



PEACE RIVER REGIONAL DISTRICT

Peace River Regional District

Financial Statements

For the fiscal year ended December 31, 2020

diverse. vast. abundant.

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Statement of Management's Responsibility

The accompanying financial statements of the Peace River Regional District ("Regional District") are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with the significant accounting policies as set out in Note 2 to the financial statements and comply with the Canadian Public Sector Accounting Standards ("PSAS") as set by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and the governing legislation. The financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

In discharging its responsibilities for the integrity and fairness of the 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.

Directors are composed entirely of individuals who are neither management nor employees of the Regional District. Directors are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Directors fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Directors are also responsible for recommending the appointment of the Regional District's external auditors.

The financial statements have been audited by Beswick Hildebrandt Lund (BHL) CPA in accordance with Canadian generally accepted auditing standards on behalf of the Regional District. BHL CPA has full access to the Board of Directors.

Shawn Dahlen, Chief Administrative Officer

Teri Vetter, Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Peace River Regional District

Opinion

We have audited the financial statements of Peace River Regional District (the Entity), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standard.

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 Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Partners

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants

Prince George, British Columbia

June 24, 2021

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Peace River Regional District Statement of Financial Position

As at December 31

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	20,826,739	64,090,712
Accounts receivables (Note 4)	2,347,443	1,483,648
Investments (Note 5)	46,026,494	2,892,232
Reserve deposits (Note 6)	1,866,741	1,829,252
Financial assets before member municipalities	71,067,417	70,295,844
Loans receivables (Note 7 and 11)	57,322,763	62,693,799
	128,390,180	132,989,643
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	4,157,132	4,005,911
Deferred revenue (Note 9)	125,450	282,298
Landfill closure and post-closure care (Note 10)	7,036,338	4,231,076
Debt (Note 11)	16,740,480	22,132,808
Other liabilities (Note 12)	2,668,287	2,692,966
Financial liabilities before member municipalities	30,727,687	33,345,059
Other debt (Note 7 and 11)	57,322,763	62,693,799
	88,050,450	96,038,858
NET FINANCIAL ASSETS	40,339,730	36,950,785
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	60,389,605	56,375,756
Prepaid expenses	86,980	79,292
	60,476,585	56,455,048
ACCUMULATED SURPLUS (Note 14 and 15)	100,816,315	93,405,833

COVID-19 (Note 17)

Contingent liabilities (Note 18)

Budget (Note 19)

Municipal pension plan (Note 20)

Related parties (Note 21)

Comparative figures (Note 22)

Segment reporting (Note 23)

Approved by:

Chairperson

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Peace River Regional District

Statement of Operations and Accumulated Surplus

For the fiscal years ended December 31

	2020 Budget (Note 19)	2020	2019
REVENUE (SCHEDULE 1)			
Requisitions	29,415,674	29,415,672	28,326,780
Grants-in-lieu	1,008,440	1,685,315	1,614,209
Interest Income	-	1,395,904	1,209,251
Fees, Charges, and Other	9,045,847	9,162,692	8,878,739
Government Transfers (Note 16)	561,052	1,049,319	229,474
	40,031,013	42,708,902	40,258,453
EXPENSES (SCHEDULE 1)			
General Government	6,608,231	6,030,873	4,684,991
Environmental Services	11,185,693	13,629,289	9,523,922
Protective Services	3,708,292	3,743,144	3,136,062
Planning and Development	2,993,895	1,783,876	1,937,927
Recreation and Culture	13,180,332	11,554,402	13,322,812
Sewer Utilities	1,560,642	1,858,906	1,445,631
Water Utilities	1,300,596	815,074	731,751
	40,537,681	39,415,564	34,783,096
Annual Surplus, Before Other	(506,668)	3,293,338	5,475,357
OTHER			
Government transfers related to capital (Note 16)	5,380,439	4,117,144	5,012,676
Member municipalities interest received	6,839,958	2,952,841	3,064,550
Less: Member municipalities interest expense	2,964,854	2,952,841	3,064,550
	9,255,543	4,117,144	5,012,676
Annual Surplus	8,748,875	7,410,482	10,488,033
Accumulated Surplus, Beginning of Year	93,405,833	93,405,833	82,917,800
Accumulated Surplus, End of Year (Note 14 and 15)	102,154,708	100,816,315	93,405,833

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Peace River Regional District

Statement of Change in Net Financial Assets

For the fiscal years ended December 31

	2020 Budget (Note 19)	2020	2019
Annual Surplus	8,748,875	7,410,482	10,488,033
Change in tangible capital assets	(9,373,313)	(6,680,578)	(5,119,667)
Amortization of tangible capital assets	-	2,886,240	2,739,219
Change in prepaid expense	-	(7,688)	(42,596)
Gain on disposals	-	(19,193)	(10,636)
Other non-cash charges to operations	-	(200,318)	(21,349)
Change in net financial assets	(624,438)	3,388,945	8,033,004
Net Financial Assets, Beginning of Year	36,950,785	36,950,785	28,917,781
Net Financial Assets, End of Year	36,326,347	40,339,730	36,950,785

