

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Financial Statements
Year Ended December 31, 2022

MUNICIPAL DISTRICT OF PEACE NO. 135
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Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Municipal District of Peace No. 135 is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded. These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its regular meetings. Council meets periodically with management and the Municipal District's auditors to review significant accounting policies, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Council approves the consolidated financial statements. Management also considers, for review and approval by Council, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Sander Rose Bone Grindle LLP, Chartered Professional Accountants, independent external auditors appointed by the Municipal District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipal District's consolidated financial statements.

Chief Administrative Officer

Partners

- * Dale J. Rose, CPA, CA
- * Alan Bone, B. Comm., CPA, CA
- * Jason Grindle, B. Comm., CPA, CA
- * Jaron Neufeld, B. Comm., CPA, CA

- * Ben Sander, B. Comm., FCPA, FCA (Retired)

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Municipal District of Peace No. 135

Opinion

We have audited the consolidated financial statements of Municipal District of Peace No. 135 (the Municipal District), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipal District as at December 31, 2022, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal District'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 Municipal District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipal District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

1. Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the Municipal District is in compliance with the Debt Limit Regulation. A detailed account of the Municipal District's debt limit can be found in note 17.

2. Supplementary Accounting Principles and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we confirm that the Municipal District is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 15.

Grande Prairie, AB
April 25, 2023

Sander Rose Bone Grindle LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 4)</i>	\$ 3,090,304	\$ 2,976,565
Receivables		
Taxes and grants-in-lieu receivable <i>(Note 6)</i>	562,553	687,481
Other governments <i>(Note 7)</i>	1,215,281	1,609,841
Trade and other receivables	77,645	56,095
Land held for resale	17,194	17,194
Long-term investments <i>(Note 8)</i>	7,454,172	7,606,001
	12,417,149	12,953,177
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 9)</i>	109,715	261,816
Deposit liabilities	40,000	35,000
Deferred revenue <i>(Note 10)</i>	2,600,762	2,555,844
Employee benefit obligations <i>(Note 11)</i>	119,266	112,433
Provision for landfill closure and post-closure liability <i>(Note 12)</i>	18,602	25,000
	2,888,345	2,990,093
NET FINANCIAL ASSETS	9,528,804	9,963,084
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	14,562,143	14,571,304
Inventory for consumption	522,554	663,211
Prepaid expenses	69,098	82,341
	15,153,795	15,316,856
ACCUMULATED SURPLUS <i>(Schedule 1, Note 13)</i>	\$ 24,682,599	\$ 25,279,940

COMMITMENTS *(Note 18)*

CONTINGENT LIABILITY *(Note 19)*

Approved by

_____ Reeve

_____ Chief Administrative Officer

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2022

	Budget (unaudited) 2022	Actual 2022	Actual (restated) 2021
REVENUE			
Gain on disposal of tangible capital assets	\$ 164,600	\$ -	\$ -
Government transfers for operating(Schedule 3)	249,286	241,286	405,450
Investment income	113,050	241,886	133,581
Licenses, permits and fines	2,660	3,456	2,435
Net municipal taxes (Schedule 4)	3,492,165	3,489,510	3,284,886
Other revenues	129,660	341,873	357,926
Penalties and costs on taxes	92,000	102,745	122,365
Rentals	43,500	46,331	33,262
User fees and sale of goods	95,350	85,723	119,613
	4,382,271	4,552,810	4,459,518
EXPENSES			
General Government			
Council and other legislative	224,700	200,388	165,351
General administration	938,079	862,629	768,935
	1,162,779	1,063,017	934,286
Protective Services			
Bylaws enforcement	4,400	6,441	3,974
Fire fighting and protective services	317,532	263,687	291,241
	321,932	270,128	295,215
Transportation Services			
Airport	35,000	35,000	35,000
Roads, streets, walks, lighting	2,168,800	2,152,423	2,003,142
	2,203,800	2,187,423	2,038,142
Environmental Services			
Waste management	422,352	380,093	36,395
Water and wastewater	114,135	114,185	100,348
	536,487	494,278	136,743
Recreation & Culture Services			
Culture: libraries, museums, halls	23,932	23,932	23,357
Parks and recreation	596,680	609,984	534,289
	620,612	633,916	557,646
Other			
Agricultural development	534,425	528,090	467,988
Cemeteries	5,500	6,335	5,000
Economic development	32,670	32,670	32,670
Family and community support services	62,173	62,173	63,000
Land use planning, zoning, development	95,327	93,860	88,625
	730,095	723,128	657,283
	5,575,705	5,371,890	4,619,315
(DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE OTHER ITEMS	(1,193,434)	(819,080)	(159,797)
OTHER ITEMS			
Government transfers for capital(Schedule 3)	1,540,123	530,420	1,859,926
Loss on disposal of long-term investments	-	(308,681)	-
	1,540,123	221,739	1,859,926
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	346,689	(597,341)	1,700,129
ACCUMULATED SURPLUS - BEGINNING OF YEAR	25,279,940	25,279,940	23,579,811
ACCUMULATED SURPLUS - END OF YEAR	\$ 25,626,629	\$ 24,682,599	\$ 25,279,940

