



DISTRICT OF TUMBLER RIDGE

STATEMENT OF FINANCIAL INFORMATION

2017



**DISTRICT OF TUMBLER RIDGE
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS
2017**

The District of Tumbler Ridge has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.



**DISTRICT OF TUMBLER RIDGE
SCHEDULE OF REMUNERATION AND EXPENSES
PAID TO OR ON BEHALF OF EACH EMPLOYEE
2017**

ELECTED OFFICAL NAME		STIPEND	EXPENSES	TOTAL
Helen Scott	Councillor	\$11,803.20	\$0.00	\$11,803.20
Joanne Kirby	Councillor	\$11,803.20	\$6,986.49	\$18,789.69
Darryl Krakowka	Councillor	\$11,803.20	\$0.00	\$11,803.20
Will Howe	Councillor	\$11,803.20	\$0.00	\$11,803.20
Mike Caisley	Councillor	\$11,803.20	\$7,718.34	\$19,521.54
Robert MacKay	Councillor	\$11,803.20	\$12,554.66	\$24,357.86
Don McPherson	Mayor	\$26,197.32	\$24,031.63	\$50,228.95
				\$0.00
Total		\$97,016.52	\$51,291.12	\$148,307.64

EMPLOYEE NAME	POSITION	WAGES	EXPENSES	TOTAL
Beale, Douglas	Operations Manager PW	\$110,803.82	\$5,051.12	\$115,854.94
Clark, Boyd	Director of Community Services & Facilities	\$102,187.34	\$10,768.25	\$112,955.59
Curry, Dustin	Fire Chief	\$87,060.17	\$5,028.44	\$92,088.61
Gies, Chris		\$78,410.29	\$150.00	\$78,560.29
Gies, Dianna	Finance Manaager	77,018.52	\$1,420.51	\$78,439.03
Link, Brian	Heavy Equipment Operator 2	\$81,798.05	\$0.00	\$81,798.05
Lowther, Douglas	Journeyman Mechanic	\$78,361.80	\$2,267.81	\$80,629.61
MacEachern, Kenneth	Maintenance Foreman	\$93,665.88	\$300.00	\$93,965.88
McKay, Joy		\$76,955.76	\$2,292.65	\$79,248.41
O'Rielly, Sean	PW Roads Foreman	\$99,033.20	\$120.00	\$99,153.20
Powell, John	Economic Development Officer	\$87,761.06	\$2,174.70	\$89,935.76
Sanders, Laura	Chief Financial Officer	121,974.53	\$3,928.35	\$125,902.88
Shea, Sean	Field Foreman, Public Works	\$107,297.10	\$3,839.69	\$111,136.79
Torraville, Aleen	Corporate Officer	\$99,097.96	\$5,367.60	\$104,465.56
Wall, Jordan	Chief Administrative Officer	129,488.68	\$12,474.02	\$141,962.70
Subtotal		\$1,430,914.16	\$55,183.14	\$1,486,097.30
Wages less than \$75,000		\$2,527,650.47	\$8,624.81	\$2,536,275.28
Total Employee Remuneration		\$3,958,564.63	\$63,807.95	\$4,022,372.58

GRAND TOTAL (Council & Employee Remuneration)	\$4,055,581.15	\$115,099.07
Less Council	(\$97,016.52)	
Less Volunteer Firefighters	(\$10,169.17)	
Add Payment excluded from Report		
Add Meals not in T4		
Less Taxable Benefits		
over \$75,000	(\$62,161.46)	
under \$75,000	(\$136,352.09)	
Retirement Allowance		
Total Gross at year end	\$3,749,881.91	
Employer portion of source remittances		\$203,823.66



2017

There was one severance agreement under which payment commenced between the District of Tumbler Ridge and a non-union employee during the fiscal year 2015. The agreement paid represents seventeen (17) months of compensation based on four years two (2) months of service for a dismissed exempt employee.

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**DISTRICT OF TUMBLER RIDGE
SCHEDULE OF PAYMENTS MADE FOR THE
PROVISION OF GOODS OR SERVICES
2017**

Listing of suppliers who received aggregate payments exceeding \$25,000.

