards PS 2601 Foreign Currency Translation, PS 3401 Portfolio Investments, PS 3450 Financial Instruments and PS 1201 Financial Statement Presentation. Adoption of these standards had no effect on the Town's consolidated financial statements.

**(p) Future Accounting Standard Pronouncements**

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

*i) Public Private Partnerships*

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*ii) Revenue*

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*iii) Purchased Intangible Assets*

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

*iv) Financial Statement Presentation*

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,525,295	\$ 532,486
Temporary investments	<u>10,002,957</u>	<u>7,722,349</u>
	<u>\$ 11,528,252</u>	<u>\$ 8,254,835</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest 5.30% (2022 - 4.55%) maturing in 2024.

Included in cash is the Town's portion of the Peace Regional Waste Management Company's cash on hand totaling \$1,477,407 (2022 - \$384,780).

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes		
Current taxes	\$ 487,067	\$ 490,070
Arrears taxes	<u>837,890</u>	<u>981,669</u>
	1,324,957	1,471,739
Less: Allowance for doubtful accounts	<u>(685,055)</u>	<u>(540,191)</u>
	<u>\$ 639,902</u>	<u>\$ 931,548</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Receivable from other governments	\$ 3,639,900	\$ 6,037,049
Trade and other receivables	1,934,888	799,263
Utilities receivables	1,005,457	1,170,917
Peace Regional Waste Management Company receivables	289,195	744,740
Receivable from other governments - GST	180,048	326,114
Loan receivable	<u>20,000</u>	<u>-</u>
	7,069,488	9,078,083
Less: Allowance for doubtful accounts	<u>(439,996)</u>	<u>(433,119)</u>
	<u>\$ 6,629,492</u>	<u>\$ 8,644,964</u>

**5. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Guaranteed Investment Certificates	\$ 2,397,134	\$ 2,306,045
Vision Credit Union shares	93,334	70,366
Peace River Waste Management Company - investments	<u>76,377</u>	<u>-</u>
	<u>\$ 2,566,845</u>	<u>\$ 2,376,411</u>

Guaranteed Investment Certificates bearing interest at a fixed rates ranging from 4.00% to 4.75% per annum (2022 - 3.90% - 4.00%) maturing between October 2, 2024 and October 3, 2024 (2022 - October 3, 2023 to October 3, 2024).

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade	\$ 2,372,117	\$ 3,945,180
Other governments	900,562	1,392,439
Accrued interest payable	127,722	137,671
Due to Northern Sunrise County	<u>-</u>	<u>232,663</u>
	<u>\$ 3,400,401</u>	<u>\$ 5,707,953</u>

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

**7. DEFERRED REVENUE**

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

	<u>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Municipal Sustainability Initiative	\$ 3,030,634	\$ 772,942	\$ (1,983,516)	\$ 1,820,060
Alberta Community Resilience Program	748,131	22,444	-	770,575
Canada Community Building Fund	540,798	435,803	(243,773)	732,828
Other	523,210	418,179	(528,380)	413,009
Government of Canada - Enabling Access	<u>100,000</u>	<u>-</u>	<u>(55,292)</u>	<u>44,708</u>
	<u>\$ 4,942,773</u>	<u>\$ 1,649,368</u>	<u>\$(2,810,961)</u>	<u>\$ 3,781,180</u>

**8. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2023</u>	<u>2022</u>
Vacation payable	\$ 240,100	\$ 209,880
Overtime / time off in lieu payable	<u>6,313</u>	<u>9,865</u>
	<u>\$ 246,413</u>	<u>\$ 219,745</u>

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

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**9. OBLIGATIONS UNDER CAPITAL LEASES**

The Caterpillar Financial Services Limited leases consist of 3 leases (2022 - 1 lease) bearing interest ranging from 6.600% to 7.100% (2022 - 6.600%) and matures between in 2029 and 2030 (2022 - 2029). The cost of assets under capital lease are \$672,398 the accumulated amortization is \$83,739 and the resulting net book value included in capital assets is \$588,659.

