



PEACE RIVER REGIONAL DISTRICT

Peace River Regional District

Financial Statements

For the fiscal year ended December 31, 2019

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PLEASE REPLY TO:

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PEACE RIVER REGIONAL DISTRICT

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, 2019, and the statements of operations and accumulated surplus and 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, 2019, 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.

Comparative Information

The financial statements of the Entity for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on April 11, 2019.

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.

Partners

Allison Beswick CPA, CA
Norm Hildebrandt CPA, CA
Robin Lund CPA, CGA

Director

Kristin Giannotti CPA, CGA

Beswick Hildebrandt Lund CPA

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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.

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

August 13, 2020

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Statement of Financial Position

As at December 31

	2019	2018 (Restated - Note 22)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	66,982,944	58,601,254
Accounts receivables (Note 4)	1,483,648	3,055,118
Reserve deposits (Note 5)	1,829,252	6,328,100
Financial assets before member municipalities	70,295,844	67,984,472
Loans receivables (Note 6 and 10)	62,693,799	67,867,122
	132,989,643	135,851,594
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	4,005,911	3,561,617
Deferred revenue (Note 8)	282,298	405,142
Landfill closure and post-closure care (Note 9)	4,231,076	5,374,180
Debt (Note 10)	22,132,808	23,037,601
Other liabilities (Note 11)	2,692,966	6,688,151
Financial liabilities before member municipalities	33,345,059	39,066,691
Other debt (Note 6 and 10)	62,693,799	67,867,122
	96,038,858	106,933,813
NET FINANCIAL ASSETS	36,950,785	28,917,781
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	56,375,756	53,963,323
Prepaid expenses	79,292	36,696
	56,455,048	54,000,019
ACCUMULATED SURPLUS (Note 13 and 14)	93,405,833	82,917,800

Subsequent events (Note 15)

Contingent liabilities (Note 16)

Municipal pension plan (Note 18)

Related parties (Note 19)

Comparative figures (Note 20)

Segment reporting (Note 21)

Chairperson

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

Statement of Operations and Accumulated Surplus

For the fiscal year ended December 31

	2019 Budget (Note 17)	2019	2018 (Restated - Note 22)
REVENUE (SCHEDULE 1)			
Requisitions	28,326,780	28,326,780	26,956,378
Grants-in-lieu	983,199	1,614,209	1,455,700
Interest Income		1,209,251	961,259
Fees, Charges and Other	8,886,109	8,878,739	9,480,118
Government Transfers	4,691,351	5,242,150	4,327,443
	<u>42,887,439</u>	<u>45,271,129</u>	<u>43,180,898</u>
EXPENSES (SCHEDULE 1)			
General Government	6,105,220	4,684,991	4,999,649
Environmental Services	10,272,836	9,523,922	10,325,802
Protective Services	3,385,946	3,136,062	5,421,540
Planning and Development	2,895,438	1,937,927	2,452,584
Recreation and Culture	12,656,694	13,317,812	11,876,425
Sewer Utilities	1,185,798	1,445,631	1,405,763
Water Utilities	1,102,915	736,751	168,769
	<u>37,604,847</u>	<u>34,783,096</u>	<u>36,650,532</u>
Annual Surplus, Before Other	<u>5,282,592</u>	<u>10,488,033</u>	<u>6,530,366</u>
OTHER			
Member municipalities interest earned	7,138,972	3,064,550	3,285,811
Less: Member municipalities interest expense	3,097,490	3,064,550	3,285,811
	<u>4,041,482</u>		
Annual Surplus	<u>9,324,074</u>	<u>10,488,033</u>	<u>6,530,366</u>
Accumulated Surplus, as previously stated			80,455,840
Prior Period Adjustment (Note 22)			(4,068,406)
Accumulated Surplus, Restated Beginning of Year	82,917,800	82,917,800	76,387,434
Accumulated Surplus, End of Year (Note 13 and 14)	<u>92,241,874</u>	<u>93,405,833</u>	<u>82,917,800</u>