TELUS COMMUNICATIONS INC.	25,256.87
LECTRANATOR SYSTEMS INC.	25,776.34
YELLOWHEAD PAVEMENT MARKING INC.	26,145.00
SNC-LAVALIN	27,195.00
2 HORSE POWER LOGGING	28,448.56
675773 BRITISH COLUMBIA LTD.	28,627.97
SHOP EASY #2217	30,565.92
TR CARES SOCIETY	31,200.00
TELUS MOBILITY (BC)	31,353.24
PEACE RIVER COAL	31,364.40
AF INVESTMENTS LTD.	31,500.00
NORTHWESTERN DATA COMM	32,056.12
GUILLEVIN INTERNATIONAL CO.	33,276.71
R & R HOIST REPAIR LTD.	33,319.65
FRED SURRIDGE LTD.	33,927.79
WAVE MEDIA INC	34,014.75
GEAR-0-RAMA SUPPLY CHETWYND (2015)LTD.	34,484.43
TUMBLER RIDGE FIREFIGHTERS ASSOC.	36,000.00
TUMBLER RIDGE GLOBAL GEOPARK SOCIETY	39,636.91
SOUTHPAW RENTALS & SALES	40,342.79
CIMCO REFRIGERATION	40,725.44
GRAND & TOY	41,105.69
WATER BLAST MANUFACTURING LP	44,063.10
YOUNG, ANDERSON	45,047.38
WILD RIVER OPERATIONS	46,053.60
C.U.P.E.	49,044.00
RDH BUILDING SCIENCE INC.	51,639.16
TR DAYS SOCIETY	56,896.40
DINO HIGH TECH SOLUTIONS	57,562.37
BRANDT TRACTOR LTD.	57,779.36
TAX - PROPERTY - REFUNDS	59,422.14
TELUS	66,130.52
MINISTER OF FINANCE	69,671.70
RIDGE RIDERS SNOWMOBILE CLUB	70,000.00
BC ASSESSMENT AUTHORITY	71,440.21
KPMG LLP, T4348	78,855.00
WORKERS COMPENSATION BOARD OF BC	79,289.63
ICBC	83,600.24
CONCEPT DESIGN	89,342.02
OAKCREEK GOLF & TURF INC.	92,944.97
NORTHERN METALIC SALES LIMITED	93,309.32



Listing of suppliers who received aggregate payments exceeding \$25,000.

KNAPPETT INDUSTRIES 92006) LTD.	106,107.26
E.S.WILLIAMS & ASSOCIATES LTD.	117,142.48
CPMJ CONSULTING INC.	118,520.73
AAMDC-BC DIVISION	118,773.35
EPSCAN INDUSTRIES LTD.	130,772.43
PACIFIC NORTHERN GAS (N.E.) LTD.	131,377.30
AUTOMATED AQUATICS CANADA LTD.	136,185.50
AON REED STENHOUSE INC.	141,792.00
DS ELECTRIC LTD.	145,851.20
ROCKY MOUNTAIN PHOENIX	186,234.83
RAT RACE CONTRACTING LTD.	188,414.64
TUMBLER RIDGE CHAMBER OF COMMERCE	189,913.25
TUMBLER RIDGE MUSEUM FOUNDATION	200,500.00
ROYAL BANK VISA CENTRE	201,987.99
PACIFIC BLUE CROSS	269,611.07
BANNISTER FORD LTD.	287,087.98
TUMBLER RIDGE LIBRARY ASSOCIATION	320,005.00
C. CHANDLER CONTRACTING CELTIC	358,600.94
PEACE RIVER REGIONAL HOSPITAL DISTRICT	461,161.00
COMMERCIAL TRUCK EQUIPMENT CO.	469,771.98
ROLLINS MACHINERY LIMITED	480,026.19
BC HYDRO	496,929.73
MUNICIPAL PENSION FUND	554,059.01
FINNING (CANADA)	569,516.97
CANADIAN WESTERN MECHANICAL LTD.	606,713.17
PEACE RIVER REGIONAL DISTRICT	618,132.82
URBAN SYSTEMS	696,795.46
BOALE, WOOD & COMPANY LTD., RECEIVER	701,613.30
RECEIVER GENERAL FOR CANADA	1,081,790.08
MINISTRY OF PROVINCIAL REVENUE	1,082,130.99
D G S ASTRO PAVING LTD.	2,617,987.75
Payments made to suppliers (Over \$25,000)	15,763,921.10
Total paid to suppliers who received aggregate payments of \$25,000 or less:	1,327,244.84
TOTAL PAYMENTS	17,091,165.94

NOTE: AMOUNTS REPORTED INCLUDE GST PAID. THE FEDERAL GOV'T REIMBURSES THE DISTRICT 100% OF THE GST PAID.