At the end of the leases, the Town has an option to purchase the equipment at amounts ranging from \$29,400 to \$139,200.

The Enterprise Fleet Management leases consist of 7 leases bearing interest ranging from 5.557% to 6.431% and matures between in 2027 and 2028. The cost of assets under capital lease are \$431,403 the accumulated amortization is \$86,281 and the resulting net book value included in capital assets is \$345,122.

	<u>2023</u>	<u>2022</u>
Caterpillar Financial Services Limited leases	\$ <b>627,092</b>	\$ 174,100
Enterprise Fleet Management leases	<u>353,661</u>	<u>-</u>
	<u>\$ <b>980,753</b></u>	<u>\$ 174,100</u>

The current portion of the capital lease amounts to \$137,301 (2022 - \$12,269).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 137,301	\$ 60,776	\$ 198,077
2025	146,215	51,862	198,077
2026	155,714	42,363	198,077
2027	167,909	32,241	200,150
2028	77,190	23,893	101,083
Thereafter	<u>296,424</u>	<u>24,718</u>	<u>321,142</u>
	<u>\$ 980,753</u>	<u>\$ 235,853</u>	<u>\$ 1,216,606</u>

**10. REVOLVING LOAN**

The Town has a \$6,000,000 revolving loan through ATB Financial at a rate of prime plus 1%. Prime rate as at December 31, 2023 was 7.20% (2022 - 6.45%). As at December 31, 2023, no amounts had been drawn on the revolving loan (2022 - \$NIL).

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**11. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
Debenture debt	\$ <b>21,888,093</b>	\$ 23,711,293
Other long-term debt	<b>452,258</b>	516,866
Bank debt	<u><b>306,042</b></u>	<u>333,595</u>
	<u><b>\$ 22,646,393</b></u>	<u>\$ 24,561,754</u>

The current portion of the long-term debt amounts to \$1,973,783 (2022 - \$852,201).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,973,783	\$ 685,748	\$ 2,659,531
2025	2,034,850	624,981	2,659,831
2026	2,098,032	561,499	2,659,531
2027	2,139,738	496,265	2,636,003
2028	2,172,500	429,579	2,602,079
Thereafter	<u>12,227,490</u>	<u>2,442,787</u>	<u>14,670,277</u>
	<u><b>\$ 22,646,393</b></u>	<u><b>\$ 5,240,859</b></u>	<u><b>\$ 27,887,252</b></u>

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

Bank debt is repayable to Vision Credit Union. The loan bears interest at prime + 1.50% (2022 - prime + 1.50%). Prime rate as at December 31, 2023 was 7.20% (2022 - 6.45%). The loan is repayable in blended semi annual payments of \$27,669 and matures December 29, 2030.

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

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

Interest on long-term debt amounted to \$728,455 (2022 - \$870,867). The Town's total cash payments for interest is \$737,936 (2022 - \$721,091).

**12. FRANCHISE FEES AND CONCESSION CONTRACTS**

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

	<u>2023</u>	<u>2022</u>
ATCO Electric Ltd.	\$ <b>982,995</b>	\$ 1,007,070
ATCO Gas Ltd.	<u><b>744,182</b></u>	<u>762,408</u>
	<u><b>\$ 1,727,177</b></u>	<u>\$ 1,769,478</u>



**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**13. ASSET RETIREMENT OBLIGATIONS**

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

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

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

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 3,522,050	\$ 3,173,940
Net Change for the Year		
Accretion expense	<u>375,907</u>	<u>348,110</u>
Balance, End of Year	<u>\$ 3,897,957</u>	<u>\$ 3,522,050</u>

Asset retirement obligations of \$3,897,957 (2022 - \$3,522,050) were measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$4,381,819 (2022 - \$4,381,819), a discount rates between 4.82% and 5.25% (2022 - 4.82% and 5.25%), an annual inflation of 3.65% (2022 - 3.65%), with retirement and reclamation activities expected to be settled between 2030 and 2074.