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2022

	Budget (Unaudited) 2022	Actual 2022	Actual 2021
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 346,689	\$ (597,341)	\$ 1,700,129
Acquisition of tangible capital assets	(2,458,416)	(863,556)	(2,158,216)
Amortization of tangible capital assets	815,500	835,033	813,574
(Gain) / Loss on disposal of tangible capital assets	(152,600)	23,211	34,304
Proceeds on disposal of tangible capital assets	-	14,473	-
	(1,795,516)	9,161	(1,310,338)
Acquisition of inventory for consumption	-	(163,654)	(663,211)
Acquisition of prepaid assets	-	(69,098)	(82,340)
Use of inventory for consumption	-	304,311	549,526
Use of prepaid assets	-	82,341	78,719
	-	153,900	(117,306)
	(1,795,516)	163,061	(1,427,644)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,448,827)	(434,280)	272,485
NET FINANCIAL ASSETS - BEGINNING OF YEAR	9,963,084	9,963,084	9,690,599
NET FINANCIAL ASSETS - END OF YEAR	\$ 8,514,257	\$ 9,528,804	\$ 9,963,084

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021 (restated)
OPERATING		
Excess (deficiency) of revenue over expenses	\$ (597,341)	\$ 1,700,129
Items not affecting cash:		
Amortization of tangible capital assets	835,033	813,574
Loss on disposal of tangible capital assets	23,211	34,304
Loss on disposal of long term investments	308,681	-
	569,584	2,548,007
Changes in non-cash working capital:		
Increase in taxes and grants in lieu receivable	124,928	330,373
Decrease/(Increase) in receivable from other governments	394,560	(930,934)
(Increase) in trade and other receivables	(21,550)	(4,495)
Decrease/(Increase) in inventory for consumption	140,657	(113,685)
Decrease/(Increase) in prepaid expenses	13,243	(3,619)
(Decrease)/Increase in accounts payable and accrued liabilities	(152,101)	191,956
Increase in deposit liabilities	5,000	-
Increase in deferred revenues	44,918	101,474
Increase in employee benefit obligations	6,833	6,289
(Decrease)/Increase in provision for landfill closure and post-closure liability	(6,398)	2,500
	550,090	(420,141)
Cash flow from operating	1,119,674	2,127,866
CAPITAL		
Acquisition of tangible capital assets	(863,556)	(2,158,216)
Proceeds on disposal of tangible capital assets	14,473	-
Cash flow used by capital	(849,083)	(2,158,216)
INVESTING		
(Increase)/Decrease in restricted and designated cash and temporary investments	(285,685)	3,477,664
Purchase of long term investments	(156,852)	(2,962,185)
Cash flow from (used by) investing	(442,537)	515,479
NET CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	(171,946)	485,129
Cash and temporary investments - beginning of year	1,173,251	688,122
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	\$ 1,001,305	\$ 1,173,251
CASH AND TEMPORARY INVESTMENTS CONSISTS OF:		
Cash and temporary investments (Note 4)	\$ 3,090,304	\$ 2,976,565
Less: restricted and designated cash and temporary investments (Note 5)	(2,088,999)	(1,803,314)
	\$ 1,001,305	\$ 1,173,251