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

Statement of Change in Net Financial Assets

For the fiscal year ended December 31

	2019 Budget (Note 17)	2019	2018 (Restated - Note 22)
Annual Surplus	9,324,074	10,488,033	6,530,366
Change in tangible capital assets	(9,894,953)	(5,119,667)	(3,742,540)
Amortization of tangible capital assets		2,739,219	2,662,996
Change in prepaid expense		(42,596)	7,659
Gain on disposals		(10,636)	(4,103)
Other non-cash charges to operations		(21,349)	178,958
Change in net financial assets	(570,879)	8,033,004	5,633,336
Net Financial Assets, Beginning of Year	28,917,781	28,917,781	23,284,445
Net Financial Assets, End of Year	28,346,902	36,950,785	28,917,781

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Statement of Cash Flows

For the fiscal year ended December 31

	2019	2018 (Restated - Note 22)
Operating		
Annual Surplus	10,488,033	6,530,366
Non-cash items:		
Amortization	2,739,219	2,662,996
Gain on disposals	(10,636)	(4,103)
Other non-cash items	(21,349)	178,957
Decrease (increase) in non-cash assets:		
Accounts receivables	1,571,470	(1,911,556)
Prepaid expenses	(42,596)	7,659
Increase (decrease) in non-cash liabilities:		
Accounts payable and accrued liabilities	444,294	(1,304,583)
Deferred revenue	(122,844)	67,107
Landfill closure and post-closure care	(1,143,104)	352,328
Other liabilities	(3,995,185)	(27,225)
	9,907,302	6,551,946
Financing		
Change in reserve deposits	4,498,848	28,217
Change in debt	(904,793)	(1,160,375)
Change in other debt	(5,173,323)	(4,387,329)
Decrease in municipal debt charges recoverable	5,173,323	4,387,329
	3,594,055	(1,132,158)
Capital		
Change in tangible capital assets	(5,119,667)	(3,742,540)
Change in cash and cash equivalents	8,381,690	1,677,248
Cash and cash equivalents, beginning of year	58,601,254	56,924,006
Cash and cash equivalents, end of year	66,982,944	58,601,254

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

Notes to the Financial Statements

For the fiscal year 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 in 1967 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 board 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.

Notes to the Financial Statements

For the fiscal year ended December 31

(c) Cash and cash equivalents

Cash is held by the Regional District in its general bank and other high-interest savings account. Cash equivalents include investments in the Municipal Finance Authority of British Columbia (MFA) Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

(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.

Notes to the Financial Statements

For the fiscal year ended December 31

(i) Land-fill 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. 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. For the reporting year, management has reported the demand notes as contingent liabilities in compliance with PSAS. These demand notes were reported in the Statement of Financial Position by management in prior periods.

(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 District's 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

Notes to the Financial Statements

For the fiscal year ended December 31

(i) Tangible capital assets continued

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

Land	---
Parks	15 - 50 years
Buildings	10 - 30 years
Equipment (computer, machinery and other)	5 - 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.

3. Cash and cash equivalents		
	2019	2018
Cash	2,673,035	2,060,031
Cash equivalents	64,309,909	56,541,223
	66,982,944	58,601,254

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) and with the MFA Money Market Funds which are recorded at cost plus earnings reinvested in the funds. Subsequent to year-end, the Regional District moved \$30 million from cash equivalents to a guaranteed investment certificates (GIC) under third party management (Note 15).

Notes to the Financial Statements

For the fiscal year ended December 31

4. Accounts receivable		
	2019	2018
Provincial government	5,592	6,925
Goods and services tax	297,009	372,542
Trade receivables	628,832	2,566,319
Other	552,215	109,332
	1,483,648	3,055,118
5. Reserve deposits		
	2019	2018
Member municipalities		
MFA Debt Resv Dep - Chetwynd	45,091	134,341
MFA Debt Resv Dep - Dawson Creek	568,368	2,239,496
MFA Debt Resv Dep - Fort St John	659,858	2,003,340
MFA Debt Resv Dep - Hudson Hope	509	1,882
MFA Debt Resv Dep - Tumbler Ridg	31,138	121,131
	1,304,964	4,500,190
Regional district		
MFA Debt Resv Dep - Regional Dis	524,288	
MFA Debt Resv Dep - Multiplex		794,458
MFA Debt Resv Dep - Harper Swr		19,955
MFA Debt Resv Dep - S.W. (#2078)		111,618
MFA debt Resv Dep - S.W. (#1460)		45,798
MFA Debt Resv Dep - S.W. (#2020)		158,523
MFA Debt Resv Dep - S.W. (#2293)		298,172
MFA Debt Resv Dep - Chet Rec Plex (#110)		301,578
MFA Debt Resv Dep - Buick (SI#110)		97,808
	524,288	1,827,910
	1,829,252	6,328,100

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's 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 Peace River Regional District. For the year-ended December 31, 2019, management has determined the demand notes on all Debt to be contingent in nature and has removed the amounts from the Statement of Financial Position under the provisions of PS 3300 Contingent Liability (Note 16).

