

**THE DISTRICT OF TUMBLER RIDGE**  
**Financial Statements**  
**Year Ended December 31, 2021**

**THE DISTRICT OF TUMBLER RIDGE**  
**Index to Financial Statements**  
**Year Ended December 31, 2021**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises these responsibilities through regular council meetings. The Mayor and Council review internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements yearly.

The external auditors, Sander Rose Bone Grindle LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the District of Tumbler Ridge and meet when required.



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Director of Finance



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Mayor

Tumbler Ridge, BC

*Partners*

- \* Ben Sander, B. Comm., FCPA, FCA
- \* Dale J. Rose, CPA, CA
- \* Alan Bone, B. Comm., CPA, CA
- \* Jason Grindle, B. Comm., CPA, CA
- \* Jaron Neufeld, B. Comm., CPA, CA

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## INDEPENDENT AUDITOR'S REPORT

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### To the Mayor and Council of The District of Tumbler Ridge

#### Report on the Consolidated Financial Statements

#### Opinion

We have audited the financial statements of The District of Tumbler Ridge (the District), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the 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 financial position of the District as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

#### 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 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 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 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 District or to cease operations, or has no realistic alternative but to do so.

*(continues)*

Independent Auditor's Report to the Mayor and Council of The District of Tumbler Ridge *(continued)*

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

### **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 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 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 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.

Dawson Creek, BC  
May 2, 2022

*Sander Rose Bone Grindle LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**THE DISTRICT OF TUMBLER RIDGE**  
**Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash	\$ 10,062,875	\$ 12,332,235
Accounts receivable (Note 3)	725,886	786,610
Investments	24,684,992	19,082,011
Municipal Finance Authority deposit	32,320	31,779
Investment in Tumbler Ridge Community Forest Corp. (Note 4)	2,500,353	2,455,071
	<b>38,006,426</b>	<b>34,687,706</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	782,645	480,784
Deferred revenue (Note 6)	1,151,926	125,381
Deposits and holdbacks (Note 7)	469,289	548,124
Long-term debt, net of sinking funds (Note 8)	570,774	746,588
	<b>2,974,634</b>	<b>1,900,877</b>
<b>NET FINANCIAL ASSETS</b>	<b>35,031,792</b>	<b>32,786,829</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	53,798,646	55,060,790
Inventories	71,544	44,204
Prepaid expenses	270,328	210,531
	<b>54,140,518</b>	<b>55,315,525</b>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 89,172,310</b>	<b>\$ 88,102,354</b>

Approved by



Director of Finance

**THE DISTRICT OF TUMBLER RIDGE**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>REVENUES</b>			
Net taxation revenue <i>(Note 13)</i>	\$ 9,167,723	\$ <b>9,172,366</b>	\$ 8,668,501
Grant-in-lieu	109,596	<b>112,876</b>	115,107
Government transfers <i>(Note 14)</i>	5,920,886	<b>2,911,515</b>	3,592,308
Return on investments	440,500	<b>435,265</b>	564,507
Licenses, fines, and rentals	133,650	<b>273,677</b>	388,674
Sale of services	649,000	<b>929,513</b>	582,592
Water and sewer	996,200	<b>1,016,335</b>	997,422
Gain (loss) on sale of tangible capital assets	-	<b>(76,694)</b>	7,373
Equity in earnings of Tumbler Ridge Community Forest Corp. <i>(Note 4)</i>	-	<b>45,282</b>	425,251
	17,417,555	<b>14,820,135</b>	15,341,735
<b>EXPENSES</b>			
General government	3,491,585	<b>3,190,295</b>	3,042,299
Protective services	755,897	<b>831,620</b>	756,219
Transportation services	2,323,618	<b>2,953,053</b>	3,021,843
Parks and recreation	3,544,451	<b>4,315,249</b>	4,051,484
Environmental health services	581,562	<b>689,156</b>	683,744
Economic development services	379,118	<b>456,089</b>	377,335
Water services	450,196	<b>800,415</b>	653,603
Sewer services	298,381	<b>514,302</b>	373,974
	11,824,808	<b>13,750,179</b>	12,960,501
<b>ANNUAL SURPLUS</b>	5,592,747	<b>1,069,956</b>	2,381,234
ACCUMULATED SURPLUS - BEGINNING OF YEAR	88,102,354	<b>88,102,354</b>	85,721,120
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$ 93,695,101	\$ <b>89,172,310</b>	\$ 88,102,354