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2022

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 1,704,446	\$ 9,004,190	\$ 14,571,304	\$ 25,279,940	\$ 23,579,811
Excess (deficiency) of revenue over expenses	(597,341)	-	-	(597,341)	1,700,129
Unrestricted funds designated for future use	(18,613)	18,613	-	-	-
Restricted funds used for operations	587,806	(587,806)	-	-	-
Restricted funds used for capital	-	(70,494)	70,494	-	-
Current year funds used for tangible capital assets	(793,062)	-	793,062	-	-
Disposal of tangible capital assets	37,684	-	(37,684)	-	-
Amortization of tangible capital assets	835,033	-	(835,033)	-	-
CHANGE IN ACCUMULATED SURPLUS	51,507	(639,687)	(9,161)	(597,341)	1,700,129
BALANCE, END OF YEAR	\$ 1,755,953	\$ 8,364,503	\$ 14,562,143	\$ 24,682,599	\$ 25,279,940

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2022

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Total 2022	Total 2021
COST								
BALANCE, BEGINNING OF YEAR	\$ 444,568	\$ 472,099	\$ 3,538,348	\$ 12,466,550	\$ 4,419,552	\$ 1,477,416	\$ 22,818,533	\$ 20,928,283
Acquisition of tangible capital assets	-	-	-	553,378	122,270	152,859	828,507	2,158,216
Construction-in-progress	-	-	-	35,049	-	-	35,049	-
Disposal of tangible capital assets	-	-	-	(86,619)	(76,040)	-	(162,659)	(267,966)
BALANCE, END OF YEAR	\$ 444,568	\$ 472,099	\$ 3,538,348	\$ 12,968,358	\$ 4,465,782	\$ 1,630,275	\$ 23,519,430	\$ 22,818,533
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 224,679	\$ 870,199	\$ 4,138,123	\$ 2,194,097	\$ 820,131	\$ 8,247,229	\$ 7,667,317
Annual amortization	-	20,969	72,006	276,288	398,417	67,353	835,033	813,574
Accumulated amortization on disposals	-	-	-	(64,345)	(60,630)	-	(124,975)	(233,662)
BALANCE, END OF YEAR	\$ -	\$ 245,648	\$ 942,205	\$ 4,350,066	\$ 2,531,884	\$ 887,484	\$ 8,957,287	\$ 8,247,229
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 444,568	\$ 226,451	\$ 2,596,143	\$ 8,618,292	\$ 1,933,898	\$ 742,791	\$ 14,562,143	\$ 14,571,304
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 444,568	\$ 247,420	\$ 2,668,149	\$ 8,328,427	\$ 2,225,455	\$ 657,285	\$ 14,571,304	\$ 13,260,966

As at December 31, 2022, there was one engineered structures project that was in progress. The total amount of construction costs in progress for this project was \$51,995 (\$35,049 spent in 2022 and \$16,946 spent in 2021) as at December 31, 2022.

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Schedule of Government Transfers
Year Ended December 31, 2022

(Schedule 3)

	Budget (Unaudited) 2022	Total 2022	Total (restated) 2021
TRANSFERS FOR OPERATIONS			
Federal government	\$ 8,000	\$ -	\$ 9,360
Provincial government - conditional	236,786	236,786	391,590
Local governments	4,500	4,500	4,500
	249,286	241,286	405,450
TRANSFERS FOR CAPITAL			
Provincial government	1,540,123	530,420	1,859,926
TOTAL GOVERNMENT TRANSFERS	\$ 1,789,409	\$ 771,706	\$ 2,265,376

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Schedule of Property Taxes Levied
Year Ended December 31, 2022

(Schedule 4)

	Budget (Unaudited) 2022	Total 2022	Total 2021
TAXATION			
Real Property taxes	\$ 2,789,022	\$ 2,786,514	\$ 2,610,873
Linear property taxes	1,249,844	1,249,698	1,183,208
Government grants in place of property taxes	505,500	505,500	492,730
	4,544,366	4,541,712	4,286,811
REQUISITIONS			
Alberta School Foundation Fund	(812,728)	(818,961)	(773,436)
Holy Family Catholic Regional Division No. 37	(82,550)	(76,318)	(83,934)
Designated Industrial Property	(5,465)	(5,465)	(5,357)
North Peace Housing Foundation	(151,458)	(151,458)	(139,198)
	(1,052,201)	(1,052,202)	(1,001,925)
NET MUNICIPAL PROPERTY TAXES	\$ 3,492,165	\$ 3,489,510	\$ 3,284,886

