

2019 Annual Report

District of Tumbler Ridge



FOR THE YEAR ENDING DECEMBER 31, 2019

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District of Tumbler Ridge Municipal Office



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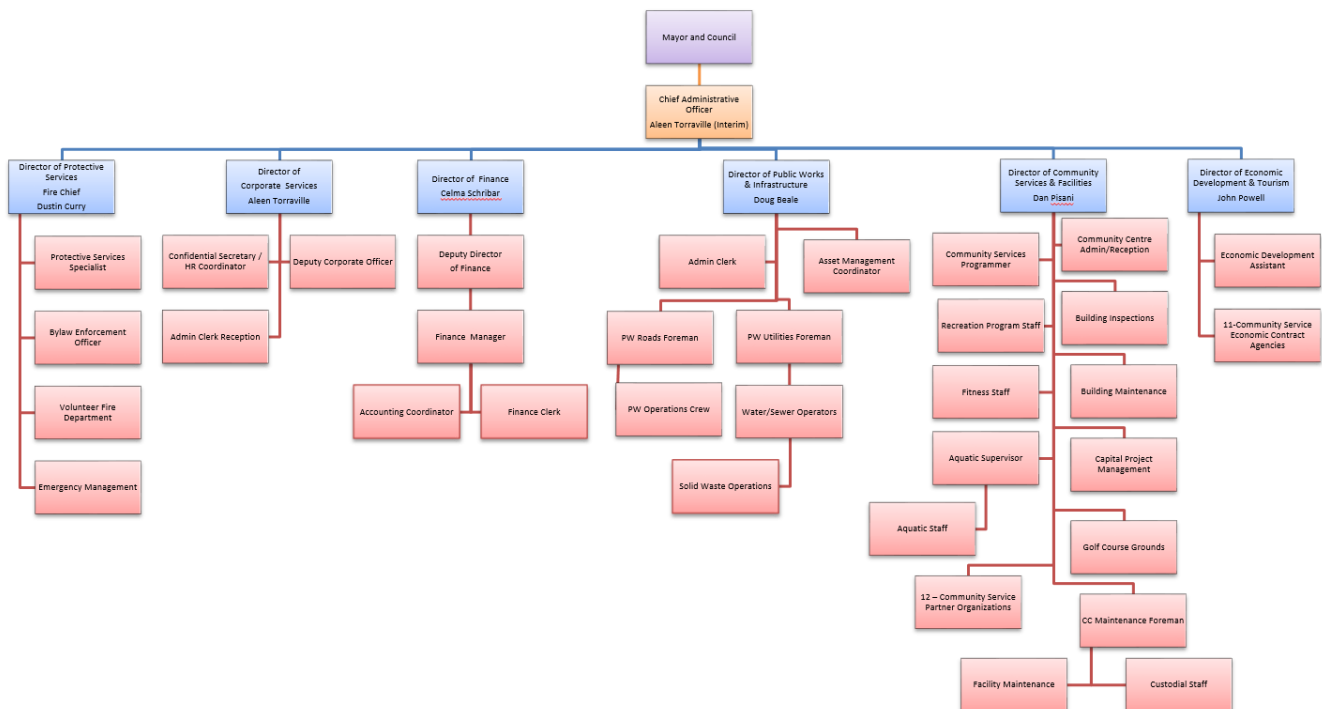
Facebook: <https://www.facebook.com/DistrictOfTumblerRidge/>



MISSION STATEMENT

Council is committed to excellence in government that reflects our citizens' interests, values and goals. We will strive to deliver quality public services in a proactive and responsible manner while ensuring our objectives are clearly communicated to our citizens. We will strive to strengthen and diversify our economy by balancing public safety, industrial development, environmental responsibility and sustainability.