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Peace River Regional District

Statement of Cash Flows

For the fiscal years ended December 31

	2020	2019
Operating		
Annual Surplus	7,410,482	10,488,033
Non-cash items:		
Amortization	2,886,240	2,739,219
Gain on disposals	(19,193)	(10,636)
Other non-cash items	(200,318)	(21,349)
Decrease (increase) in non-cash assets:		
Accounts receivables	(863,795)	1,571,470
Prepaid expenses	(7,688)	(42,596)
Increase (decrease) in non-cash liabilities:		
Accounts payable and accrued liabilities	151,221	444,294
Deferred revenue	(156,848)	(122,844)
Landfill closure and post-closure care	2,805,262	(1,143,104)
Other liabilities	(24,679)	(3,995,185)
	11,980,684	9,907,302
Financing		
Change in reserve deposits	(37,489)	4,498,848
Change in debt	(5,392,328)	(904,793)
Change in other debt	(5,371,036)	(5,173,323)
Decrease in municipal debt charges recoverable	5,371,036	5,173,323
	(5,429,817)	3,594,055
Capital		
Change in tangible capital assets	(6,680,578)	(5,119,667)
Investing		
Increase in investments	(43,134,262)	4,192,740
Change in cash and cash equivalents	(43,263,973)	12,574,430
Cash and cash equivalents, beginning of year	64,090,712	51,516,282
Cash and cash equivalents, end of year	20,826,739	64,090,712

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Peace River Regional District

Notes to the Financial Statements

For the fiscal years ended December 31

The accompanying notes are an integral part of these financial statements. The following explains the significant accounting policies and reporting principles underlying these statements. The notes also provide relevant supplementary information and explanations.

1. The Peace River Regional District

The Peace River Regional District (the "Regional District") was incorporated on October 31, 1987 under the provisions of the Local Government Act, a statute of the Province of British Columbia. The Regional District provides regional services such as: protective services, environmental services, community planning and development, recreation and culture, water and sewer utilities, debt and general government operations. Per the province of British Columbia, the Regional District has three roles: provide regional wide services, provide inter-municipal or sub-regional services, and act as the general local government for electoral areas. A key responsibility of the Regional District is to provide debt financing to member municipalities through the Municipal Finance Authority of British Columbia (MFA).

The Regional District is governed by a twelve-member Board of Directors representing seven member municipalities and four electoral areas. The Directors also serve as members of the Peace River Regional Hospital District. The board votes on resolutions and bylaws governing the region on all matters delegated to regional districts under provincial statutes.

2. Significant Accounting Policies

The financial statements of the Regional District are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Regional District are as follows:

(a) Reporting entity

The financial statements include all the assets, liabilities, accumulated surplus, revenue and expenses of the Regional District's service activities and funds.

(b) Basis of accounting

The Regional District follows the accrual method of accounting for revenue and expenses. Revenues are accounted for in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Inter-entity balances and transactions are eliminated.

(c) Cash and cash equivalents

Cash is held by the Regional District in its general bank and other high-interest savings account.

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

(d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating useful lives of tangible capital assets, estimating provisions for accrued liabilities, estimating the remaining useful life of the landfill and related post-closure liability and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(e) Requisitions

The Regional District requisitions taxation from each member municipality and the electoral areas for their portion for services for which they participate. These requisitions are levied through the municipalities and the Province's Surveyor of Taxes (for electoral areas) to tax-payers and funds are provided to the Regional District by August 1 of each year.

(f) Employee future benefits

The Regional District and its employees make contributions to the Municipal Pension Plan ("The Plan"), as a multi-employer, defined benefit pension plan. Contributions are expensed as incurred.

(g) Government transfers

Government transfers are transfers of monetary assets to the Regional District that are not the result of an exchange transaction, a direct financial return, or is expected to be repaid in the future. Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized, and any eligibility criteria have been met and reasonable estimates of amounts can be determined.

If transfer stipulations give rise to an obligation that meets the definition of a liability, the resulting liability is deferred in the financial statements and recognized in the Statement of Operations as the stipulation liabilities are settled.

(h) Loans receivable

Loans receivable consists of amounts that are recoverable from member municipalities 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.

(i) Landfill closure and post-closure liability

Pursuant to the Ministry of Environment's Landfill Criteria for Municipal Solid Waste, the Regional District is required to fund the closure of their landfill sites and provide for post-closure care of the facilities.

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

(i) Landfill closure and post-closure liability continued

Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring, leachate control, and vision inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(j) Financial instruments

The Regional District recognizes its financial instruments when the Regional District becomes party to the contractual provisions of the financial assets and liabilities originated and issued in a related party transaction with management. Financial instruments consist of cash, portfolio investments, receivables, debt and accounts payable.

Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest rate, currency or credit risk from these financial instruments.

(k) Debt and other debt

The Regional District's long-term debt and the member municipalities long-term debt are recorded net of repayments and actuarial adjustments.