Notes to the Financial Statements

For the fiscal year ended December 31

6. Loans receivables

	2019	2018
Dawson Creek	24,178,693	27,314,865
Chetwynd	3,794,677	3,955,354
Fort St. John	33,795,968	35,507,175
Hudson's Hope	8,821	11,538
Tumbler Ridge	915,640	1,078,190
	62,693,799	67,867,122

Under the Local Government Act and Community Charter, member municipalities are required to secure borrowing arrangements with the Municipal Finance Authority 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.

7. Payables

	2019	2018
Federal governments	1,032	1,273
Grants in-aid	419,245	358,971
Vacation and banked overtime	42,325	30,517
Trade Payables	3,028,487	2,742,874
Other	514,822	427,982
	4,005,911	3,561,617

8. Deferred revenue

	2019	2018
Bldg Insp-Demo & Temp Deposits	21,500	24,500
Deferred Revenue - Various	226,053	358,038
Deferred Revenue - Water Credits	12,141	
Deferred Revenue - Debenture Principal	22,604	22,604
	282,298	405,142

Monies received for specific purposes that are external 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.

Notes to the Financial Statements

For the fiscal year ended December 31

9. Landfill liability	2019	2018
Fort St. John	1,819,062	2,288,169
Bessborough	216,149	210,492
Chetwynd	1,857,539	2,364,925
Dawson Creek	153,709	199,080
Closed	184,617	311,514
	4,231,076	5,374,180

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 3.28% (2018 - 3.00%).

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.
- "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.

Notes to the Financial Statements

For the fiscal year ended December 31

9. Landfill liability continued

The estimated capacity for the active Landfill sites are as follows:

	Total Capacity m ³	Remaining Capacity m ³	Remaining Years
Bessborough	2,361,000	1,909,934	69.5
Chetwynd	224,800	106,437	9.0
Fort St. John	1,777,210	1,278,459	28.0

The Regional District has an additional 22 (2018 - 22) closed landfill sites in various stages of post closure care.

10. Debt and other debt

	2019	2018
South Peace Multiplex	6,500,564	7,459,433
Chetwynd Recreation Centre	4,601,235	4,929,290
Buick Creek Arena	1,492,275	1,598,670
Solid Waste	6,364,659	7,347,533
Harper Sewer	274,075	302,675
Potable Water - Area B	2,900,000	1,400,000
	22,132,808	23,037,601
Member municipality debt		
Chetwynd	3,794,677	3,955,354
Dawson Creek	24,178,693	27,314,865
Fort St. John	33,795,968	35,507,175
Hudson's Hope	8,821	11,538
Tumbler Ridge	915,640	1,078,190
	62,693,799	67,867,122
	84,826,607	90,904,723