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135

Consolidated Schedule of Consolidated Expenditures by Object

(Schedule 5)

Year Ended December 31, 2022

	Budget (Unaudited) 2022	Actual 2022	Actual 2021
Amortization of tangible capital assets	\$ 815,500	\$ 835,033	\$ 813,574
Bank charges and short term interest	800	913	528
Contracted and general services	1,522,804	1,329,749	1,033,618
Loss on disposal of capital assets	12,000	23,211	34,304
Materials, goods, supplies and utilities	769,100	804,480	601,034
Other expenditures	21,585	14,699	19,274
Purchases from other governments	800	675	683
Recovery of allowance for doubtful accounts	-	-	(112,473)
Salaries, wages and benefits	1,613,198	1,545,375	1,467,994
Transfers to individuals and organizations	52,094	57,419	120,543
Transfers to local boards and agencies	44,900	44,900	44,899
Transfers to other governments	722,924	715,436	595,337
	\$ 5,575,705	\$ 5,371,890	\$ 4,619,315

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2022

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Recreation Services	Other	Total 2022	Total (restated) 2021
REVENUE								
Government transfers for operating	\$ -	\$ 1,000	\$ -	\$ -	\$ 3,500	\$ 236,786	\$ 241,286	\$ 405,450
Investment income	233,126	-	-	403	8,357	-	241,886	133,581
Licenses, permits and fines	-	1,110	-	-	-	2,346	3,456	2,435
Net municipal taxes	3,489,510	-	-	-	-	-	3,489,510	3,284,886
Other revenues	1,387	-	324,031	2,182	10,556	3,717	341,873	357,926
Penalties and costs on taxes	102,745	-	-	-	-	-	102,745	122,365
Rentals	26,065	-	17,166	-	2,925	175	46,331	33,262
User fees and sale of goods	5,744	16,610	6,193	53,376	-	3,800	85,723	119,613
	3,858,577	18,720	347,390	55,961	25,338	246,824	4,552,810	4,459,518
EXPENSES								
Bank charges and short-term interest	913	-	-	-	-	-	913	528
Contracted and general services	311,413	103,718	300,483	422,730	38,839	152,566	1,329,749	1,033,618
Loss on disposal of capital assets	-	-	22,274	-	-	937	23,211	34,304
Materials, goods and utilities	36,513	8,276	632,474	16,798	28,736	81,683	804,480	601,034
Other expenditures	14,414	-	-	285	-	-	14,699	19,274
Purchases from other governments	675	-	-	-	-	-	675	683
Recovery of allowance for doubtful accounts	-	-	-	-	-	-	-	(112,473)
Salaries, wages and benefits	530,002	8,332	634,194	8,666	70,951	293,230	1,545,375	1,467,994
Transfers to individuals and organizations	28,926	1,000	-	-	-	27,493	57,419	120,543
Transfers to local boards and agencies	-	-	-	-	12,230	32,670	44,900	44,899
Transfers to other governments	67,957	96,301	35,000	11,867	439,638	64,673	715,436	595,337
	990,813	217,627	1,624,425	460,346	590,394	653,252	4,536,857	3,805,741
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - BEFORE AMORTIZATION AND OTHER ITEMS	2,867,764	(198,907)	(1,277,035)	(404,385)	(565,056)	(406,428)	15,953	653,777
OTHER ITEMS								
Amortization	(72,204)	(52,501)	(562,998)	(33,932)	(43,522)	(69,876)	(835,033)	(813,574)
Government transfers for capital	-	44,399	364,521	-	-	121,500	530,420	1,859,926
Loss on disposal of long-term investments	(308,681)	-	-	-	-	-	(308,681)	-
	(380,885)	(8,102)	(198,477)	(33,932)	(43,522)	51,624	(613,294)	1,046,352
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 2,486,879	\$ (207,009)	\$ (1,475,512)	\$ (438,317)	\$ (608,578)	\$ (354,804)	\$ (597,341)	\$ 1,700,129