(l) Demand notes

The Regional District's debt instruments through the MFA require execution of demand notes. Management has reported the demand notes as contingent liabilities in compliance with PSAS.

(m) Segmented Information

The Regional District's segments are distinguishable activities or groups of activities for which it is reasonable to separately report financial information. The Regional District provides segmented information in schedules to the financial statements.

(n) Non-financial assets

Non-financial assets are held for use in the provision of goods and services but are not available to discharge existing liabilities. These assets may have a useful life extending beyond the current year and are not intended for sale in the ordinary course of the Regional Districts operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

The cost, less the residual value of the tangible capital asset (excluding land), is amortized on a straight-line basis over the estimated useful life as follows:

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

(i) Tangible capital assets continued

Land	---
Parks	15 - 50 years
Buildings	10 - 30 years
Equipment (computers, machinery and other)	15 years
Equipment (vehicles)	10 - 20 years
Public Infrastructure and Utilities	5 - 50 years
Landfills	25 - 100 years

Tangible capital assets, including assets under construction, are recorded at cost. Amortization is charged over the assets useful life and commences when the asset is acquired. Full amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the assets are available for use.

(ii) Contributions of tangible capital assets

Contributed tangible capital assets are recognized at fair value (using various methods such as actual developer costs, appraisals, assessed values or professional estimates) at the date of contribution and are also recognized as revenue. When an estimate of fair market value cannot be made, the tangible capital asset is recognized at a nominal value.

(o) Future accounting pronouncements

The standards noted below were not in effect for the year ended December 31, 2020, therefore, have not been applied in preparing these financial statements. Management is assessing the impact of these standards on future Statements.

Standards applicable for fiscal years beginning on or after April 1, 2022:

PS 3450 - Financial instruments establishes standards on how to account for and report all types of financial instruments including derivatives.

PS 2601 - Foreign Currency Translation, which replaces PS 2600, establishes standards on how to account for an report transactions that are denominated in a foreign currency in government financial statements.

PS 1201 - Financial Statement Presentation, which replaces PS 1200, establishes general reporting principles and standards for the disclosure of information in government financial statements. The Standard introduces the Statement of Remeasurement Gains and Losses, which reports changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

(o) Future accounting pronouncements continued

PS 3041 - Portfolio Investments, which replaces PS 3040, establishes standards on how to account for and report portfolio investments in government financial statements.

PS 3280 - Asset Retirement Obligations, establishes standards on how to account for and report a liability for asset retirement obligations.

Standards applicable for fiscal years beginning on or after April 1, 2023:

PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

3. Cash and cash equivalents		
	2020	2019
Cash	3,777,467	2,673,035
Cash equivalents	17,049,272	61,417,677
	20,826,739	64,090,712

The Regional District's general cash is held for general operations and delivery of regional services. The cash is held at a Canadian chartered bank and earns interest at the current prevailing rates.

Cash equivalents are held in High Interest Savings Accounts (HISA). Investments with an original maturity of three months or less are considered cash equivalents.

4. Accounts receivable		
	2020	2019
Provincial government	5,559	5,592
Goods and services tax	392,795	297,009
Trade receivables	1,384,126	628,832
Other	564,963	552,215
	2,347,443	1,483,648

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

5. Investments	2020	2019
Canaccord Investments	25,332,897	-
MFABC Money Market	15,645,597	2,892,232
BMO	5,048,000	-
	46,026,494	2,892,232

The Regional District has invested in Guaranteed Investment Certificates (GIC) managed by Canaccord Genuity Corp. and the Bank of Montreal. The interest accrued and the interest rates on these investments vary as follows:

Investment Description	Principal	Interest	Purchase Date	Maturity Date	Interest Rate
GIC - BSHORE	\$5,000,000	\$57,411	4/21/2020	4/21/2021	1.65%
GIC - BSHORE	5,000,000	59,151	4/21/2020	4/21/2021	1.70%
GIC - CCS	5,000,000	60,890	4/21/2020	4/21/2021	1.75%
GIC - CCS	5,000,000	76,849	4/20/2020	4/20/2021	2.20%
GIC - CCS	5,000,000	78,596	4/21/2020	4/21/2022	2.25%
GIC - BMO	5,000,000	48,000	5/26/2020	5/26/2021	1.60%

The Regional District also has financial assets held by MFABC in various accounts that earn between 0.4-0.81 percent.

6. Reserve deposits	2020	2019
Member municipalities		
MFA Debt Resv Dep - Chetwynd	46,019	45,091
MFA Debt Resv Dep - Dawson Creek	575,949	568,368
MFA Debt Resv Dep - Fort St John	677,399	659,858
MFA Debt Resv Dep - Hudson Hope	519	509
MFA Debt Resv Dep - Tumbler Ridg	31,779	31,138
	1,331,665	1,304,964
Regional district		
MFA Debt Resv Dep - Regional Dis	535,076	524,288
	535,076	524,288
	1,866,741	1,829,252

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

6. Reserve deposits continued

With respect to amounts financed through the MFA, the Regional District is required to pay annual installments of principal and interest relative to any borrowing for its own purposes and on behalf of member municipalities. This amount may be paid either in full or in an amount of cash equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance.