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

Notes to the Financial Statements

For the fiscal year ended December 31

10. Debt and other debt continued

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 Municipalities	Total
Issue #73	1317	6.36	Dec-20	-	14,583	14,583
Issue #77	1370	6.06	Jun-22	-	163,890	163,890
Issue #80	1453 & 1460	2.9	Oct-23	284,536	106,796	391,332
Issue #81	1493	2.4	Apr-24	-	597,014	597,014
Issue #85	1507	4.98	Dec-24	-	1,326,273	1,326,273
Issue #95	1540 & 1596	4.17	Oct-25	6,500,565	114,716	6,615,281
Issue #97	1618	4.66	Apr-26	-	279,550	279,550
Issue #101	1693	4.52	Apr-27	-	1,874,257	1,874,257
Issue #102	1729 & 1737	4.82	Dec-27	-	14,980,141	14,980,141
Issue #103	1777	2.65	Apr-28	-	8,692,547	8,692,547
Issue #105	1840 & 1844	4.9	Jun-24	-	1,267,164	1,267,164
Issue #110	1879, 1880 & 1882	4.5	Apr-30	6,093,510	278,794	6,372,304
Issue #118	1998 & 2000	3.4	Apr-32	274,075	241,736	515,811
Issue #121	2020 & 2024	2.9	Oct-32	933,593	3,756,861	4,690,454
Issue #124	2051	3.15	Oct-32	-	1,208,340	1,208,340
Issue #126	2083 & 2084	3.85	Sep-33	-	4,514,544	4,514,544
Issue #127	2078	3.3	Apr-24	1,031,919	-	1,031,919
Issue #130	2138 & 2142	3	Oct-34	-	3,832,882	3,832,882
Issue #131	2188 & 2192	2.2	Oct-34	-	2,535,313	2,535,313
Issue #133	2209 & 2210	2.75	Apr-35	-	11,919,257	11,919,257
Issue #141	2270 & 2280	2.8	Apr-27	-	1,531,548	1,531,548
Issue #142	2281 & 2293	3.15	Oct-27	4,114,610	2,022,833	6,137,443
Issue #145	2313	3.15	Apr-38	-	1,046,470	1,046,470
Issue #147	2347	3	Apr-39	-	388,289	388,289
Issue #115-1	2310	2.8	Dec-20	2,900,000	-	2,900,000
				22,132,808	62,693,799	84,826,607

Notes to the Financial Statements

For the fiscal year ended December 31

10. Debt and other debt continued

The principal payments on the total debt outstanding for future years is as follows:

Year	Regional District	Member Municipalities	Total
2020 short-term	2,900,000	-	2,900,000
2020	2,492,328	5,371,035	7,863,362
2021	2,594,095	5,569,049	8,163,144
2022	2,686,246	5,789,536	8,475,782
2023	2,445,291	5,660,781	8,106,073
2024	2,450,491	5,455,311	7,905,802
2025 & Thereafter	6,564,356	34,848,087	41,412,443
Total Long -Term	19,232,808	62,693,799	81,926,607
Total Debt	22,132,808	62,693,799	84,826,607

11. Other Liabilities

	2019	2018
Accrued interest	875,647	360,053
Debt reserves	1,817,319	1,902,260
Demand notes (Note 16)		4,425,838
	2,692,966	6,688,151

Notes to the Financial Statements

For the fiscal year ended December 31

12. Tangible Capital Assets	2018	Current		2019	2018		Current	2019	2019	2018
	Cost	Additions	Disposals	Cost	Accumulated Amortization	Disposals	Amortization	Accumulated Amortization	Net Book Value	Net Book Value
Land	189,287	75,797		265,084					265,084	189,287
Buildings	32,944,914	74,066		33,018,980	13,102,771		1,333,889	14,436,660	18,582,320	19,842,143
Equipment - computer	677,587	17,217	(19,185)	675,619	619,000	(19,185)	19,947	619,762	55,857	58,587
- machinery and other	3,018,969	175,153	(11,000)	3,183,122	2,323,063	(11,000)	198,056	2,510,119	673,003	695,906
- vehicles	2,808,847	33,414	(9,000)	2,833,261	1,563,302	(1,800)	125,824	1,687,326	1,145,935	1,245,545
Landfills	18,799,500			18,799,500	2,377,220		511,912	2,889,132	15,910,368	16,422,280
Parks	278,893	67,428		346,321	250,988		12,361	263,349	82,972	27,905
Sewer	18,012,809			18,012,809	5,597,791		455,576	6,053,367	11,959,442	12,415,018
Water	299,433	3,136,067		3,435,500	219,402		81,654	301,056	3,134,444	80,031
Work in progress	2,986,621	1,579,710		4,566,331					4,566,331	2,986,621
	80,016,860	5,158,852	(39,185)	85,136,527	26,053,537	(31,985)	2,739,219	28,760,771	56,375,756	53,963,323