**THE DISTRICT OF TUMBLER RIDGE**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>ANNUAL SURPLUS</b>	\$ 5,592,747	\$ 1,069,956	\$ 2,381,234
Purchase of tangible capital assets	(6,814,000)	(2,112,117)	(2,738,332)
Amortization of tangible capital assets	-	3,225,579	3,241,540
Proceeds on disposal of tangible capital assets	-	61,491	67,173
Loss (gain) on disposal of assets	-	76,694	(7,373)
Write down of work in process assets	-	10,500	-
Acquisition of inventories	-	(71,544)	(44,204)
Acquisition of prepaid expenses	-	(270,327)	(210,519)
Consumption of inventories	-	44,204	63,460
Use of prepaid expenses	-	210,527	52,245
	(6,814,000)	1,175,007	423,990
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(1,221,253)	2,244,963	2,805,224
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	32,786,829	32,786,829	29,981,605
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 31,565,576	\$ 35,031,792	\$ 32,786,829

See notes to financial statements



**THE DISTRICT OF TUMBLER RIDGE**  
**Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 1,069,956	\$ 2,381,234
Items not affecting cash:		
Amortization of tangible capital assets	3,225,579	3,241,540
Loss/(Gain) on sale of tangible capital assets	76,694	(7,373)
Equity in earnings of Tumbler Ridge Community Forest Corp.	(45,282)	(425,251)
Write down of work in process assets	10,500	-
	<b>4,337,447</b>	<b>5,190,150</b>
Changes in non-cash working capital:		
Accounts receivable - decrease	60,724	124,927
Municipal Finance Authority deposit - (increase)	(541)	(641)
Accounts payable - increase/(decrease)	301,861	(640,244)
Deferred revenue - increase/(decrease)	1,026,545	(91,143)
Deposits received - (decrease)	(78,835)	(466,101)
Inventories - (decrease)/increase	(27,340)	19,256
Prepaid expenses - (increase)	(59,800)	(158,274)
	<b>1,222,614</b>	<b>(1,212,220)</b>
Cash flow from operating activities	<b>5,560,061</b>	<b>3,977,930</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	61,491	67,173
Purchase of tangible capital assets	(2,112,117)	(2,738,332)
Cash flow used by investing activities	<b>(2,050,626)</b>	<b>(2,671,159)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(175,814)	(164,121)
Purchase of guaranteed investment certificates	(5,602,981)	(383,668)
Cash flow used by financing activities	<b>(5,778,795)</b>	<b>(547,789)</b>
<b>(DECREASE) INCREASE IN CASH FLOW</b>	<b>(2,269,360)</b>	<b>758,982</b>
Cash - beginning of year	<b>12,332,235</b>	<b>11,573,253</b>
<b>CASH - END OF YEAR</b>	<b>\$ 10,062,875</b>	<b>\$ 12,332,235</b>

See notes to financial statements

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**1. NATURE OF OPERATIONS**

The District of Tumbler Ridge (the "District") was incorporated on April 9, 1981 as a District Municipality under the Community Charter, formerly the Municipal Act, a statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water, sanitary sewer, and fiscal services.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS). Significant accounting policies adopted by the District are as follows:

**Basis of consolidation**

1. Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District.

2. Accounting for Region and School Board Transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operation of the Region and the School Board are not reflected in these consolidated financial statements.

3. Trust funds:

Trust funds and their related operations administered by the District are not included in these consolidated financial statements.

4. Investment in Government Business Enterprises:

The District's investment in the Tumbler Ridge Community Forest Corp., a wholly-owned subsidiary, is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAS. Under the modified equity basis, the Tumbler Ridge Community Forest Corp.'s accounting policies are not adjusted to conform with those of the District and inter-organizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual earnings or loss of the Tumbler Ridge Community Forest Corp. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the District may receive from the Tumbler Ridge Community Forest Corp. will be reflected as reductions in the investment asset account.

**Basis of accounting**

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized 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.