The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.

Laura Sanders
Chief Financial Officer

July 3, 2018

Don McPherson
Mayor

July 3, 2018

Consolidated Financial Statements of



THE DISTRICT OF TUMBLER RIDGE

Year ended December 31, 2017



THE DISTRICT OF TUMBLER RIDGE

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DISTRICT OF TUMBLER RIDGE

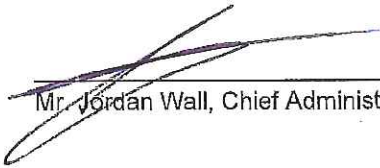
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The District of Tumbler Ridge (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.


Mr. Jordan Wall, Chief Administrative Officer


Ms. Laura Sanders, Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of The District of Tumbler Ridge

We have audited the accompanying consolidated financial statements of The District of Tumbler Ridge, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The District of Tumbler Ridge as at December 31, 2017, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

May 7, 2018



THE DISTRICT OF TUMBLER RIDGE

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for December 31, 2016

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 26,610,202	\$ 27,690,154
Accounts receivable (note 2)	1,029,104	1,068,524
Municipal Finance Authority deposit	29,889	29,302
Investment in Tumbler Ridge Community Forest Corp. (note 3)	1,989,306	887,748
	<u>\$ 29,658,501</u>	<u>\$ 29,675,728</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 564,311	\$ 604,761
Deferred revenue	331,427	35,053
Deposits and holdbacks (note 5)	1,076,651	487,884
Long-term debt, net of sinking funds (note 6)	1,283,241	1,363,917
Obligations under capital lease	-	107,208
	<u>3,255,630</u>	<u>2,598,823</u>
Net financial assets	26,402,871	27,076,905
Non-financial assets:		
Tangible capital assets (note 7)	55,561,622	51,268,391
Inventories	59,688	48,796
Prepaid expenses	68,566	66,125
	<u>55,689,876</u>	<u>51,383,312</u>
Commitments and contingencies (note 9)		
Accumulated surplus (note 8)	<u>\$ 82,092,747</u>	<u>\$ 78,460,217</u>

The accompanying notes are an integral part of these consolidated financial statements.

Chief Administrative Officer

Chief Financial Officer



THE DISTRICT OF TUMBLER RIDGE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenue:			
Net taxation revenue (note 12)	\$ 9,336,278	\$ 9,310,243	\$ 11,264,917
Grants-in-lieu	110,558	106,697	128,866
Government transfers (note 13)			
Provincial	3,925,663	2,940,445	2,480,347
Federal	165,000	173,509	166,820
Regional District	90,000	106,671	98,433
Return on investments	467,500	441,740	546,408
Licenses, fines, and rentals	298,150	218,321	347,714
Sale of services	570,050	570,814	723,953
Water and sewer	1,017,000	1,007,401	1,018,350
Gain on sale of tangible capital assets	-	58,376	9,870
Equity in earnings of Tumbler Ridge Community Forest Corp.	-	1,101,558	100,130
Total revenues	15,980,199	16,035,775	16,885,808
Expenses:			
General government services	2,171,039	2,162,941	2,382,506
Protective services	547,579	506,826	560,135
Transportation services	1,427,762	1,616,971	1,461,445
Environmental health services	401,950	416,833	391,934
Economic development services	311,319	386,453	558,381
Parks and recreation	2,862,596	2,772,707	2,856,848
Sanitary sewer services	192,076	189,856	187,940
Water services	459,494	398,670	390,393
Grants to other community organizations	640,300	580,423	638,604
Cemetary care	5,000	6,083	7,033
Interest	120,728	127,488	142,122
Amortization	-	2,832,286	2,486,311
Special Projects	481,152	405,708	-
Total expenditures	9,620,995	12,403,245	12,063,652
Annual surplus	6,359,204	3,632,530	4,822,156
Accumulated surplus, beginning of year	78,460,217	78,460,217	73,638,061
Accumulated surplus, end of year	\$ 84,819,421	\$ 82,092,747	\$ 78,460,217

The accompanying notes are an integral part of these consolidated financial statements.