ORGANIZATIONAL CHART



INTRODUCTION

The *Community Charter* requires municipalities in British Columbia to prepare an “Annual Report” for its stakeholders. The Annual Report shall outline the following:

- ❖ A report respecting municipal services and operations for the previous year;
- ❖ A progress report respecting the previous year in relation to the objectives and measures established for that year;
- ❖ A statement of municipal objectives, and the measures that will be used to determine progress respecting those objectives, for the current year and next year(s);
- ❖ Any declarations of disqualification made under the *Community Charter* in the previous year, including identification of a Council member or former Council member involved and the nature of the disqualification;
- ❖ For each permissive tax exemption provided by Council under the Community Charter, the amount of property taxes that would have been imposed on the property in the previous year if it were not exempt from taxes; and,
- ❖ Any other information the Council considers advisable.

In addition, the Annual Report contains a copy of the Audited Annual Financial Statements for the municipality for the previous year.

We hope that the report will provide a meaningful overview of the District’s operations for 2019 and projected operations for 2020 and beyond.



MAYOR AND COUNCIL

It is the role of Council to act as the governing body of the municipal corporation. Council makes decisions necessary for the successful and continuing operation of the municipality and represents the best interests of the citizens of the municipality as a whole.

Council is a continuing body, notwithstanding changes in its membership by election or appointment, and exercises its powers through resolutions and bylaws passed in open meetings. Council acts as a collective body. It is important to note that the members of Council cannot make valid and binding decisions independently, unless expressed authority has been granted or legislated.

Council acts to foster economic and social opportunities for the community, and strives to advance the goals and objectives of the municipality.



(Left to Right)

Councillor Will Howe, Councillor Darryl Krakowka, Councillor Chris Norbury, Mayor Keith Bertrand, Councillor Bernie Lehmann, Councillor Joanne Kirby, Councillor Curtis Miedzinski

MAYOR'S ROLE

The Mayor is the Head and Chief Executive Officer of the Municipality. In addition to the Mayor's responsibilities as a member of Council, the Mayor is responsible to provide leadership to Council, including recommending bylaws, resolutions and other measures that, in the Mayor's opinion, may assist the peace, order and good government of the municipality. The Mayor's role is also to communicate information to Council, general direction to municipal officers respecting implementation of municipal policies, programs and other directions of the Council and to represent the best interests of the citizens of the Municipality.



COUNCILLOR'S ROLE

Every Council member is responsible to contribute to the development and evaluation of the policies and programs of the Municipality respecting its services and other activities; to participate in Council meetings, Committee meetings and meetings of other bodies to which a member is appointed; to carry out the duties assigned by Council; to consider the well-being and interests of the corporation; and to represent the best interests of the citizens of the Municipality.

Declarations of Disqualification

There were no declarations or disqualifications made under Section III of the *Community Charter* in 2019.



2019 STRATEGIC PRIORITIES

CHIEF ADMINISTRATIVE OFFICER

Asset Management Progress
Fair Grounds Decommission Design
Task Management System
High Speed Internet
Child Care Spaces

FINANCE

Deputy CFO Training
Implementation of new Budgeting Software
Produce Consolidated Financial Plan
Audit Financial Statements
LGDE, CARIP and SOFI Statements

OPERATIONS

Vactor Replacement
Snow Clearing Policy Creation
Storm Water Drainage Upgrades
Airport Terminal Assessment
Sukunka Water Issues
Recycling Report
Steeprock Strata Service Levels
PW Public Storage Yard
Establish Single Labour Pool
Tire Chain Sign Installation
Paved Looped Waling Path Trail System
Wrapped Garbage Bins & Electrical Boxes

CORPORATE ADMINISTRATION

Downtown Zoning Report

PROTECTIVE SERVICES

Emergency Response Training
Bear Smart Community Assessment
Recruit New Members
Animal Control Bylaw Options
Fire Services and Officer Bylaw

ECONOMIC DEVELOPMENT

Rural Residential Lot Creation
Entrance Signs
Age Friendly Grant
Coal Forum
Tourism Strategy Update
For Sale Signs on Lots