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**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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

**Cash and cash equivalents**

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

**Investments**

Investments include guaranteed investment certificates with a term to maturity of 90 day or more at acquisition and are stated at the lower of cost and market value.

**Long-term debt**

Long-term debt is recorded net of related sinking fund balances.

**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 ordinary course of operations.

**Tangible capital assets**

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	7 - 75 years
Engineered infrastructure	5 - 70 years
Equipment	5 - 20 years
Furniture and fixtures	3 - 20 years
IT Infrastructure	3 - 15 years
Land improvements	10 - 30 years
Vehicles	5 - 20 years

The District regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

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 their fair value at the date of receipt and also are recorded as revenue.

Natural resources that have not been purchased are not recognized as assets in these consolidated financial statements.

Works of art and cultural and histories assets are not recorded as assets in these consolidated financial statements.

The District does not capitalize interest cost associated with the acquisition or construction of tangible capital assets.

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**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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

**Inventories**

Inventories of supplies held for consumption are recorded at the lower cost and replacement cost.

**Revenue recognition**

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The District is required to act as an agent for the collection of certain taxes and fees imposed by the other authorities. Collections for other authorities are excluded from the District's taxation revenues.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue.

**Investment income**

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

**Government transfers**

Government transfers, which include legislative grants, are recognized as revenue in the financial statement when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statements of operations as the stipulations for liabilities are settled.

**Employee future benefits**

The District provides certain employee benefits which will require funding in future periods. These benefits include accrued wages, vacation, sick leave, and benefits under Worker's Compensation Board. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

The District and its employees participate in the Municipal Pension Plan. The costs of the multi-employer defined contribution pension plan are the employer's contributions due to the plan in the fiscal year.

**Budget**

The budget figures are from the Five Year Financial Plan Bylaw adopted by May 15 of each year. They have been allocated to conform to PSAB financial statement presentation. Subsequent amendments have been made by Council to reflect changes in the budget as required by the law.

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**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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

**Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements. Estimates include assumptions used in estimating grant revenues and receivables, and estimated historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

**Contaminated sites**

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met

1. an environmental standard exists,
2. contamination exceeds the environmental standard,
3. the organization is directly responsible or accepts responsibility for the liability,
4. future economic benefits will be given up, and
5. a reasonable estimate of the liability can be made.

**3. ACCOUNTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
Goods and services tax recoverable	\$ 85,378	\$ 151,492
Provincial and local government	26,791	28,000
Taxation - current	139,730	330,985
Taxation - arrears/delinquent	154,595	103,653
Trade	319,392	172,480
	<b>\$ 725,886</b>	<b>\$ 786,610</b>

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**4. INVESTMENT IN TUMBLER RIDGE COMMUNITY FOREST CORP.**

	2021	2020
Investment in shares of the Corporation	\$ 200,000	\$ 200,000
Accumulated surplus	2,300,353	2,255,071
	<b>\$ 2,500,353</b>	<b>\$ 2,455,071</b>

The following provides condensed supplementary financial information for the Tumbler Ridge Community Forest Corp. (the "Corporation") for the year ended December 31:

	2021	2020
<b>Financial position:</b>		
Assets:		
Current	\$ 3,356,412	\$ 3,390,864
<b>Total Assets</b>	<b>\$ 3,356,412</b>	<b>\$ 3,390,864</b>
Liabilities:		
Current	184,564	166,952
Silviculture obligation	671,495	768,841
<b>Total liabilities</b>	<b>856,059</b>	<b>935,793</b>
Equity:		
Share capital	200,000	200,000
Retained earnings	2,300,353	2,255,071
<b>Total Liabilities and Equity</b>	<b>\$ 3,356,412</b>	<b>\$ 3,390,864</b>

	2021	2020
<b>Operations:</b>		
Revenue	\$ 555,153	\$ 996,318
Expense	509,871	571,067
	<b>\$ 45,282</b>	<b>\$ 425,251</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2021	2020
Trade	\$ 406,304	\$ 256,366
Due to other governments	19,011	10,713
Other	30,620	5,678
Payroll wages and benefits	326,710	208,027
	<b>\$ 782,645</b>	<b>\$ 480,784</b>