THE DISTRICT OF TUMBLER RIDGE

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	Total 2017	Total 2016
Annual surplus	\$ 1,816,265	\$ 3,632,530	\$ 4,822,156
Acquisition of tangible capital assets	(10,718,520)	(7,163,407)	(4,055,936)
Amortization of tangible capital assets	-	2,832,286	2,486,311
Proceeds on sale of tangible capital assets	-	96,277	9,870
Gain on sale of tangible capital assets	-	(58,376)	(9,870)
	(8,902,255)	(660,690)	3,252,531
Acquisition of inventories and supplies	-	(59,689)	(48,796)
Acquisition of prepaid expenses	-	(68,566)	(66,125)
Consumption of inventories and supplies	-	48,796	50,292
Use of prepaid expenses	-	66,125	240,762
	-	(13,334)	176,133
Change in net financial assets	(8,902,255)	(674,024)	3,428,664
Net financial assets, beginning of year	27,076,895	27,076,895	23,648,241
Net financial assets, end of year	\$ 18,174,640	\$ 26,402,871	\$ 27,076,905

The accompanying notes are an integral part of these consolidated financial statements.



THE DISTRICT OF TUMBLER RIDGE

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,632,530	\$ 4,822,156
Items not involving cash:		
Amortization of tangible capital assets	2,832,286	2,486,311
Gain on sale of tangible capital assets	(58,376)	(9,870)
Equity in earnings of Tumbler Ridge Community Forest Corp.	(1,101,557)	(100,130)
Changes in non-cash operating working capital:		
Accounts receivable	39,420	475,348
Deposits - Municipal Finance Authority	(587)	(833)
Accounts payable and accrued liabilities	(40,462)	(243,526)
Deferred revenue	296,374	(3,373)
Deposits and holdbacks	588,767	153,834
Inventories	(10,892)	1,496
Prepaid expenses	(2,441)	174,636
Net change in cash from operating activities	6,175,062	7,756,049
Capital activities:		
Proceeds on sale of tangible capital assets	96,277	9,870
Acquisition of tangible capital assets	(7,163,407)	(4,055,936)
Net change in cash from capital activities	(7,067,130)	(4,046,066)
Financing activities:		
Repayment of long term debt	(80,676)	(147,896)
Repayment of obligations under capital lease	(107,208)	(53,136)
Net change in cash from financing activities	(187,884)	(201,032)
(Decrease) increase in cash and cash equivalents	(1,079,952)	3,508,951
Cash and cash equivalents, beginning of year	27,690,154	24,181,203
Cash and cash equivalents, end of year	\$ 26,610,202	\$ 27,690,154

The accompanying notes are an integral part of these consolidated financial statements.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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.

1. Significant accounting policies:

The consolidated financial statements of the District are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation:

(i) 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.

(ii) 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.

(iii) Trust funds:

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



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iv) 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 PSAB. 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.

(b) 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.

(c) Cash and cash equivalents:

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

(d) Investments:

Investment included in cash equivalents are stated at the lower of cost and market value.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(e) Deferred revenue:

The District defers revenues that represent licences, permits and other fees which have been collected, but for which the related services or inspection have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and are refundable under certain circumstances. When qualifying expenses are incurred, amounts are recognized as revenue at amounts equal to qualifying expenses.

(f) Long-term debt:

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

(g) 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.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset. Amortization is recorded on a straight-line basis over the estimated useful life of tangible capital asset commencing in the first year of its productive use as follows:

Asset	Useful life - years
Building	1 - 80
Engineered infrastructure	1 - 100
Equipment	1 - 20
Furniture and fixtures	3 - 10
IT infrastructure	1 - 7
Land improvements	10 - 80
Vehicles	1 - 20



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

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

(iv) Works of art and cultural and historic assets:

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

(v) Interest capitalization:

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

(vi) Inventories:

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

(h) 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 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.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(i) 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.

(j) 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.