COMMUNITY SERVICES

Recreation and Parks Master Plan
Recreation Pass Benefit
Golf Course Boundary Issues
Design for Town Hall and other Buildings
Golf Course Repairs and Upgrades
Repair Public Works & Fire Hall Buildings
Hockey Camp Package & Ice Installation
Ice Use Policy
Ice Block User Policy
Curling Rink Upgrades for Rentals
Golf Course Advertising
Naming Rights Policy

2019 Annual Report

CHIEF ADMINISTRATIVE OFFICER'S REPORT

The Chief Administrative Officer for the District of Tumbler Ridge serves Council directly and acts as the primary liaison between staff, the Mayor's Office and District Council. The CAO is responsible for service delivery within the District as well as policy developments and governance advice to Mayor and Council.

The District of Tumbler Ridge Annual Report contains a summary of highlights which have taken place during a busy and productive 2019. While we continue to provide core services to our residents, the management team and staff continue to undertake a number of initiatives and services identified in Council's Strategic Plan.

A number of staffing changes took place within the organization with the retirement of the Chief Financial Officer. A replacement was hired from within through succession planning. The vacant position of Director of Community Services within the Community Services department was also filled.

2019 was an exciting year that presented many opportunities for growth within the organization and the community. Throughout the year, the District completed a number of capital projects that focused on replacing key infrastructure in order to maintain the amazing quality of life we have all come to enjoy in our community.

The progress with asset management continues and is a key factor for effective planning, financial resources, quality engineering, effective operations and maintenance. Along with support from stakeholders this makes up the essential components to supply the long term levels of satisfactory service to the community. Council adopted a fleet replacement policy, an asphalt replacement policy and an airport infrastructure replacement schedule policy. Having these policies will have significant benefits relative to long-term replacement schedules, estimated replacement costs and a longer term financial plan that will assist Council with their strategic and financial planning.

I am looking forward to the coming year and all of the exciting opportunities!



Aleen Torraville
Interim Chief Administrative Officer

MUNICIPAL SERVICES

Taxpayers and residents can overlook the sheer volume and value of services provided by their local governments. While a great number of services are provided by local governments, often less than half of the property tax bill goes to the local government.



Some of the services provided by the District of Tumbler Ridge include:

- | | |
|-------------------------------|--|
| Road Maintenance | ❖ Including paving, pot hole patching and crack repairs; maintenance of sidewalks and shoulders; maintenance and installation of signage; line painting; maintenance of public parking areas; snow removal; street sweeping; ditch and storm drainage maintenance. |
| Water Systems | ❖ Provision of drinking water; provision of water and hydrants for fire protection purposes; water conservation initiatives. |
| Sewer Systems | ❖ Collection, treatment and disposal of domestic sanitary sewage. |
| Solid Waste Collection | ❖ Residential and commercial solid waste (garbage) collection and disposal through contract service. |
| Parks Facilities | ❖ Maintenance of community owned parks and facilities; parks equipment maintenance and upgrading. |
| Cemetery Services | ❖ Maintenance and operation of the community cemetery. |
| Animal Control | ❖ Provision of animal control services (primarily dog control and licensing). |
| Building Inspection | ❖ Provision of building inspection services to provide compliance with Provincial building, plumbing and fire code regulations. |

Subdivision Approvals

- ❖ Subdivision approvals to ensure compliance with local land development regulations to ensure a level of consistency in land servicing.

Zoning and Land Use

- ❖ Provision of regulations to ensure a level of consistency and advance indication of land uses.

Bylaw Enforcement

- ❖ Enforcement of local land use, noise, nuisance and related regulations. *Enforcement initiated upon complaint.*

Economic Development

- ❖ Attraction of economic development interests and new business opportunities as well as business retention promotion.

Tourism Development

- ❖ Promotion of tourism development and tourism attraction opportunities.