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**6. DEFERRED REVENUES**

	<b>2021</b>	<b>2020</b>
Community Forest	\$ 12,000	\$ 12,000
Community centre and other	21,871	14,552
Province of BC - CERIP	1,000,000	-
Province of BC - Covid Airport Relief	19,226	-
Rural dividend grant	98,829	98,829
	<b>\$ 1,151,926</b>	<b>\$ 125,381</b>

**7. DEPOSITS AND HOLDBACKS**

	<b>2021</b>	<b>2020</b>
Building deposits	\$ 421,781	\$ 513,871
Holdbacks	47,313	34,058
Other	195	195
	<b>\$ 469,289</b>	<b>\$ 548,124</b>

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**8. LONG-TERM DEBT, NET OF SINKING FUNDS**

	Bylaw number	Interest rate	Year of maturity	Gross debt	Sinking funds assets	<b>2021</b>	Net debt 2020
Community Centre	542	2.25%	2024	\$ 1,017,298	\$ 446,524	<b>\$ 570,774</b>	\$ 746,588

The District issues debt instruments through the Municipal Finance Authority of British Columbia ("MFA"), pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Sinking fund balances, managed by the MFA, are used to reduce long term debt.

Debt is reported net of sinking fund balances on the consolidated statement of financial position.

(a) Principal and sinking fund payments due within the next three years are approximately:

2022	\$ 114,206
2023	114,206
2024	<u>114,206</u>
	342,618
Estimated sinking fund income	228,156
	<u>\$ 570,774</u>

(b) Sinking fund instalments are invested by the MFA and earn income which, together with principal payments, are expected to be sufficient to retire the sinking debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.



**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**9. TANGIBLE CAPITAL ASSETS**

Cost	2020 Balance	Additions	Disposals and Other	2021 Balance
Land	\$ 6,908,099	\$ 523,021	\$ 53,548	\$ 7,377,572
Land improvements	4,767,737	-	110,533	4,657,204
Buildings	37,231,865	560,470	102,075	37,690,260
Equipment	5,377,490	326,108	358,614	5,344,984
Vehicles	5,947,902	211,917	119,238	6,040,581
IT Infrastructure	652,890	69,094	-	721,984
Furniture and fixtures	907,146	96,706	(20,724)	1,024,576
Engineered infrastructure	47,285,178	324,801	7,642	47,602,337
	\$109,078,307	\$ 2,112,117	\$ 730,926	\$110,459,498

Accumulated Amortization	2020 Balance	Amortization	Accumulated Amortization on Disposals	2021 Balance
Land improvements	\$ 2,539,889	\$ 170,915	\$ 73,959	\$ 2,636,846
Buildings	24,046,235	921,251	48,229	24,919,249
Equipment	3,301,295	374,452	362,823	3,312,924
Vehicles	2,831,862	356,892	114,715	3,074,039
IT Infrastructure	607,705	19,489	-	627,194
Furniture and fixtures	499,315	98,187	(20,853)	618,355
Engineered infrastructure	20,191,216	1,284,393	3,363	21,472,246
	\$ 54,017,517	\$ 3,225,579	\$ 582,236	\$ 56,660,853

Net book value	2021	2020
Land	\$ 7,377,572	\$ 6,908,099
Land improvements	2,020,358	2,227,848
Buildings	12,771,011	13,185,630
Equipment	2,032,060	2,076,195
Vehicles	2,966,542	3,116,040
IT Infrastructure	94,790	45,185
Furniture and fixtures	406,222	407,831
Engineered infrastructure	26,130,091	27,093,962
	\$ 53,798,646	\$ 55,060,790

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**10. COMMITMENTS AND CONTINGENCIES**

a) Peace River Regional District

The District is responsible, as a member of the Peace River Regional District, for its proportional share of any operating deficits or capital debt related to functions in which it participates. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued

b) Municipal Finance Authority

The District issues debt instruments through the MFA. As a condition of these borrowings, the MFA requires that 1% of gross proceeds are deposited by the District into a debt reserve fund. The District is also required to execute demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the accounts. The demand notes issued at December 31, 2021 totaled \$90,701 (2020 - \$90,701).

c) Municipal Insurance Association

The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claim in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute toward the deficit. Management does not consider external payment under this contingency to be likely and therefore no amounts have been accrued.

d) Legal claims

The District is a defendant in various lawsuits. In the opinion of management, the overall estimation of loss is no determinable. These claims have not been provided for in the consolidated financial statements. Settlement, if any, made with respect to these actions would be expected to be expensed in the period in which realization is known.