(k) 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.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(l) 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:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

2. Accounts receivable:

	2017	2016
Federal government	\$ 359,672	\$ 123,183
Provincial government	26,585	16,607
Taxation:		
Current	266,642	304,875
Arrears/delinquent	184,438	211,364
Tax sale properties	26,707	190,782
Accounts receivable - trade	113,231	171,160
Interest accrual	51,829	50,553
	\$ 1,029,104	\$ 1,068,524



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

3. Investment in Tumbler Ridge Community Forest Corp.:

	2017	2016
Investment		
Investment in shares of the Corporation	\$ 200,000	\$ 200,000
Accumulated surplus	1,789,305	687,748
	\$ 1,989,305	\$ 887,748

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

	2017	2016
(i) Financial position:		
Assets:		
Current	\$ 2,850,451	\$ 1,576,981
	\$ 2,850,451	\$ 1,576,981
Liabilities:		
Current	\$ 156,110	\$ 64,090
Silviculture obligation	705,036	625,143
Total liabilities	861,146	689,233
Equity:		
Share capital	200,000	200,000
Retained earning	1,789,305	687,748
Total equity	1,989,305	887,748
Total liabilities and equity	\$ 2,850,451	\$ 1,576,981
(ii) Operations:		
Revenue	\$ 1,794,904	\$ 597,818
Expenses	693,347	497,688
	\$ 1,101,557	\$ 100,130



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Accounts payable and accrued liabilities:

	2017	2016
Accounts payable - trade	\$ 352,874	\$ 424,962
Due to other governments	4,919	11,680
Payroll wages and benefits	149,097	133,314
Due to purchasers of tax sale properties	57,423	34,805
	<u>\$ 564,313</u>	<u>\$ 604,761</u>

5. Deposits and holdbacks:

	2017	2016
Building deposits	\$ 797,094	\$ 388,140
Holdbacks	276,624	96,811
Builders/Performance bonds	1,309	1,309
Other	1,624	1,624
	<u>\$ 1,076,651</u>	<u>\$ 487,884</u>



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Long-term debt, net of sinking funds:

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.

	Bylaw number	Interest rate	Year of maturity	Gross debt	Sinking funds assets	Net debt 2017	Net debt 2016
General:							
Community Centre	542	4.85%	2024	\$ 1,421,912	\$ 138,671	\$1,283,241	\$1,363,917

- (a) Principal and sinking fund payments due within the next five years and onward are as follows:

	Total
2018	\$ 114,206
2019	114,206
2020	114,206
2021	114,206
2022	114,206
Onward	228,412
	799,442
Estimated sinking fund income	483,799
	\$ 1,283,241

- (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 Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Tangible capital assets:

	2017							Total
	Engineered infrastructure	Vehicles	Buildings	Equipment	Infrastructure	IT	Furniture & fixtures	
Cost:								
Balance, beginning of year	\$ 38,276,443	\$ 5,281,649	\$ 36,214,101	\$ 4,491,978	\$ 1,325,530	\$ 615,923	10,790,112	96,995,736
Additions	4,159,221	1,548,186	362,063	762,547	-	149,319	182,072	7,163,408
Disposals	(66,188)	(1,100,543)	(33,152)	(178,250)	-	-	(40,000)	(1,418,133)
Balance, end of year	42,369,476	5,729,292	36,543,012	5,076,275	1,325,530	765,242	10,932,184	102,741,011
Accumulated amortization:								
Balance, beginning of year	16,277,000	2,973,564	20,411,136	2,784,189	996,143	392,428	1,892,885	45,727,345
Amortization expense	869,613	321,723	1,008,902	300,493	96,583	63,791	151,181	2,832,286
Disposals	(44,233)	(1,100,543)	(33,152)	(162,316)	-	-	(40,000)	(1,380,244)
Balance, end of year	17,122,380	2,194,744	21,386,886	2,922,366	1,092,726	456,219	2,004,066	47,179,387
Net book value, end of year	\$ 25,247,096	\$ 3,534,548	\$ 15,156,126	\$ 2,153,909	\$ 232,804	\$ 309,023	\$ 8,928,118	\$ 55,561,624



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Tangible capital assets (continued):