See accompanying notes to consolidated financial statements

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. PURPOSE OF THE ENTITY

The Municipal District of Peace No. 135 was established on November 15, 1916 and is a local government authority providing municipal services to residents within the boundary of the Municipal District. These include administrative, protective, transportation, environmental, recreational, and other services. The entity is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act, a statute of the Province of Alberta.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipal District of Peace No. 135 are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Presentation

The Municipal District follows the fund basis of accounting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Currently in use are:

1. General Revenue Funds - to account for all financial resources except those required to be accounted for in another fund. The General Revenue Fund is the entity's operating fund including collection of taxation, administering operations related to general government, protective, transportation, environmental, recreation, and other services.
2. Capital Funds - to account for all capital assets of the entity and offset by long term debt and investment in capital assets.
3. Reserve Funds - to account for the activities in reserves established for specific purposes by bylaw or the Municipal Government Act.

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of accounting

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

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

Use of estimates

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

Cash and temporary investments

Cash and cash equivalents consists of cash on hand, balances with banks, deposits and bonds with an original maturity date of three months or less from date of purchase. Because of the short term maturity of these investments, their carrying value approximates fair value.

Investments

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

Requisition over-levy and under-levy

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

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

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

Land held for resale

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

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

Landfill closure and post-closure liability

Pursuant to the Alberta Environment Protection and Enhancement Act, the Municipality is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-financial assets

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

(continues)

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

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

Land improvements	20 years
Buildings	50 years
Engineered structures	
Bridges	variable
Water system	60 years
Wastewater system	60 years
Other engineered structures	30 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 15 years

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

The municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Works of art for display and historical artifacts are not recorded as tangible capital assets.

Inventory for consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost for office supplies, fuel, parts and pesticides. Gravel is costed out using historical cost identified by pit location and stockpile.

Prepaid expenses

Prepaid expenses consist of amounts paid in the current year for insurance, supplies and/or services used in the following year.

3. PRIOR PERIOD ADJUSTMENT

There was a change in how an engineered structures project was funded for the year ending December 31, 2021. Funding from provincial government transfers (municipal sustainability initiative grant) was reduced by \$228,339 and funding from other revenues (Northbridge Surety insurance proceeds) was increased by \$228,339. The net effect on excess of revenues over expenses for the year ending December 31, 2021, is \$Nil. As a result of this change, deferred revenue (Note 10) for the municipal sustainability initiative grant increased by \$228,339 and deferred revenue for Northbridge Surety decreased by \$228,339 as at December 31, 2021. The net effect to total deferred revenue as at December 31, 2021, is \$Nil. The amount of designated cash and temporary investments (Note 5) also increased by \$228,339 as at December 31, 2021.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

4. CASH AND TEMPORARY INVESTMENTS

	2022	2021
Cash on hand	\$ 600	\$ 600
General chequing and savings account	1,884,793	7,546
Temporary investments - 30 days notice account	808,999	2,537,862
Temporary investments - 90 days notice account - public reserve account	317,790	299,177
Temporary investments - ATB Wealth cash and savings account	78,122	131,380
	\$ 3,090,304	\$ 2,976,565

Cash in the public reserve account is restricted for parks and recreational purposes.

To access the cash in the temporary investment notice accounts the bank must be given 30 or 90 days notice before the cash is available for use.

Some of the above cash and temporary investments have restrictions or are designated for capital asset replacement. See Note 5 for details.

5. RESTRICTED AND DESIGNATED CASH AND TEMPORARY INVESTMENTS

The entity has received cash that is subject to restrictions in accordance with an agreement or statute of the Province of Alberta. The entity also has cash which Council has designated for a specific purpose. A portion of the designated cash has been invested in long-term deposits and marketable bonds.