*(continues)*

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**10. COMMITMENTS AND CONTINGENCIES (continued)**

e) Pension liability

The 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-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent 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 District of Tumbler Ridge paid \$308,650 (2020 - \$320,173) for employer contributions while employees contributed \$268,462 (2020 - \$279,260) to the plan in fiscal 2021.

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 cost to individual employers participating in the plan.

f) Other government authorities

The District is obligated to collect and remit property taxes levied on Tumbler Ridge taxpayers in respect of the following bodies:

- Ministry of Education, Province of British Columbia
- Peace River Regional Hospital District
- Peace River Regional District
- British Columbia Assessment Authority
- Municipal Finance Authority of British Columbia
- Royal Canadian Mounted Police

(continues)

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**10. COMMITMENTS AND CONTINGENCIES (continued)**

g) Revenue stabilization

The District of Tumbler Ridge has a large natural resources based property taxation base. As such, the natural resource markets can affect the taxation base substantially and can impact the District's ongoing operations in economic downturns. The District has established a stabilization reserve that could provide short term assistance in the event of such circumstances.

h) Property taxes

The District may be contingently liable if a large natural resources based property tax assessment is appealed through the British Columbia Assessment Authority. This could result in the District having retroactive taxes receivable from other governments and retroactive taxes payable to the taxpayer. The potential amount, and likelihood of the liability is unknown as of the date of these financial statements.

**11. ACCUMULATED SURPLUS**

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 53,227,869	\$ 54,314,202
Operating funds	20,434,784	20,483,368
Total surplus	73,662,653	74,797,570
Reserve funds set aside for specific purposes by Council:		
Stabilization	3,543,062	3,286,550
Equipment replacement	2,591,266	1,884,405
Land sales	385,990	585,066
Municipal buildings	139,322	32,822
RCMP building	-	103,234
Drainage	1,030,222	1,006,076
Parking	34,431	33,624
Water	880,912	860,266
Sewer	1,384,262	1,351,818
Cemetery maintenance	4,082	3,830
General	2,360,395	2,305,073
Gas tax	460,943	170,520
Covid-19 Safe Restart Funds	245,334	456,782
RFFE Asphalt	2,088,636	1,044,318
RFFE Airport	360,800	180,400
Total reserves	15,509,657	13,304,784
	<b>\$ 89,172,310</b>	<b>\$ 88,102,354</b>

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**12. TRUST FUND**

The District of Tumbler Ridge administers the Alaska Challenge Snowmobile Safari '92 account funds on behalf of the Ridge Riders Snowmobile Club. The fund was created by excess revenue generated by the Alaska Challenge ride in 1992, organized by the Ridge Riders Snowmobile Club and the District. The fund is to be used to pay for groomer repairs and maintenance. The fund balance has not been incorporated into the consolidated financial statements of the District.

The District holds in trust the Cemetery Perpetual Care Fund as required by the Cremation, Interment and Funeral Services Act. The fund balance or liability has not been incorporated into the consolidated financial statements of the District.

	2021	2020
Alaska Challenge account	\$ 2,140	\$ 2,127
Cemetery Perpetual Care account	3,972	2,409
	<b>\$ 6,112</b>	<b>\$ 4,536</b>

**13. NET TAXATION REVENUE**

The District is required to collect taxes on behalf of and transfer these amounts to the government agencies noted below:

	2021	2020
Taxes collected:		
General purposes	\$ 9,166,549	\$ 8,668,501
Collection of other governments	2,230,060	2,081,451
	<b>11,396,609</b>	<b>10,749,952</b>
Transfers to other governments:		
Ministry of Education, Province of British Columbia	1,300,791	1,086,060
Peace River Regional Hospital District	383,853	353,558
Peace River Regional District	286,938	374,748
British Columbia Assessment Authority	59,010	61,349
Municipal Finance Authority of British Columbia	137	144
Royal Canadian Mounted Police	193,514	205,592
	<b>2,224,243</b>	<b>2,081,451</b>
	<b>\$ 9,172,366</b>	<b>\$ 8,668,501</b>