**14. INVENTORY FOR CONSUMPTION**

	<u>2023</u>	<u>2022</u>
Parts, culverts and other	<u>\$ 1,116,118</u>	<u>\$ 796,893</u>

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**15. ACCUMULATED SURPLUS**

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus (deficit)	\$ <u>(859,899)</u>	\$ <u>(2,260,747)</u>
Restricted surplus		
Tax supported capital reserve -		
Buildings and engineered structures	6,665,882	5,542,692
Neighbourhood infrastructure renewal	3,111,994	1,732,348
Water - capital reserve	2,706,771	1,615,161
Tax supported operating reserve	1,293,168	1,293,168
Off-site levies reserve	990,293	990,293
Mill rate stabilization	328,445	328,445
Landfill post closure reserve	263,300	263,300
Peace Regional Waste Management Company reserve	254,213	254,213
Safe communities initiatives	186,540	186,540
Museum acquisitions reserve	131,997	131,997
Public use recreation land reserve	84,345	84,345
Water - operating reserve	<u>49,997</u>	<u>49,997</u>
	<u>16,066,945</u>	<u>12,472,499</u>
Equity in tangible capital assets	<u>107,109,942</u>	<u>108,125,681</u>
	<u>\$122,316,988</u>	<u>\$118,337,433</u>

**16. DEBT LIMITS**

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

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 47,980,326	\$ 45,783,869
Total debt	<u>23,627,146</u>	<u>24,735,854</u>
Amount of total debt limit unused	<u>\$ 24,353,180</u>	<u>\$ 21,048,015</u>
Debt servicing limit	\$ 7,996,721	\$ 7,630,645
Debt servicing	<u>2,857,608</u>	<u>2,722,404</u>
Amount of debt servicing limit unused	<u>\$ 5,139,113</u>	<u>\$ 4,908,241</u>

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

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**17. SALARIES AND BENEFITS DISCLOSURE**

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

	<u>Salary (1)</u>	<u>Benefits, Travel and Allowances (2)</u>	<b><u>2023</u></b> <b><u>Total</u></b>	<b><u>2022</u></b> <b><u>Total</u></b>
Elected Officials:				
Mayor Manzer	\$ 46,124	\$ 231	<b>\$ 46,355</b>	\$ 50,304
Councillor Schamehorn	27,730	1,554	<b>29,284</b>	31,203
Councillor Ford	27,155	1,520	<b>28,675</b>	26,928
Councillor Good	23,680	3,229	<b>26,909</b>	25,756
Councillor Shannon	32,598	1,843	<b>34,441</b>	27,967
Councillor Boychuk	31,065	1,752	<b>32,817</b>	26,994
Councillor Carr	<u>25,209</u>	<u>1,404</u>	<b><u>26,613</u></b>	<u>26,793</u>
	<b><u>\$ 213,561</u></b>	<b><u>\$ 11,533</u></b>	<b><u>\$ 225,094</u></b>	<b><u>\$ 215,945</u></b>
Chief Administrative Officer (3)				
	<b><u>\$ 198,892</u></b>	<b><u>\$ 35,872</u></b>	<b><u>\$ 234,764</u></b>	<b><u>\$ 397,304</u></b>

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

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

(3) The 2022 figure include the former, interim and current Chief Administrative Officer's salaries and benefits.

**18. COMMITMENTS**

The Town is in an energy services agreement with Alberta Municipal Services Corporation ("AMSC") to provide electricity for the Town. The agreement was in effect August 4, 2022 and amended September 5, 2023 and is in place until December 31, 2029. The fees for the services include \$0.0695 per kilowatt hour of electricity. Under this contract, the Town had a total electricity cost in 2023 of \$1,016,011 (2022 - \$840,187).

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

2024	\$ 182,792
2025	110,451
2026	14,791
2027	5,618
2028	4,898
2029	2,737
2030	2,737
2031	2,737
2032	<u>2,737</u>
	<b><u>\$ 329,498</u></b>

**19. LOCAL AUTHORITIES PENSION PLAN**

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

The Town is required to make current service contributions to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2023 were \$442,548 (2022 - \$442,680). Total current and past service contributions made by the employees of the Town to the LAPP in 2023 were \$394,686 (2022 - \$395,033).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

**20. APEX SUPPLEMENTARY PENSION PLAN**

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

The prescribed class of employees and the Town make contributions. Employees and the Town are required to make current service contributions to APEX of 2.42% and 2.96% respectively of pensionable earnings up to \$175,333 (2022 - \$171,000).