If, at any time, the MFA does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the Debt Reserve Fund. The demand notes payable to the MFA and receivable from member municipalities are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund.

The Regional District debt, under provisions of the Local Government Act, is a direct, joint-and-several-liability of the Regional District and each member municipality within the Regional District. The demand notes on all debt are contingent in nature and therefore, excluded from the Statement of Financial Position under the provisions of PS 3300 Contingent Liability (Note 18).

7. Loans receivables		
	2020	2019
Dawson Creek	21,217,279	24,178,693
Chetwynd	3,628,865	3,794,677
Fort St. John	31,724,036	33,795,968
Hudson's Hope	5,995	8,821
Tumbler Ridge	746,588	915,640
	57,322,763	62,693,799

Under the Local Government Act and Community Charter, member municipalities are required to secure borrowing arrangements with the MFA through the Regional District. Under these terms, member municipalities are required to pay the Regional District amounts required to discharge their obligations respectively. Any default in payment is the liability of the Regional District.

8. Payables		
	2020	2019
Federal governments	4,575	1,032
Grants in-aid	116,927	419,245
Vacation and banked overtime	54,962	42,325
Trade Payables	3,502,579	3,028,487
Other	478,089	514,822
	4,157,132	4,005,911

Peace River Regional District

Notes to the Financial Statements

For the fiscal years ended December 31

9. Deferred revenue	December 31, 2019	Externally restricted inflows	Revenue earned	December 31, 2020
Bldg Insp-Demo & Temp Deposits	21,500	575	(1,575)	20,500
Deferred Revenue - Various	226,053	-	(160,641)	65,412
Deferred Revenue - Water Credits	12,141	67,770	(62,977)	16,934
Deferred Revenue - Debenture Principal	22,604	-	-	22,604
	282,298	68,345	(225,193)	125,450

Monies received for specific purposes that are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized on the Statement of Operations in the period when related expenses are incurred and/or services performed and certain stipulations have been met.

10. Landfill liability	2020	2019
Fort St. John	3,711,834	1,819,062
Bessborough	616,539	216,149
Chetwynd	2,364,979	1,857,539
Dawson Creek	156,597	153,709
Closed	186,389	184,617
	7,036,338	4,231,076

The estimated liability for these costs are recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities at the Regional District's average long-term borrowing rate of 2.88% (2019 - 3.28%).

Landfill closure and post-closure care requirements have been defined in accordance with the Ministry of Environment and Climate Change Strategy (MoECCS) Landfill Criteria for Municipal Solid Waste. These requirements include:

- Regular monitoring for any impacts of landfill sites to the surrounding environment via surface water, ground water, and erosion/settlement.
- Mitigation of surface water run-off by construction of final cover and landscaping progressively in phases to avoid exposure of waste to the environment.
- Mitigation of landfill gas (LFG) via installation of gas collection systems and associated monitoring, which prevents migration of greenhouse gases offsite resulting from the breakdown of waste.

The reported liability reflects the costs to meet the aforementioned requirements and are calculated based on:

- "Design Operations and Control Plans" (DOCP's) - a manual describing how a landfill is built and airspace is consumed, reviewed, and updated every 5 years.

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

10. Landfill liability continued

- "Annual Landfill Reports" - landfill site report describing how much waste was received and how much landfill airspace was consumed in the previous year.
- Budget vs. actual costs.

These reports are compiled by qualified professionals and are based on landfill capacity consumed, modeling, annual site surveys, budgeted costs vs. actuals, etc. and represent the best information available to management. This information in turn is used to estimate reported liability for the PRRD landfills. It is understood that significant changes to estimated total expenses, capacity consumed vs. total capacity will affect reported liability for these landfill sites. Estimated capacity for the active Landfill sites are as follows:

	Total Capacity m³	Remaining Capacity m³	Remaining Years
Bessborough	2,361,000	1,889,957	46
Chetwynd	224,800	94,874	6
North Peace	1,777,210	1,071,764	20

The Regional District has an additional 22 (2019 - 22) closed landfill sites in various stages of post closure care.

11. Debt and other debt	2020	2019
South Peace Multiplex	5,508,134	6,500,564
Chetwynd Recreation Centre	4,260,058	4,601,235
Buick Creek Arena	1,381,624	1,492,275
Solid Waste	5,346,334	6,364,659
Harper Sewer	244,330	274,075
Potable Water - Area B	-	2,900,000
	16,740,480	22,132,808
Member municipality debt		
Chetwynd	3,628,865	3,794,677
Dawson Creek	21,217,279	24,178,693
Fort St. John	31,724,036	33,795,968
Hudson's Hope	5,995	8,821
Tumbler Ridge	746,588	915,640
	57,322,763	62,693,799
	74,063,243	84,826,607

Peace River Regional District

Notes to the Financial Statements

For the fiscal years ended December 31

11. Debt and other debt continued

Under the Local Government Act, the Regional District and member municipalities can secure financing for certain capital expenditures as noted above.