Notes to the Financial Statements

For the fiscal year ended December 31

13. Reserve Funds	2019	2018
Appropriated surplus		
Appr.surplus - SW Capital	6,259,163	6,978,120
Appr. surplus - Gas tax	5,821,163	3,851,027
Appr. surplus - Rural Loan Fund	4,060,248	3,927,087
Appr. Surplus - NP Pool Bldg Replacment	3,681,384	3,616,965
Appr surplus-F/S Area D	3,226,064	3,171,250
Appr. surplus-PRA Area C	2,889,646	2,120,081
Appr surplus-F/S Area E	2,864,569	2,827,895
Appr.Surp.-Chetwynd Pool Reserve	2,106,327	2,069,469
Appr. surplus - PRA Area E	2,090,906	1,464,623
Appr.Surp.- NP Leisure Pool Reserve	2,078,800	1,084,485
Appr surplus- PRA Area B	1,873,663	1,359,056
Appr.Surp.-Chetwynd Arena Reserve	1,815,022	1,685,012
Appr surplus-F/S Area B	1,794,921	1,838,814
Appr. surplus - PRA Area D	1,729,262	1,313,723
Appr surplus- F/S Area C	1,460,303	1,594,887
Appr.surplus - Landfill Closure	1,210,554	968,898
Appr. surplus - Rural Fringe	1,183,896	1,163,179
Appr. surplus - Building Reserve	1,152,111	1,033,701
Appr. surplus - Solid Waste Reserve	1,080,017	1,061,118
Appr. surplus - PR Agreement Comm.	1,053,068	1,034,640
Appr. Surp. CLFD Reserve	894,920	662,766
Appr. surplus - reserve (CL Sewer Cap.)	511,488	273,842
Appr. surplus - Insurance Reserve	494,791	486,133
Appr. surplus - CL Truck Rec Facility	439,375	202,991
Appr. surplus - CL Treatment & Disposal	362,350	356,010
Appr. surplus - Feasibility Reserve	313,184	307,704
Appr. surplus - Emergency Plan. Reserve	288,342	283,296
Appr. surplus - ISP Reserve	284,854	279,870
Appr Surp - DCC (Dev. Cost Charge)	277,165	272,315
Appr.Surp.-911 Emergency Capital	261,699	257,119
Appr.Surp.-Buick Creek Arena Cap Resv	206,798	188,442
Appr.Surp. Vehicle Reserve	170,725	167,738
Appr. surplus - BCR/PRA	153,326	172,077
Appr.Surp.-DC/PC Fire Reserve	148,358	67,162
Appr. surplus - Sub Reg Rur Resv (Insur)	143,699	116,622
Appr. surplus - Medical Scholarship	104,586	102,756
Appr.Surp.-SW Capital (Veh/Equip) Resv	103,027	101,225

Notes to the Financial Statements

For the fiscal year ended December 31

13. Reserve funds continued	2019	2018
Appr. surplus - CL Sewer Reserve	102,354	100,563
Appr. surplus - Regional Parks	98,942	72,648
Appr. surplus - Clearview Arena Reserve	90,505	88,921
Appr. surplus - Election Reserve	82,296	80,856
Appr. surplus - Buick Creek Arena Reserv	81,818	80,386
Appr. surplus - Green "Carbon" Projects	58,673	24,241
Appr. surplus - reserve (FSJ Sewer Cap)	58,388	46,890
Appr. surplus - FSJ Sewer Reserve	51,544	50,642
Appr. surplus - Regional Parks	48,093	47,252
Appr. surplus - Kelly Lake Community Hall	37,497	27,016
Appr. Surp.-Chilton Swr Cap Reserve	34,400	33,798
Appr. surplus - North Pine TV	32,465	42,801
Appr. Surp. - CLFD Op Reserve	31,716	31,161
Appr. surplus - Chilton Sewer Reserve	29,822	29,300
Appr. Surp. B/I Veh. Replace. Reserve	28,012	17,696
Appr. surplus - Kelly Lake Community Hall	27,168	26,693
Appr. surplus - Tomslake Fire Reserve	22,300	21,910
Appr. Surp.-Mob Lake FD	21,191	18,364
Appr. Surp.-FSJ Water Cap. Reserve	19,953	14,691
Appr. surplus - reserve (Harper Swr)	13,830	13,588
Appr. surplus - Harper Sewer	13,829	13,587
Appr. Surp.-Kelly Lake Sewer Cap. Reserve	11,936	11,727
Appr. Surp.-Rolla Sewer Cap. Reserve	10,418	10,235
Appr. Surp.-Friesen Sewer Cap. Reserve	10,340	8,064
Appr. Surp.-Rolla dyking	160	4,752
	55,607,424	49,379,880
Reserve funds		
FSJ Water Reserve	29,860	29,337
Kelly Lake Reserve	21,413	21,039
Friesen Reserve Fund	18,931	18,599
Rolla Sewer Reserve	7,528	7,396
	77,732	76,371
	55,685,156	49,456,251

The Regional District's 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 an important funding sources for the Regional District.