	2022	2021 <i>(restated)</i>
Restricted for provincial and municipal government projects (Note 10)	\$ 1,287,759	\$ 708,838
Restricted for recreation - public reserve for parks and recreation (Note 13)	317,790	299,177
Total restricted cash	1,605,549	1,008,015
Designated for capital asset replacement reserves (Note 13)	7,740,606	8,171,100
Less: Amount provided by long-term investments (Note 8)	(7,257,156)	(7,375,801)
Total designated cash	483,450	795,299
	\$ 2,088,999	\$ 1,803,314

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

6. TAXES AND GRANTS-IN-LIEU RECEIVABLE

	2022	2021
Current	\$ 370,909	\$ 277,629
Arrears	199,951	418,159
	570,860	695,788
Less: Allowance for doubtful accounts	(8,307)	(8,307)
	\$ 562,553	\$ 687,481

7. OTHER GOVERNMENTS RECEIVABLE

	2022	2021
Government of Canada - G.S.T. Public Service Bodies Rebate	\$ 26,303	\$ 116,023
Province of Alberta - Municipal Sustainability Initiative	1,069,934	1,075,527
Province of Alberta - Strategic Transport Infrastructure Program	-	212,737
Province of Alberta - Federal Gas Tax Fund	104,691	204,554
Other	1,000	1,000
Village of Berwyn - FCSS programming funds	13,353	-
	\$ 1,215,281	\$ 1,609,841

8. LONG-TERM INVESTMENTS

	2022 Cost	2022 Market value	2021 Cost	2021 Market value
Loan to North Peace Housing Foundation	\$ 191,667	\$ 191,667	\$ 225,000	\$ 225,000
Equity in U.F.A.	5,349	5,349	5,200	5,200
Long-term deposits	2,385,000	2,385,000	649,500	649,500
Investment in marketable bonds	4,872,156	4,611,983	6,726,301	6,458,400
	\$ 7,454,172	\$ 7,193,999	\$ 7,606,001	\$ 7,338,100

Loan to North Peace Housing Foundation has a variable interest rate equal to the ATB prime lending rate. As at December 31, 2022, the rate was 5.45%. The loan is repayable in quarterly principal payments of \$8,333 plus interest. The loan is expected to mature in October 2028.

Long-term deposits have effective interest rates ranging from 4.23% to 5.24% with maturity dates ranging from August 2024 to November 2025.

Investments in marketable bonds have effective interest rates of 2.05% to 5.40% with maturity dates ranging from July 2024 to June 2035.

Council has designated funds of up to \$7,257,156 (2021 - \$7,375,801), included in the above long-term deposits and investment in marketable bonds, for future capital asset projects (Note 5).

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Construction holdback payables	\$ -	\$ 140,124
Province of Alberta	76,607	57,497
Regional governments	27,119	60,000
Trade and other payables	5,989	4,195
	\$ 109,715	\$ 261,816

10. DEFERRED REVENUE

	2022	2021 <i>(restated)</i>
Provincial government transfers		
Federal Gas Tax Fund	\$ 679,391	\$ 571,091
Municipal Sustainability Initiative	1,588,823	1,630,565
Strategic Transport Infrastructure Program	194,170	-
	2,462,384	2,201,656
Prepaid land leases and grant funding	5,837	16,293
Prepaid property taxes and utilities	130,491	112,689
Northbridge Surety insurance proceeds for engineered structures project	-	223,906
Other	2,050	1,300
	138,378	354,188
	\$ 2,600,762	\$ 2,555,844

Funding from the province and interest earned on these conditional transfers in the amount of \$2,462,384 (2021 - \$2,201,656) remains unspent at year-end. The use of these funds is restricted to eligible projects, as approved under the funding agreement. Unexpended funds related to these advances are supported by receivables from other governments of \$1,174,625 (2021 - \$1,492,818) and cash and temporary investments of \$1,287,759 (2021 - \$708,838) held exclusively for these projects (Note 5).

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

11. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Employee benefits payable	\$ 4,807	\$ -
Sick pay benefits obligation	20,700	19,838
Vacation and overtime	93,759	92,595
	\$ 119,266	\$ 112,433

The employee benefits payable is comprised of life insurance, health insurance, long term disability, and dental insurance.

The sick pay benefits liability is comprised of sick pay that accumulates but does not vest and is paid only upon an illness or injury-related absence. The extent to which accumulated sick days are expected to be used by the employees has been considered in measuring this obligation.

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

12. PROVISION FOR LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The accrued liability for closure and post-closure of the Municipality's landfill is recognized, using management's estimated costs for closure and post-closure care. Management is unable to estimate how many years that post-closure care could be required.

The landfill reached capacity in the 2022 year, and the remaining balance will be utilized for post-closure care.