The following are the borrowing issues from MFA for the Regional District, which is comprised of the debt of the Regional District and its member municipalities.

Issue No.	SI Bylaw	Interest Rate	Maturity Date	Regional District	Member Municipality	Balance at Dec 31, 2020
ISSUE-0077	Bylaw 1370	1.75	Jun-22	-	111,903	111,903
ISSUE-0080	Bylaw 1453 & 1460	2.85	Oct-23	218,520	82,018	300,538
ISSUE-0081	Bylaw 1493	2.85	Apr-24	-	488,970	488,970
ISSUE-0085	Bylaw 1507	2.25	Dec-24	-	1,086,251	1,086,251
ISSUE-0095	Bylaw 1540 & 1596	0.91	Oct-25	5,508,134	97,202	5,605,336
ISSUE-0097	Bylaw 1618	1.75	Apr-26	-	244,157	244,157
ISSUE-0101	Bylaw 1693	2.25	Apr-27	-	1,670,848	1,670,848
ISSUE-0102	Bylaw 1729 & 1737	2.25	Dec-27	-	13,810,657	13,810,657
ISSUE-0103	Bylaw 1777	2.65	Apr-28	-	8,137,096	8,137,096
ISSUE-0105	Bylaw 1840 & 1844	2.25	Jun-24	-	1,068,833	1,068,833
ISSUE-0110	Bylaw 1879, 1880, 1882	1.28	Apr-30	5,641,683	258,122	5,899,805
ISSUE-0118	Bylaw 1998 & 2000	3.40	Apr-32	244,330	227,198	471,528
ISSUE-0121	Bylaw 2020 & 2024	2.90	Oct-32	634,518	3,318,110	3,952,628
ISSUE-0124	Bylaw 2051	3.15	Oct-32	-	923,788	923,788
ISSUE-0126	Bylaw 2083 & 2084	3.85	Sep-33	-	4,224,404	4,224,404
ISSUE-0127	Bylaw 2078	3.30	Apr-24	841,399	-	841,399
ISSUE-0130	Bylaw 2138 & 2142	3.00	Oct-34	-	3,176,475	3,176,475
ISSUE-0131	Bylaw 2188 & 2192	2.20	Oct-34	-	2,291,189	2,291,189
ISSUE-0133	Bylaw 2209 & 2210	2.75	Apr-35	-	11,334,424	11,334,424
ISSUE-0141	Bylaw 2270 & 2280	2.80	Apr-27	-	1,456,033	1,456,033
ISSUE-0142	Bylaw 2281 & 2293	3.15	Oct-27	3,651,896	1,936,440	5,588,336
ISSUE-0145	Bylaw 2313	3.15	Apr-38	-	1,004,806	1,004,806
ISSUE-0147	Bylaw 2347	2.66	Apr-39	-	373,839	373,839
				16,740,480	57,322,763	74,063,243

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

11. Debt and other debt continued

The principal repayments and actuarial amounts recognized on the total debt outstanding for future years is as follows:

Year	Regional District	Member Municipality	Total
2021	2,604,413	5,569,231	8,173,644
2022	2,691,738	5,789,632	8,481,370
2023	2,445,632	5,660,787	8,106,419
2024	2,445,340	5,455,220	7,900,560
2025	2,292,146	4,244,719	6,536,865
2026 & Thereafter	4,261,211	30,603,174	34,864,384
Total	16,740,480	57,322,763	74,063,243

12. Other Liabilities

	2020	2019
Accrued interest	801,546	875,647
Debt reserves	1,866,741	1,817,319
	2,668,287	2,692,966

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

13. Tangible Capital Assets	2019	Current		2020	2019		Current	2020	2020	2019
	Cost	Additions	Disposals	Cost	Accumulated Amortization	Disposals	Amortization	Accumulated Amortization	Net Book Value	Net Book Value
Land	265,084	83,682	-	348,766	-	-	-	-	348,766	265,084
Buildings	33,018,980	239,850	-	33,258,830	14,436,660	-	1,341,634	15,778,294	17,480,536	18,582,320
Equipment - computer	675,619	285,976	-	961,595	619,762	-	70,036	689,798	271,797	55,857
- machinery and other	3,183,122	595,325	-	3,778,447	2,510,119	-	200,124	2,710,243	1,068,204	673,003
- vehicles	2,833,261	1,538,140	(232,818)	4,138,583	1,687,326	(219,511)	219,502	1,687,317	2,451,266	1,145,935
Landfills	18,799,500	-	-	18,799,500	2,889,132	-	504,625	3,393,757	15,405,743	15,910,368
Parks	346,321	-	-	346,321	263,349	-	12,361	275,710	70,611	82,972
Sewer	18,012,809	-	-	18,012,809	6,053,367	-	445,951	6,499,318	11,513,491	11,959,442
Water	3,435,500	414,166	-	3,849,666	301,056	-	92,007	393,063	3,456,603	3,134,444
Work in progress	4,566,331	3,756,257	-	8,322,588	-	-	-	-	8,322,588	4,566,331
	85,136,527	6,913,396	(232,818)	91,817,105	28,760,771	(219,511)	2,886,240	31,427,500	60,389,605	56,375,756