Notes to the Financial Statements

For the fiscal year ended December 31

14. Accumulated Surplus

	2019	2018
Unappropriated surplus (Deficit)	1,889,224	(1,179,979)
Reserve funds (Note 13)	55,685,156	49,456,251
Equity in tangible capital assets	35,831,453	34,641,528
	93,405,833	82,917,800

15. Subsequent events

(a) COVID-19

Subsequent to the reporting date, the Coronavirus (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 March 31, 2020, 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 understands this health and economic crisis presents uncertainty over future cash flows and for future periods this may cause significant changes to the assets and liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practical at this time.

(b) Cannacord investments

Subsequent to the reporting date, management made a significant investment of \$30,000,000 in a 1-year, Guaranteed Investment Certificate (GIC) managed by Cannacord Investments. The interest rates vary as follows:

Investment Description	Principal	Purchase Date	Maturity Date	Interest Rate
GIC - BSHORE	5,000,000	4/21/2020	4/21/2021	1.65%
GIC - BSHORE	5,000,000	4/21/2020	4/21/2021	1.70%
GIC - CCS	5,000,000	4/21/2020	4/21/2021	1.00%
GIC - CCS	5,000,000	4/21/2020	4/21/2021	1.75%
GIC - CCS	5,000,000	4/21/2020	4/21/2021	2.20%
GIC - BMO	5,000,000	4/21/2020	4/21/2021	2.25%
Total Investment	\$ 30,000,000			

16. Contingent liabilities

The Regional District has a contingent liability with respect to the Municipal Finance Authority of BC (MFA) Debt Reserve Fund Demand Note. As a condition of the borrowing, 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.

Notes to the Financial Statements

For the fiscal year ended December 31

17. Budget

The Regional Districts 2019-2023 budget is publicly available at <https://prrd.bc.ca/> which was adopted by the Board on March 28, 2019 as part of the Five Year Financial Plan Bylaw No. 2362. The Regional District prepares its budget with consideration of revenues and expenditures without accrual adjustments. The Regional District's 2019 budget presented in the Statement of Operations and Accumulated Surplus and Statement of Net Financial Assets is adjusted for accounting standards for transactions such as debt and capital projects, which do not meet the definitions of revenues and expenses under PSAS.

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

Financial Plan Bylaw No. 2362, Annual Surplus		-
2019 Annual Surplus		9,324,074
Revenue		
Transfer from Surplus	8,855,970	
Transfer from Reserve	4,407,830	
Debt Proceeds	1,502,303	
Internal Charges	634,231	
		15,400,334
Expense		
Capital	9,894,953	
Transfer to Reserve	6,295,587	
Debt Servicing - Member Municipalities	4,041,482	
Actuarial Estimate	1,995,436	
Debt Servicing - Regional District	1,815,264	
Internal Charges	638,600	
Transfer to Deficit	43,086	
		24,724,408
2019 Annual Surplus After Adjustments		-

Notes to the Financial Statements

For the fiscal year ended December 31

18. Municipal pension plan

The 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 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Ever 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 Regional District paid \$333,961 (2018 - \$335,066) for employer contributions to the plan in fiscal 2019. 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.

19. Related party transactions

During the year, the Regional District provided administration and accounting services of \$10,000 (2018 - \$10,000) to the Peace River Regional Hospital District.

20. Comparative figures

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

21. 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:

Notes to the Financial Statements

For the fiscal year ended December 31

21. Segment 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 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 Utility

This segment is comprised of services for providing sewer services.

Water Utility

This segment is comprised of services for providing water services.

Notes to the Financial Statements

For the fiscal year ended December 31

22. Prior period adjustment

During the year, information became available that demonstrated that the Regional District had overstated its tangible capital assets (buildings) and accumulated surplus in prior years. The Regional District has revised the 2018 comparative figures to remove the tangible capital assets, accumulated amortization and amortization expense for the tangible capital assets incorrectly recorded by the Regional District.