The Municipality has not designated assets for setting closure and post-closure liabilities. The following summarizes the total estimated costs of closure and post-closure care:

	2022	2021
Estimated costs		
Closure costs	\$ -	\$ 10,000
Post-closure costs	18,602	15,000
Provision for landfill closure and post-closure costs	\$ 18,602	\$ 25,000

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

13. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus	\$ 1,755,953	\$ 1,704,446
Restricted surplus - operating		
Tax rate stabilization	205,600	415,600
Fire services	50,000	50,000
Brownvale water and sewer	507	18,313
Economic development	50,000	50,000
	306,107	533,913
Restricted surplus - Capital		
Administration	180,000	180,000
Fire services	780,466	805,000
Public works	4,388,640	4,434,600
Hamlet of Brownvale	874,000	874,000
Environment	250,000	250,000
Garbage	90,000	440,000
Ag. Service Board	690,000	700,000
Recreation - public reserve for parks and recreation	317,790	299,177
Recreation - other	487,500	487,500
	8,058,396	8,470,277
Equity in tangible capital assets	14,562,143	14,571,304
	\$ 24,682,599	\$ 25,279,940

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

14. TRUST FUNDS

The Municipal District of Peace No. 135 administers the following trusts:

	2022	2021
Tax Sale Surplus		
Balance, beginning of year	\$ 11,045	\$ 10,989
Add: Interest	66	56
Balance, end of year	11,111	11,045
Northern Alberta Elected Leaders (NAEL)		
Balance, beginning of year	17,045	17,045
Add: Grants	25,000	-
Less: Disbursement for expenditures	(24,531)	-
	-	-
Balance, end of year	17,514	17,045
	\$ 28,625	\$ 28,090

Tax Sale Surplus

Pursuant to Division 8 of the Municipal Government Act (Alberta), a municipality may attempt to recover taxes owed in arrears by way of sale of landowner property. Funds from the sale of these properties, less any incurred expenses, must be retained and accounted for separately for a period of 10 years from the sale date of each property. The trust balance represents the sale funds awaiting the 10 year maturity date before the funds are transferred to the Municipal District of Peace No. 135.

Northern Alberta Elected Leaders

These are funds held on behalf of the Northern Alberta Elected Leaders, a group of northwestern municipal leaders who gather to share current practices and seek opportunities to collaborate. The Municipal District of Peace No. 135 is a member of this group and administers expenditures of the group to be paid out of membership fees paid previously.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

15. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits & Allowances	2022	2021
Reeve:				
Willing, Robert	\$ 40,868	\$ 3,757	\$ 44,625	\$ 37,870
Councillors:				
Eastman, Sandra	34,452	3,155	37,607	33,119
Herlinveaux, Ken	27,237	2,520	29,757	23,989
Johnson, Theresa	38,358	3,506	41,864	29,603
Kinnee, Lori	32,301	2,889	35,190	6,483
Reyda, Janice	-	-	-	21,377
	173,216	15,827	189,043	152,441
Chief Administrative Officer:				
Johnson, Barbara	132,213	20,199	152,412	133,872
Designated Officer:				
KCL Consulting Inc. - municipal assessor	48,233	-	48,233	47,417
	\$ 353,662	\$ 36,026	\$ 389,688	\$ 333,730

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, retiring allowances, gross honoraria and any other direct cash remuneration.
2. For reeve and councillors, benefits and allowances consists of travel and general non-accountable expense allowances. For chief administrative officer, benefits and allowances consists of employer's share of Canada pension plan, unemployment insurance contributions, pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long term disability plan, tuition, travel and automobile allowances.
3. There is one designated officer which holds the position of municipal assessor for the District. The municipal assessor does not receive benefits.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District of Peace No. 135 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pensions Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Peace No. 135 is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Municipal District of Peace No. 135 to the Local Authorities Pension Plan in 2022 were \$86,057 (2021 - \$93,645). Total current service contributions by the employees of the Municipal District of Peace No. 135 to the Local Authorities Pension Plan in 2022 were \$76,901 (2021 - \$84,605).

At December 31, 2021, the Plan disclosed an actuarial surplus of \$11.922 billion.

17. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Regulation 255/00 for the Municipal District of Peace No. 135 be disclosed as follows:

	2022	2021
Total debt limit	\$ 6,829,215	\$ 6,346,769
Total debt	-	-
Amount of total debt unused	\$ 6,829,215	\$ 6,346,769
Debt servicing limit	\$ 1,138,203	\$ 1,057,795
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 1,138,203	\$ 1,057,795

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

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

18. COMMITMENTS

The Municipal District of Peace No. 135 signed a new inter-municipal collaboration framework (ICF) agreement in late 2021 with the Town of Peace River. During 2022, an amount of \$401,321 (2021 - \$288,967) was paid to the Town of Peace River for cost sharing of cultural and recreation programs and services per this agreement. The agreement is effective April 1, 2021 with a term of 5 years to March 31, 2026.

The Municipal District of Peace No. 135 signed an inter-municipal agreement on December 18, 2018 with the Town of Grimshaw. During 2022, an amount of \$63,484 (2021 - \$61,666) was paid to the Town of Grimshaw for cost sharing of F.C.S.S., and recreation programs and services. The agreement ended December 31, 2022. A new agreement was signed on November 23, 2022, for a term from January 1, 2023 to December 31, 2026. The amount to be paid for F.C.S.S. is based on a formula subject to the annual F.C.S.S. Provincial grant allocation for the Municipal District. The amount to be paid for recreation programs and services is set at \$83,767 for 2023 with a 4% annual cost of living increase for each consecutive year.

The Municipal District of Peace No. 135 signed an inter-municipal agreement on March 12, 2019 with the Village of Berwyn. During 2021, an amount of \$123,210 (2021 - \$121,618) was paid to the Village of Berwyn for cost sharing of F.C.S.S., recreation programs and services, fire services and recycling program costs per a previous similar agreement. The agreement ended December 31, 2022. The Municipal District is currently in negotiations with the Village of Berwyn to sign a new agreement for 2023 and future years.

The Municipal District of Peace No. 135 signed an inter-municipal agreement in July 2022 with the Long Lake Regional Waste Management Services Commission (LLRWMS) for the joint ownership, maintenance, control, and management of a regional solid waste system for a minimum term of ten years. During 2022, an amount of \$315,981 was paid to LLRWMS for the cost of admission into the commission and an additional \$40,800 was paid for requisitions from July to December 2022.

19. CONTINGENT LIABILITY

The Municipal District of Peace No. 135 is a member of the Genesis Reciprocal Insurance Exchange. Under the terms of the membership, the Municipal District of Peace No. 135 could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

It has come to the attention of the Municipal District that some recent industrial/commercial subdivisions have deficiencies that need to be rectified. The Municipal District has reach out to the developers to see if they will address these deficiencies. If the developers do not correct these issues then the Municipal District will have to assess it options to ensure the deficiencies are dealt with.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

20. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, and deposit liabilities. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. However, the Municipal District has a higher credit risk exposure on the linear assessment properties which are much harder to recover than taxes receivable on land and improvements. Management has established an allowance for doubtful accounts in regards to the estimated uncollectible linear tax assessments, which is reflected in the amount of taxes receivable (Note 6).

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

21. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

MUNICIPAL DISTRICT OF PEACE NO. 135
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

22. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of services provided by the Municipal District. District services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of services that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

- a) General Government Services
This category of functions is used to report activities for the overall operations of the Municipal District, which is common to, or affect all of the services provided by the Municipal District, including Council and legalstive, general administration and finance expenses.
- b) Protective Services
This category of functions is used to report activities provided of emergency management, fire department, bylaw services, building inspection, and regulatory services.
- c) Transportation Services
The category of functions is used to report activities related to the delivery of municipal public works services related to the planning, development, and maintenance of streets and roads, bridges, and drainage systems as well as maintenance of workshops, yards, and other buildings.
- d) Environmental Services
This function is used to report activities related to acquiring, supplying, treating, and distributing water to the Municipal District as well as the collection of garbage and other waste material
- e) Recreation Services
This function is used to report activities related to providing recreational and cultural opportunities for the community.
- f) Other
This function is used to report activities related to the Agricultural Service Board, cemetary operations, economic development, family and community support services, and land use, planning, zoning, and development.

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