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

14. Reserve Funds	2020	2019
Appropriated surplus		
Appr. surplus - Gas tax	5,743,180	5,821,163
Appr. surplus - Rural Loan Fund	4,175,410	4,060,248
Appr. Surplus - NP Pool Bldg Replacment	3,729,210	3,681,384
Appr.surplus - SW Capital	3,427,984	6,259,163
Appr. surplus-PRA Area C	3,366,579	2,889,646
Appr surplus-F/S Area D	3,250,869	3,226,064
Appr surplus-F/S Area E	2,868,739	2,864,569
Appr. surplus - PRA Area E	2,596,144	2,090,906
Appr.Surp.-Chetwynd Pool Reserve	2,487,040	2,106,327
Appr.Surp.- NP Leisure Pool Reserve	2,285,487	2,078,800
Appr.Surp.-Chetwynd Arena Reserve	2,073,415	1,815,022
Appr. surplus - PRA Area D	1,790,168	1,729,262
Appr surplus-F/S Area B	1,620,628	1,794,921
Appr.surplus - Landfill Closure	1,451,402	1,210,554
Appr. surplus - Building Reserve	1,269,406	1,152,111
Appr surplus- F/S Area C	1,228,962	1,460,303
Appr. surplus - Rural Fringe	1,199,276	1,183,896
Appr. surplus - Solid Waste Reserve	1,101,532	1,080,017
Appr. surplus - PR Agreement Comm.	1,066,748	1,053,068
Appr. surplus - reserve (CL Sewer Cap.)	667,568	511,488
Appr Surplus - Covid Op Res	624,245	-
Appr. surplus - CL Truck Rec Facility	594,794	439,375
Appr. surplus - Insurance Reserve	501,219	494,791
Appr. surplus - CL Treatment & Disposal	367,058	362,350
Appr. surplus - Feasibility Reserve	354,932	313,184
Appr.Surp.-911 Emergency Capital	328,750	261,699
Appr. Surp. CLFD Reserve	312,333	894,920
Appr. surplus - Human Resources	307,563	-
Appr. surplus - Emergency Plan. Reserve	299,072	288,342
Appr. surplus - ISP Reserve	288,555	284,854
Appr Surp - DCC (Dev. Cost Charge)	280,766	277,165
Appr.Surp.-DC/PC Fire Reserve	235,558	148,358
Appr.Surp.-Buick Creek Arena Cap Resv	224,533	206,798
Appr surplus- PRA Area B	203,430	1,873,663
Appr. surplus - Sub Reg Rur Resv (Insur)	170,585	143,699
Fleet Vehicle Capital Reserve	151,024	170,725
Appr. surplus - BCR/PRA	144,725	153,326

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

14. Reserve Funds	2020	2019
Appr.surplus - Regional Parks	126,310	98,942
Appr. surplus - Financial Services	115,325	
Appr. surplus - Green "Carbon" Projects	108,593	58,673
Appr. surplus - Medical Scholarship	105,945	104,586
Appr. surplus - CL Sewer Reserve	103,684	102,354
Appr. surplus - Election Reserve	99,101	82,296
Appr. surplus - Clearview Arena Reserve	91,681	90,505
Appr. surplus - Buick Creek Arena Reserv	89,991	81,818
Appr.Surp. - CLFD Op Reserve	78,387	31,716
Appr. surplus - reserve (FSJ Sewer Cap)	73,268	58,388
Appr. surplus - Information Technology	66,976	
Appr. surplus - FSJ Sewer Reserve	52,214	51,544
Appr.surplus - Regional Parks	48,718	48,093
Appr.surplus - Kelly Lake Community Hall	47,945	37,497
Appr.Surp.-FSJ Water Cap. Reserve	39,529	19,953
Appr. surplus - Tomslake Fire Reserve	39,057	22,300
Appr.Surp.-Chilton Swr Cap Reserve	34,847	34,400
Appr. surplus - Chilton Sewer Reserve	30,209	29,822
Appr.surplus - Kelly Lake Community Hall	27,521	27,168
Appr.surplus - reserve (Harper Swr)	27,001	13,830
Appr.surplus - North Pine TV	26,726	32,465
Appr.surplus - Harper Sewer	24,503	13,829
Appr.Surp.-Mob Lake FD	23,975	21,191
Appr.Surp.-Friesen Sewer Cap. Reserve	13,877	10,340
Appr.Surp.-Kelly Lake Sewer Cap. Reserve	12,091	11,936
Appr.Surp.-Rolla Sewer Cap. Reserve	10,553	10,418
Appr.Surp.-Rolla dyking	162	160
Appr. Surp. B/I Veh. Replace. Reserve		28,012
Appr.Surp.-SW Capital (Veh/Equip) Resv		103,027
	54,307,078	55,607,424
Reserve funds		
FSJ Water Reserve	30,248	29,860
Kelly Lake Reserve	21,762	21,413
Friesen Reserve Fund	21,123	18,931
Rolla Sewer Reserve	7,625	7,528
	80,758	77,732
	54,387,836	55,685,156

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

14. Reserve funds continued

The Regional Districts reserves were established by bylaw under section 814 of the Local Government Act. Legislation requires that money in the reserve fund must be used for the purpose for which the fund was established. The bylaw allows for the establishment of an operating and capital reserve which are important funding sources for the Regional District.