	2016							
	Engineered infrastructure	Vehicles	Buildings	Equipment	IT infrastructure	Furniture & fixtures	Land & land improvements	Total
Cost:								
Balance, beginning of year	\$ 37,608,070	\$ 4,249,542	\$ 35,580,797	\$ 3,927,244	\$ 1,295,961	\$ 533,689	\$ 9,928,171	\$ 93,123,474
Additions	668,373	1,215,781	633,304	564,734	29,569	82,234	861,941	4,055,936
Disposals	-	(183,674)	-	-	-	-	-	(183,674)
Balance, end of year	38,276,443	5,281,649	36,214,101	4,491,978	1,325,530	615,923	10,790,112	96,995,736
Accumulated amortization:								
Balance, beginning of year	15,532,869	2,927,564	19,469,480	2,514,048	897,506	334,303	1,748,938	43,424,708
Amortization expense	744,131	229,674	941,656	270,141	98,637	58,125	143,947	2,486,311
Disposal	-	(183,674)	-	-	-	-	-	(183,674)
Balance, end of year	16,277,000	2,973,564	20,411,136	2,784,189	996,143	392,428	1,892,885	45,727,345
	\$ 21,999,443	\$ 2,308,085	\$ 15,802,965	\$ 1,707,789	\$ 329,387	\$ 223,495	\$ 8,897,227	\$ 51,268,391



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 54,278,381	\$ 49,797,266
Operating funds	19,898,015	17,946,522
Total surplus	74,176,396	67,743,788
Reserve funds set aside for specific purposes by Council:		
Stabilization	2,390,565	2,266,612
Equipment replacement	791,969	1,859,067
Land sales	516,258	510,065
Municipal buildings	29,517	29,163
RCMP building	92,814	91,701
Drainage	904,865	894,010
Parking	29,675	29,149
Water	586,093	643,795
Sewer	1,216,252	1,202,567
Cemetery maintenance	1,241	1,241
General	1,186,290	3,023,278
Gas tax	170,812	165,781
Total reserves	7,916,351	10,716,429
	\$ 82,092,747	\$ 78,460,217

9. Commitments and contingencies (note 9):

(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.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Commitments and contingencies (note 9) (continued):

(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, 2017 totaled \$90,701 (2016 - \$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 the defendant in various lawsuits. In the opinion of management, the overall estimation of loss is not 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.

(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, 2017, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Commitments and contingencies (note 9) (continued):

(e) Pension liability (continued);

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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The District of Tumbler Ridge paid \$298,906 (2016 - \$283,856) for employer contributions.

The next valuation will be as at December 31, 2018, with results available in 2019.

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 transmit property taxes levied on Hudson's Hope 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



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Commitments and contingencies (note 9) (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.

The largest three property taxation accounts provides 45% of the District's property taxation revenue, whereas the largest ten property taxation accounts provides 60% of the District's property taxation revenue.

(h) Property taxes:

The District may be contingently liable to a taxpayer of the District whom is appealing the property value assessment with 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 amount, and likelihood of the liability is unknown as of the date of these financial statements.

10. 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.



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information (continued):

c) Transportation Services:

Transportation services is responsible for a wide variety of services including the development and maintenance of the District's roadway systems through the Public Works department, snow removal, and street lighting.

d) 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.

e) 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.

f) 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.

g) 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.

h) 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 Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information (continued):

	2017								
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services	Total
Revenue:									
Taxation	\$ 9,310,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,310,243
Grants in lieu	106,697	-	-	-	-	-	-	-	106,697
Sale of services	154,450	-	-	416,365	-	-	-	-	570,815
Investment income	441,740	-	-	-	-	-	-	-	441,740
Government transfers	3,220,625	-	-	-	-	-	-	-	3,220,625
Other	1,378,254	-	-	-	-	-	692,019	315,382	2,385,655
Total revenue	14,612,009	-	-	416,365	-	-	692,019	315,382	16,035,775
Expenses:									
Salaries, wages and employee benefits	970,138	317,061	912,869	1,882,510	234,678	221,506	100,395	171,623	4,810,780
Operating	1,886,137	181,444	692,071	823,374	-	164,947	75,177	212,094	4,035,244
Legislature	100,973	-	-	-	-	-	-	-	100,973
Amortization	2,832,286	-	-	-	-	-	-	-	2,832,286
Interest	127,485	-	-	-	-	-	-	345	127,830
Insurance	18,524	8,321	12,031	66,824	857	-	14,283	14,608	135,448
Professional fees	179,387	-	-	-	-	-	-	-	179,387
Garbage	-	-	-	-	181,297	-	-	-	181,297
Total expenses	6,114,930	506,826	1,616,971	2,772,708	416,832	386,453	189,855	398,670	12,403,245
Annual surplus (deficit)	\$ 8,497,079	\$ (508,826)	\$ (1,616,971)	\$ 3,189,073	\$ (416,832)	\$ (386,453)	\$ 502,164	\$ (83,288)	\$ 3,632,530