The following is the adjustment to the comparative financial statements for the year 2018:

	Previously Reported	Adjustment	Restated
Statement of Financial Position			
Financial Assets total	135,851,589	5	135,851,594
Financial Liabilities total	106,933,817	(4)	106,933,813
<i>Non-financial assets</i>			
Tangible capital assets	58,135,245	(4,171,922)	53,963,323
Non-financial assets total	58,171,941	(4,171,922)	54,000,019
Accumulated surplus	87,089,713	(4,171,913)	82,917,800
Statement of Operations			
Revenue total	46,574,775	(108,066)	46,466,709
Expense total	39,940,902	(4,559)	39,936,343
Annual surplus	6,633,873	(103,507)	6,530,366
<i>Accumulated surplus</i>			
Beginning of year	80,455,840	(4,068,406)	76,387,434
End of year	87,089,713	(4,171,913)	82,917,800
Statement of Change in Net Financial Assets			
Annual surplus	6,633,873	(103,507)	6,530,366
Change in net financial assets	5,633,327	9	5,633,336
<i>Net financial assets</i>			
End of year	28,917,772	9	28,917,781
Statement of Cash Flows			
Annual surplus	6,633,873	(103,507)	6,530,366

Schedule 1: Revenue and Expenses by Segment

	General Government	Environmental Services	Protective Services	Planning & Development	Recreation and Culture	Sewer Utilities	Water Utilities	2019	2018
Revenue									
Requisitions	3,705,367	7,052,890	2,827,451	1,479,641	12,238,257	221,139	802,035	\$ 28,326,780	\$ 26,956,378
Grants-in-lieu	541,374	745,180	25,925	155,278	146,452	0	0	1,614,209	1,455,700
Interest income	1,167,518	19,662	5,991	3	6,409	9,145	523	1,209,251	961,259
Fess, charges and other	93,504	5,172,117	229,546	255,854	1,776,182	1,277,189	74,347	8,878,739	9,480,118
Government transfers	5,069,501	81,000	15,663	75,986	-	0	-	5,242,150	4,327,443
	10,577,264	13,070,849	3,104,576	1,966,762	14,167,300	1,507,473	876,905	45,271,129	43,180,898
Wages and payroll Expenses	2,977,801	801,773	379,521	565,043	408,181	76,619	34,437	5,243,375	4,665,309
Advertising	31,664	24,812	13,135	30,500	2,069	0	1,657	103,837	111,407
Banking fees and interest	10,047	371,221	0	13,469	1,258,385	22,161	36,645	1,711,928	1,633,940
Professional services	118,268	18,152	46,996	24,669	633	4,150	66,689	279,557	372,443
Insurance	20,114	22,802	46,543	9,858	103,639	36,262	9,447	248,665	171,873
Grants and scholarships	11,360	0	6,500	109,500	3,598,139	0	0	3,725,499	2,643,548
Phone and internet	170,649	6,859	117,331	1,762	1,149	1,609	0	299,359	538,911
Consulting fees	57,542	71,365	0	0	0	18,337	0	147,244	131,569
Contracting fees	168,593	4,903,088	1,536,502	354,195	109,643	2,675	376,558	7,451,254	6,750,248
Utilities	31,858	0	21,943	0	1,681	68,762	14,606	138,850	84,434
Studies, committees and meetings	104,702	13,431	179,215	16,375	25,443	0	88	339,254	228,592
Repairs and maintenance	187,062	74,335	99,431	11,451	122,919	38,607	0	533,805	280,172
Office and supplies	147,270	855,225	57,636	21,387	7,063	973	22,552	1,112,106	1,066,595
Operations	0	502,837	0	36,232	5,371,272	48,555	53,459	6,012,355	5,489,164
travel meals and memberships	192,293	25,306	12,334	14,268	5,639	2,405	563	252,808	453,000
Miscellaneous	364,509	1,284,267	447,015	726,205	922,001	658,336	41,648	4,443,981	9,366,330
Amortization	91,259	548,449	171,960	3,013	1,379,956	466,180	78,402	2,739,219	2,662,997
	4,684,991	9,523,922	3,136,062	1,937,927	13,317,812	1,445,631	736,751	34,783,096	36,650,532
Net revenue (expenditure)	\$ 5,892,272	3,546,927	-31,486	28,835	849,488	61,842	140,154	\$ 10,488,033	\$ 6,530,366