15. Accumulated Surplus	2020	2019
Unappropriated surplus (Deficit)	11,516,074	1,889,224
Reserve funds (Note 14)	54,387,836	55,685,156
Equity in tangible capital assets	34,912,405	35,831,453
	100,816,315	93,405,833

16. Government Transfers	2020	2019
Operations		
Province of British Columbia	1,049,319	229,474
Capital		
Province of British Columbia	32,555	
Federal	1,017,089	2,012,676
Other	3,067,500	3,000,000
	4,117,144	5,012,676
	5,166,463	5,242,150

In accordance with the Public Sector Accounting Standards (PSAS), government transfers related to tangible capital asset acquisitions, are required to be recognized as revenue in the financial statements in the period in which the funds are received - respecting that a liability does not exist. The government transfers related to capital are recognized under Other on the Statement of Operations and Accumulated Surplus.

The Regional District has received COVID Restart funding of \$700,000 (2019 - nil) from the Province of British Columbia. The COVID Restart funding is reported under government transfers operating as provincial conditional funds. The use of the funding is established by funding agreement between the Regional District and the Union of British Columbia Municipalities. COVID Restart funding may be used towards qualifying expenditures as specified in the funding agreement. The Regional District maintains the amounts in a statutory reserve (see Note 14 and Note 17).

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

17. COVID-19

The SARS-CoV-2 (COVID-19) outbreak was declared a pandemic by the World Health Organization and has had a significant global financial and economic impact. For the reporting date December 31, 2020, the COVID-19 is considered by management as a non-adjusting event. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The Regional District has received an increase in cash flow as a result of government transfers related to COVID-19. The following provides additional details of the COVID-19 financial transactions within Notes 14 and 16.

	2020	2019
Opening balance	\$ -	\$ -
Add: Amounts received in the year	700,000	-
Interest Earned	-	-
	700,000	-
Less: Amounts spent in the year	(75,755)	-
Closing balance	\$ 624,245	-

18. Contingent liability

The Regional District has a contingent liability with respect to the MFA Debt Reserve Fund Demand Note. As a condition of the borrowing undertaken by the Regional District, the Regional District was required to contribute to the MFA Debt Reserve through a demand note. The demand note will only be recorded as an asset and liability if a local government defaults on the loan obligation. Upon this action of the default, the MFA may call the outstanding demand notes, at which point the demand notes then become an asset and a liability. Once the defaulting local government repays in full the defaulted position, the MFA will refund all called demand notes. It is generally unlikely that the funds will be demanded by the MFA; therefore, the contingent liability has not been recorded in the financial statements.

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

19. Budget

The Regional District's 2020 - 2024 budget was adopted on March 12, 2020 as part of the Five Year Financial Plan Bylaw No. 2407, 2020. The Regional District prepares its budget with consideration of revenues and expenditures without accrual adjustments. The Financial Statements are based on the Peace River Regional District's Financial Plan Amendment Bylaw No. 2423, 2020 adopted December 11, 2020. The Regional District experienced significant changes in debt servicing that are material therefore the amended budget more accurately reflects the operations of the period. The Regional District's 2020 budget in the financial statements is adjusted for accounting standards for transactions such as debt and capital projects, which do not meet the definitions of revenues and expenditures under Canadian Public Sector Accounting Standards.

The following is a reconciliation between the budgeted amounts approved in the Financial Plan and presented in the financial statements:

2020 Annual Surplus Per Financial Plan Bylaw #2423

-

2020 Annual Surplus

8,748,875

Revenue:

Transfer from Surplus	7,542,417	
Transfer from Reserve	36,370,169	
Debt Proceeds	656,118	
Internal Charges	847,673	
Total Revenue Budget		45,416,377

Expense:

Debt Servicing - Member Municipalities	3,875,104	
Debt Servicing - Regional District	2,567,226	
Transfer to Reserve	5,510,395	
Capital	9,373,313	
Other	29,711,569	
Actuarial Estimate	2,172,997	
Internal Charges	924,203	
Transfer to Deficit	30,445	
Total Expense Budget		54,165,252

2020 Annual Surplus After Adjustments

-

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

20. Municipal pension plan

The Peace River Regional District and its employees contribute to the Municipal Pension Plan (a jointly trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employers defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan had about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry - age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

The Regional District paid \$362,357 (2019 - \$333,961) for employer contributions, while employees contributed \$316,497 (2019 - \$291,530) to the plan in fiscal 2020.