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**14. GOVERNMENT TRANSFERS**

The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	2021	2020
Provincial grants:		
Covid-19 Safe Restart	\$ -	\$ 413,500
Miscellaneous	250,817	471,854
Peace River Agreement	1,885,097	1,752,733
Unconditional	425,557	394,425
Subtotal provincial grants	<b>2,561,471</b>	3,032,512
Federal grants:		
Covid-19 Safe Restart	-	413,500
Gas tax	284,133	138,802
Miscellaneous	65,911	7,494
Subtotal federal grants	<b>350,044</b>	559,796
	<b>\$ 2,911,515</b>	<b>\$ 3,592,308</b>

**15. BUDGET DATA**

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on May 5, 2021. Amortization was not contemplated on development of the budget and, as such, has not been included.

**16. EXCEPTIONAL ITEM**

On March 11, 2020, the World Health Organization declared a Global Pandemic for the spread of Covid-19. Management continues to assess the actual and potential impact this global pandemic may have on the operations of the District of Tumbler Ridge.

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**17. COVID-19 SAFE RESTART GRANT**

In November 2020, the Province of British Columbia paid to the District of Tumbler Ridge a joint federal/provincial grant of \$827,000 to support the District's fiscal impact by COVID-19. For 2021, Council approved \$222,411 (2020 - \$370,218) of the grant to be utilized to offset operational revenue shortfalls and COVID-19 related expenses, with the remaining \$345,334 allocated to the COVID-19 Relief Reserve to offset future revenue shortfalls and/or expenditure increases resulting from the ongoing fiscal impact with COVID-19.

Balance, December 31, 2020	<b>\$ 456,782</b>
Plus: Interest earned on funds	<b>10,963</b>
Eligible Costs Incurred:	
Revenue shortfalls	<b>106,600</b>
Computer and communications	<b>356</b>
Materials and supplies	<b>8,132</b>
Salaries and wages	<b>107,323</b>
<hr/>	
Balance, December 31, 2021	<b>\$ 245,334</b>

**18. SEGMENTED INFORMATION**

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

a) General Government Services

The general government services department provides the functions of corporate administration, finance and legislative services and any other functions categorized as non-departmental in the District.

b) Protective Services

Protective services is comprised of emergency management, fire department, bylaw services, building inspection and regulatory services.

c) Environmental Health Services

Environmental health services is responsible for the operations of the transfer station, including the collection of waste and the disposal of waste in partnership with the Peace River Regional District.

d) Economic Development Services

Economic development services is responsible for the economic development activities to attract and grow business within the District, along with tourism and marketing initiatives.

e) Parks and Recreation

Parks and recreation is responsible for the construction and maintenance of the District's parks, playgrounds and green spaces. It provides funding for the operation of the arena, pool and curling complex.

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**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

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**18. SEGMENTED INFORMATION (continued)**

f) Water Services

The water services installs and maintains water mains, pump stations and the water treatment plant. The treatment and distribution of water in the District through Public Works is included in this segment.

g) Sanitary Sewer Services

The sewer services installs and maintains sewer mains, lift stations and the sewage treatment facility. The collection and treatment of sewage in the District through Public Works is included in this segment.

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.