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Segmented information (continued):

	2016								
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services	Total
Revenue:									
Taxation	\$ 11,264,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,264,917
Grants in lieu	128,866	-	-	-	-	-	-	-	128,866
Sale of services	138,780	-	-	585,173	-	-	-	-	723,953
Investment income	546,408	-	-	-	-	-	-	-	546,408
Government transfers	2,745,600	-	-	-	-	-	-	-	2,745,600
Other	457,714	-	-	-	-	-	698,543	319,807	1,476,064
Total revenue	15,282,285	-	-	585,173	-	-	698,543	319,807	16,885,808
Expenses:									
Salaries, wages and employee benefits	895,310	338,860	879,122	1,706,177	233,691	297,623	170,562	75,212	4,596,557
Operating	1,808,340	205,485	568,178	1,039,315	-	289,132	209,320	101,445	4,221,215
Legislature	95,113	-	-	-	-	-	-	-	95,113
Amortization	2,486,311	-	-	-	-	-	-	-	2,486,311
Interest	142,122	-	-	-	-	-	-	-	142,122
Insurance	13,132	15,790	14,145	68,715	798	10,465	10,511	11,283	144,839
Professional fees	216,248	-	-	-	-	-	-	-	216,248
Garbage	-	-	-	-	161,247	-	-	-	161,247
Total expenses	5,656,576	560,135	1,461,445	2,814,207	395,736	597,220	390,393	187,940	12,063,652
Annual surplus (deficit)	\$ 9,625,709	\$ (560,135)	\$ (1,461,445)	\$ (2,397,842)	\$ (395,736)	\$ (597,220)	\$ 308,150	\$ 131,867	\$ 4,822,156



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. 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.

	2017	2016
Alaska Challenge account	\$ 2,000	\$ 1,974
Cemetery Perpetual Care account	291	287
	<u>\$ 2,291</u>	<u>\$ 2,261</u>



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

12. Net taxation revenue:

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

	2017	2016
Taxes collected:		
General purposes	\$ 9,310,243	\$ 11,264,917
Collection of other governments	2,510,285	2,833,035
	11,820,528	14,097,952
Transfers to other governments:		
Ministry of Education, Province of British Columbia	1,437,528	1,554,187
Peace River Regional Hospital District	458,229	506,892
Peace River Regional District	325,526	413,815
British Columbia Assessment Authority	71,153	87,083
Municipal Finance Authority of British Columbia	157	174
Royal Canadian Mounted Police	217,692	270,884
	2,510,285	2,833,035
	\$ 9,310,243	\$ 11,264,917



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

13. Government transfers:

The District recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	2017	2016
Provincial grants:		
Unconditional	\$ 418,790	\$ 375,219
Stimulus	2,379,065	1,992,339
Miscellaneous	142,590	112,789
Subtotal provincial grants	2,940,445	2,480,347
Federal grants:		
Gas tax	168,409	166,820
Miscellaneous	5,100	-
Subtotal federal grants	173,509	166,820
Regional District:		
Waste management	106,671	98,433
	\$ 3,220,625	\$ 2,745,600



THE DISTRICT OF TUMBLER RIDGE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Comparative figures:

Certain of comparative figures have been reclassified to conform with the presentation adopted in the current year. These changes do not affect prior year surplus.

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Council on May 10, 2017. Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenues:	
Operating budget	\$ 17,324,064
Less:	
Site 18	(1,341,865)
Internal costs	(2,000)
Total revenue	15,980,199
Expenses:	
Operating budget	11,153,380
Less:	
Site 18	(1,341,865)
Internal costs	(190,520)
	9,620,995
	\$ 6,359,204