21. Related party transactions

During the year, the Peace River Regional District provided administration and accounting services of \$10,000 (2019 - \$10,000) to the Peace River Regional Hospital District.

22. Comparative figures

Certain prior year figures, presented for comparative purposes, have been reclassified to conform to the current year's financial statement presentation.

23. Segment reporting

The Regional District provides services to its members, that have been grouped into related departmental functions or service areas for segment reporting purposes. The various segments are as follows:

Peace River Regional District
Notes to the Financial Statements

For the fiscal years ended December 31

23. Segmented reporting continued

General Government

This segment is comprised of services that relate to the legislative function as well as the administrative and financial management of the Regional District. Legal administration, grants, records management, human resources management, information technology and elections all fall within General Government services.

Environmental Services

This segment administers services including solid and liquid waste management, recycling, invasive plant control and developing the Peace River Regional District's Corporate Energy and Emissions Plan.

Protective Services

This segment includes the revenue and expenses associated with fire protection, bylaw enforcement, animal control, victim services and building inspection services.

Planning and Development

This segment administers services related to long range and current community planning, geographical information services, and building inspections.

Recreation and Culture

This segment administers services that relate to the recreational and cultural activities and organizations within the Regional District.

Sewer Utilities

This segment is comprised of services for providing sewer services.

Water Utilities

This segment is comprised of services for providing water services.

Peace River Regional District
Schedule 1. Revenue and Expenses by Segment

For the fiscal years ended December 31

	Budget	General Government	Environmental Services	Protective Services	Planning and Development	Recreation and Culture	Sewer Utilities	Water Utilities	2020 Total	2019 Total
Revenue										
Requisitions	29,415,674	3,660,036	7,719,727	3,177,882	1,647,974	11,871,267	294,675	1,044,111	29,415,672	28,326,780
Grants-in-lieu	1,008,440	532,104	871,931	50,909	67,583	162,788			1,685,315	1,614,209
Interest Income		1,098,242	110,569	21,752	2	138,097	26,533	709	1,395,904	1,209,251
Fees, Charges and Other	9,045,847	299,467	5,559,885	634,992	314,445	1,240,359	1,006,059	107,485	9,162,692	8,878,739
Government Transfers	5,941,491	5,009,518	52,000	84,945		20,000			5,166,463	5,242,150
	45,411,452	10,599,367	14,314,112	3,970,480	2,030,004	13,432,511	1,327,267	1,152,305	46,826,046	45,271,129
Expenses										
Wages and Payroll	6,480,092	3,021,783	913,901	443,537	526,815	272,581	86,241	21,446	5,286,304	5,243,588
Advertising	198,628	43,315	13,210	3,671	27,611	504	39	39	88,389	103,837
Banking Fees and Interest	1,784,447	5,463	363,349		6,227	1,106,192	21,067	46,812	1,549,110	1,711,929
Professional Services	538,865	174,494	43,890	23,940	21,904	3,854	4,999	13,404	286,485	279,557
Insurance	267,866	53,052	16,131	69,776	8,872	105,548	37,014	9,882	300,275	248,658
Grants and Scholarships	3,969,588	996,079		6,500	20,000	3,054,212			4,076,791	3,725,500
Phone and Internet	369,959	158,211	7,324	125,257	1,408		2,679		294,879	299,360
Consulting Fees	586,934	169,168	93,002				77,871		340,041	147,244
Contracting Fees	8,157,558	116,990	4,918,591	1,616,494	471,922	46,069	3,039	404,556	7,577,661	7,451,036
Utilities	154,852	39,438		22,817		2,163	87,432	27,456	179,306	138,850
Studies, Committees, and Meetings	1,271,396	244,975	59,567	90,741	11,336	1,223	187,858	38,480	634,180	339,253
Repair and Maintenance	684,320	279,714	54	100,669		89,032	73,926	56,540	599,935	533,808
Office and Supplies	1,239,470	177,252	764,585	81,020	11,488	4,948	994	29,611	1,069,898	1,112,106
Operations	6,850,453		633,555		25,680	4,978,775	29,309	31,689	5,699,008	6,012,353
Travel, Meals, and Memberships	443,922	100,913	16,258	46,583	8,076	9,053	2,917	1,023	184,823	252,810
Miscellaneous	7,539,331	330,928	5,207,483	888,438	639,524	472,054	778,432	45,380	8,362,239	4,443,988
Amortization		119,098	578,389	223,701	3,013	1,408,194	465,089	88,756	2,886,240	2,739,219
	40,537,681	6,030,873	13,629,289	3,743,144	1,783,876	11,554,402	1,858,906	815,074	39,415,564	34,783,096
Net Revenue (Expenditure)	4,873,771	4,568,494	684,823	227,336	246,128	1,878,109	(531,639)	337,231	7,410,482	10,488,033