**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**17. SEGMENTED INFORMATION (Continued)**

	2021									Total
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services		
<b>Revenue:</b>										
Taxation	\$ 9,172,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,172,366
Grants in lieu	112,876	-	-	-	-	-	-	-	-	112,876
Government transfers	2,911,515	-	-	-	-	-	-	-	-	2,911,515
Return on investments	435,265	-	-	-	-	-	-	-	-	435,265
Licenses, fines, and rentals	273,677	-	-	-	-	-	-	-	-	273,677
Sale of services	320,484	-	108,012	501,017	-	-	-	-	-	929,513
Water and sewer	-	-	-	-	-	-	697,769	318,566	-	1,016,335
Gain (loss) on sale of tangible capital assets	(76,694)	-	-	-	-	-	-	-	-	(76,694)
Equity in earnings of Tumbler Ridge Community Forest Corp.	45,282	-	-	-	-	-	-	-	-	45,282
<b>Total revenue</b>	<b>\$ 13,194,771</b>	<b>\$ -</b>	<b>\$ 108,012</b>	<b>\$ 501,017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 697,769</b>	<b>\$ 318,566</b>	<b>\$ -</b>	<b>\$ 14,820,135</b>
<b>Expenses:</b>										
Amortization	\$ 205,533	\$ 162,733	\$ 1,188,617	\$ 1,064,202	\$ 104,121	\$ 117,410	\$ 220,359	\$ 162,603	\$ -	\$ 3,225,578
Garbage	-	-	-	-	272,991	-	-	-	-	272,991
Insurance	17,658	22,672	44,908	104,476	4,660	27	20,504	17,420	-	232,325
Interest	67,270	-	-	-	-	-	-	-	-	67,270
Legislature	130,152	-	-	-	-	-	-	-	-	130,152
Operating	1,575,470	240,749	601,764	958,674	-	133,326	229,784	119,637	-	3,859,404
Professional fees	167,274	-	2,783	-	-	33,460	-	-	-	203,517
Salaries, wages, and benefits	1,026,938	405,466	1,114,981	2,187,897	307,384	171,866	329,768	214,642	-	5,758,942
<b>Total expenses</b>	<b>3,190,295</b>	<b>831,620</b>	<b>2,953,053</b>	<b>4,315,249</b>	<b>689,156</b>	<b>456,089</b>	<b>800,415</b>	<b>514,302</b>	<b>\$ -</b>	<b>13,750,179</b>
Annual surplus (deficit)	\$ 10,004,476	\$ (831,620)	\$ (2,845,041)	\$ (3,814,232)	\$ (689,156)	\$ (456,089)	\$ (102,646)	\$ (195,736)	\$ -	\$ 1,069,956

(continues)

**THE DISTRICT OF TUMBLER RIDGE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2021**

**Segmented information (continued)**

	2020									Total
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services		
<b>Revenue:</b>										
Taxation	\$ 8,668,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,668,501
Grants in lieu	115,107	-	-	-	-	-	-	-	-	115,107
Government transfers	3,592,308	-	-	-	-	-	-	-	-	3,592,308
Return on investments	564,507	-	-	-	-	-	-	-	-	564,507
Licenses, fines, and rentals	388,674	-	-	-	-	-	-	-	-	388,674
Sale of services	229,232	-	-	353,360	-	-	-	-	-	582,592
Water and sewer	-	-	-	-	-	-	681,525	315,897	-	997,422
Gain on sale of tangible capital assets	7,373	-	-	-	-	-	-	-	-	7,373
Equity in earnings of Tumbler Ridge Community Forest Corp.	425,251	-	-	-	-	-	-	-	-	425,251
<b>Total revenue</b>	<b>\$ 13,990,953</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 353,360</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 681,525</b>	<b>\$ 315,897</b>	<b>\$ -</b>	<b>\$ 15,341,735</b>
<b>Expenses:</b>										
Amortization	\$ 210,683	\$ 155,513	\$ 1,252,204	\$ 1,059,183	\$ 95,077	\$ 87,443	\$ 218,834	\$ 162,603	\$ -	\$ 3,241,540
Garbage	-	-	774	-	279,691	-	-	-	-	280,465
Insurance	14,797	18,588	-	89,023	905	-	15,160	17,151	-	155,624
Interest	69,790	-	-	-	-	-	-	-	-	69,790
Legislature	117,964	-	-	-	-	-	-	-	-	117,964
Operating	1,574,146	168,261	737,639	955,704	3,816	99,189	208,810	72,306	-	3,819,871
Professional fees	102,145	-	-	-	-	-	-	-	-	102,145
Salaries, wages, and benefits	952,774	413,857	1,031,226	1,947,574	304,256	190,703	210,798	121,914	-	5,173,102
<b>Total expenses</b>	<b>3,042,299</b>	<b>756,219</b>	<b>3,021,843</b>	<b>4,051,484</b>	<b>683,745</b>	<b>377,335</b>	<b>653,602</b>	<b>373,974</b>	<b>\$ -</b>	<b>12,960,501</b>
Annual surplus (deficit)	\$ 10,948,654	\$ (756,219)	\$ (3,021,843)	\$ (3,698,124)	\$ (683,745)	\$ (377,335)	\$ 27,923	\$ (58,077)	\$ -	\$ 2,381,234