Total current service contributions by the Town to APEX in 2023 were \$16,431 (2022 - \$20,839). Total current and past service contributions made by the employees of the Town to the APEX in 2023 were \$13,434 (2022 - \$14,127).

**21. FINANCIAL INSTRUMENTS**

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

***Credit risk***

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

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

**22. CONTINGENCY**

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

**23. SEGMENTED INFORMATION**

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

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

**i. Council and Administration**

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

**ii. Protective Services**

Protective services includes police, municipal enforcement and fire.

**iii. Planning and Development**

Planning and development includes subdivision land development and economic development.

**iv. Public Health Services**

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

**v. Transportation Services**

Transportation services include roads and transit.

**vi. Water, Sewer and Waste Management**

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

**vii. Parks and Recreation and Culture**

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

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

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**24. GOVERNMENT PARTNERSHIP**

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

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

	<u>2023</u>	<u>2022</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	\$ 1,477,407	\$ 384,780
Investments	76,377	-
Accounts receivable	<u>289,195</u>	<u>744,740</u>
	<u>1,842,979</u>	<u>1,129,520</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	209,909	561,410
Asset retirement obligations	<u>3,438,479</u>	<u>3,085,356</u>
	<u>3,648,388</u>	<u>3,646,766</u>
<b>NET FINANCIAL DEBT</b>	<u>(1,805,409)</u>	<u>(2,517,246)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	25,702	23,935
Tangible capital assets	<u>1,980,337</u>	<u>2,125,977</u>
	<u>2,006,039</u>	<u>2,149,912</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u>200,630</u>	\$ <u>(367,334)</u>
<b>REVENUE</b>		
User fees and sales of goods	\$ 2,798,129	\$ 2,562,992
Investment income	55,503	6,307
Other	<u>1,424</u>	<u>387,201</u>
	<u>2,855,056</u>	<u>2,956,500</u>
<b>EXPENSES</b>		
Contracted and general services	793,470	535,158
Salaries, wages and benefits	723,331	644,742
Accretion expense	353,123	326,456
Amortization of tangible capital assets	222,373	395,775
Materials, goods, supplies and utilities	<u>211,310</u>	<u>182,765</u>
	<u>2,303,607</u>	<u>2,084,896</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>551,449</u>	<u>871,604</u>
<b>OTHER INCOME</b>		
Gain on disposal of tangible capital assets	<u>16,516</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	\$ <u>567,965</u>	\$ <u>871,604</u>

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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**25. BUDGET**

The budget figures presented in these consolidated financial statements are based on the budget approved by the Town's council on February 13, 2023 and include the Town's proportionate share of the Peace Regional Waste Management Company's budget. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts annual surplus to align with the budget process. It should not be used as a replacement for the consolidated statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2023</u> (Budget)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Annual surplus	6,980,763	<b>3,979,555</b>	7,443,279
Add back (deduct):			
Amortization expense	\$ -	\$ <b>6,507,842</b>	\$ 7,036,116
Accretion expense	-	<b>375,907</b>	348,110
Net transfers (to) from reserves	1,994,900	-	-
Acquisition of tangible capital assets	(7,142,443)	<b>(4,943,758)</b>	(10,122,038)
Loss (gain) on disposal of tangible capital assets	-	<b>244,915</b>	(17,160)
Proceeds on tangible capital assets	-	<b>43,253</b>	120,555
Principal debt repayments	(1,833,220)	<b>(1,915,522)</b>	(1,886,329)
Levied portion of debt recoverable - local improvements	-	<b>(103,840)</b>	3,944
Operating surplus	\$ <u>-</u>	\$ <u><b>4,188,352</b></u>	\$ <u>2,926,477</u>

**26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by Council and Management.

**27. COMPARATIVE FIGURES**

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

**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**28. RESTATEMENT - PS 3280 ASSET RETIREMENT OBLIGATION STANDARD ADOPTION**

Effective January 1, 2023, the Town adopted Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2022, the Town recognized the following to conform to the new standard:

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

Comparative figures have been restated as follows.

