



REPORT

To: Chair and Directors

Report Number: FN-BRD-011

From: Teri Vetter, Chief Financial Officer

Date: August 4, 2020

Subject: 2019 Peace River Regional District Financial Statements

RECOMMENDATION #1: [Corporate Unweighted]

That the Regional Board accept the Draft Peace River Regional District 2019 Financial Statements effective August 18, 2020.

RECOMMENDATION #2: [Corporate Unweighted]

That the Regional Board approve the Draft Financial Statements as presented as the final Financial Statements for year ended December 31, 2019 effective August 18, 2020 and authorize the Chair and the Chief Financial Officer to sign the Peace River Regional District 2019 Financial Statements.

BACKGROUND/RATIONALE:

In accordance with Section 376 of the *Local Government Act* and Section 167 of the *Community Charter*, the Audited Financial Statements must be presented for Board approval prior to May 15, however due to COVID-19, the deadline was extended to August 31, 2020. The format and presentation of these financial statements are in accordance with Generally Accepted Accounting Principles (GAAP) for local government as recommended by the Public Sector Accounting Board (PSAB) standards of the Chartered Professional Accountants of Canada, and have been applied on a basis that is consistent with that of the preceding year.

Once the Draft Statements are approved and adopted by the PRRD Board, this date becomes the date of the Independent Auditor's Report and the Final PRRD Financial Statements for the year ended December 31, 2019.

The Financial Statements for the PRRD combine General, Water, Sewer, Capital and Reserve Funds and eliminate internal transactions. The Financial Statements are prepared using the accounting standards and reporting model prescribed by PSAS which requires the elimination of Transfer to/from Reserves, allocations between functions. The use of assets is recorded through amortization expense and capital expenditures are capitalized, not expensed in the year.

The Financial Statements are comprised of the following:

- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Changes in Net Financial Assets
- Statement of Cashflow
- Notes to the Financial Statements

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

The PRRD is in a Net Asset position which means that the district has sufficient financial assets (\$70.3M) to settle existing liabilities (\$33.35M). As the PRRD's total assets exceed total liabilities, the PRRD is in an accumulated surplus position, meaning that the PRRD has net positive resources that, subject to direction of the Board, could be used to provide future services. The PRRD has an annual surplus of \$10,488,033 (2018 - \$6,530,366).

The PRRD generated approximately \$9.9M from operations and those funds were used to acquire \$5.17M in tangible capital assets, repay \$1.04M in financing, and the remaining was added to available cash resources.

COMMUNICATIONS CONSIDERATION(S):

Once approved, the Financial Statements will be submitted to the Province in advance of the August 31st deadline and posted to the PRRD website.

OTHER CONSIDERATION(S):

There was a Prior Period Adjustment (PPA) made as the PRRD had overstated its tangible capital assets (buildings) in 2018. More information can be found in Note 22.

Management determined the Demand Notes on all MFA Debt to be contingent in nature and has removed them from the Statement of Financial Position under the provisions of PS 3300 Contingent Liability. More information can be found in Notes 5 & 16.

Attachments:

1. Draft 2019 PRRD Financial Statements