	As Previously Stated	Restatement	As Restated
<b>Consolidated statement of financial position</b>			
<b>Assets</b>			
Cash and temporary investments	\$ 8,254,835	\$ -	\$ 8,254,835
Taxes and grants in place of taxes receivable	931,548	-	931,548
Trade and other receivables	8,644,964	-	8,644,964
Debt recoverable - local improvements	1,314,583	-	1,314,583
Land held for resale	28,881	-	28,881
Investments	2,376,411	-	2,376,411
	<u>21,551,222</u>	<u>-</u>	<u>21,551,222</u>
<b>Liabilities</b>			
Accounts payable and other accrued liabilities	5,707,952	-	5,707,952
Deposit liabilities	72,635	-	72,635
Deferred revenue	4,942,773	-	4,942,773
Employee benefit obligations	219,745	-	219,745
Capital leases	174,100	-	174,100
Long-term debt	24,561,754	-	24,561,754
Closure / post-closure liability	3,085,356	(3,085,356)	-
Asset retirement obligation	-	3,522,050	3,522,050
	<u>38,764,315</u>	<u>436,694</u>	<u>39,201,009</u>
<b>Net financial debt</b>	<u>(17,213,093)</u>	<u>(436,694)</u>	<u>(17,649,787)</u>
<b>Non-financial assets</b>			
Tangible capital assets	134,782,208	286,795	135,069,003
Inventory for consumption	796,893	-	796,893
Prepaid expenses	121,325	-	121,325
	<u>\$135,700,426</u>	<u>\$ 286,795</u>	<u>\$135,987,221</u>



**TOWN OF PEACE RIVER**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**26. RESTATEMENT - PS 3280 ASSET RETIREMENT OBLIGATION STANDARD ADOPTION**  
**(Continued)**

**Consolidated statement of operations and accumulated surplus**

<b>Revenues</b>			
Net municipal taxes	\$ 11,839,796	\$ -	\$ 11,839,796
User fees and sales of goods	9,247,566	-	9,247,566
Government transfers for operating	4,891,760	-	4,891,760
Franchise fees and concession contracts	1,769,478	-	1,769,478
Other	1,502,127	-	1,502,127
Penalties on taxes	444,068	-	444,068
Rentals	313,720	-	313,720
Investment income	298,057	-	298,057
Licenses and permits	216,007	-	444,068
	<u>30,522,579</u>	<u>-</u>	<u>30,522,579</u>
<b>Expenses</b>			
Transportation services	7,517,510	-	7,517,510
Parks and recreation	5,020,694	3,159	5,023,853
Protective services	4,588,584	381	4,588,965
Water supply and distribution	4,129,391	604	4,129,995
Waste management	2,872,062	-	2,872,062
Administration	2,557,454	620	2,558,074
Wastewater treatment and disposal	1,812,291	23,602	1,835,893
Public health services	940,848	-	940,848
Culture	850,749	-	850,749
Planning and development	431,787	-	431,787
Council	330,970	-	330,970
	<u>31,052,340</u>	<u>28,366</u>	<u>31,080,706</u>
<b>Annual surplus (deficit) before other income</b>	(529,761)	(28,366)	(558,127)
<b>Other income</b>			
Government transfers for capital	7,984,246	-	7,984,246
Gain on disposal of tangible capital assets	17,160	-	17,160
	<u>8,001,406</u>	<u>-</u>	<u>8,001,406</u>
<b>Annual surplus</b>	<u>7,471,645</u>	<u>(28,366)</u>	<u>7,443,279</u>
<b>Accumulated surplus</b>			
Accumulated surplus - Beginning of year	\$ 111,015,686	\$ (121,532)	\$ 110,894,154
Accumulated surplus - End of year	\$ 118,487,332	\$ (149,899)	\$ 118,337,433