**Recreation Centre and Programs
Protective Services (Fire Department)**

- ❖ Provision of recreational facilities and programs.
- ❖ Provision of fire protection services in and around Tumbler Ridge.

Municipal Emergency Plan

- ❖ Provision of guidelines to meet the local government's responsibilities to prepare for, respond to and recover from disasters or emergencies.

Airport

- ❖ Provision of airport services for small aircraft and helicopters.



DEPARTMENTAL SERVICES

Office of the Chief Administrative Officer

The Chief Administrative Officer provides advice to the Municipal Council related to policies and emerging issues as well as provides leadership and manages internal operations to assist departments in meeting their responsibilities. The Chief Administrative Officer ensures that all departments utilize effective and efficient management principles, and challenges each department to strive for better performance.

Programs & Services

The CAO is responsible to Council for the efficient management of the municipal workforce, and for seeing that Council's directions and policies are carried out. The CAO provides leadership to the Corporate Management Team in the discharge of their responsibilities.

The CAO oversees the following function areas:

- ❖ Building Services
- ❖ Corporate Administration Services;
- ❖ Financial & IT Services;
- ❖ Fire & Bylaw Enforcement Services;
- ❖ Economic Development & Tourism;
- ❖ Recreational Services;
- ❖ Operational Services; and
- ❖ Planning



DISTRICT OF TUMBLER RIDGE**PERMISSIVE TAX EXEMPTION****Municipal Exempt Tax Values**

Registered Owner	Roll Number	Civic Address	2019
Permissive Exemptions			
DTR - TR Curling Club	517.001	340 Front Street	892.16
DTR - TR Oldtimers Hockey Club	517.002	340 Front Street	394.58
DTR - TR Lions Club	517.003	340 Front Street	121.86
DTR - Municipal Library	517.004	340 Front Street	4,855.36
DTR - TR Youth Services	517.005	340 Front Street	1,034.32
DTR - TR Children's Society	517.006	340 Front Street	1,079.17
DTR - TR Arts Council	517.007	340 Front Street	78.34
DTR - TR Snowmobile Club	520.010	Lot 2 Becker Road	40.62
DTR - TR Museum	575.531	255 Murray Drive	35,918.34
DTR - TR Museum	575.531	255 Murray Drive	398.78
DTR - Community Garden	575.532	255 Murray Drive	159.57
DTR - Community Garden	575.532	255 Murray Drive	266.09
DTR - Grizzly Valley Saddle Club	624.000	MacKenzie Way	4,186.60
TR Branch Royal Canadian Legion	645.000	380 Pioneer Loop	132.01
TR Branch Royal Canadian Legion	645.000	380 Pioneer Loop	277.38
DTR - TR Sportsman's Association			2,257.85
TOTAL Permissive Exemptions			52,093.02
Statutory Exemptions			
Pentacostal Assemblies of Canada	575.525	275 Murray Drive	3,287.62
TR Fellowship Baptist Church	543.001	115 Commercial Park	1,357.25
Roman Catholic Episcopal Corporation	590.100	103 Commercial Park	3,418.90
Seventh Day Adventist	637.001	107 Commercial Park	1,541.47
TOTAL Statutory Exemptions			9,605.23
TOTAL Exemptions			61,698.25

THE DISTRICT OF TUMBLER RIDGE
Financial Statements
Year Ended December 31, 2019

THE DISTRICT OF TUMBLER RIDGE
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Year Ended December 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.



Chief Financial Officer



Mayor

Tumbler Ridge, BC

CHARTERED PROFESSIONAL ACCOUNTANTS

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

To the Mayor and Council of The District of Tumbler Ridge

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The District of Tumbler Ridge (the District), which comprise the statement of financial position as at December 31, 2019, 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, 2019, and the results of its operations and 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 District in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 15, 2019.

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

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

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.

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 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 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 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 4, 2020

Sander Rose Bone Grindle LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE DISTRICT OF TUMBLER RIDGE**Statement of Financial Position****December 31, 2019**

2019

2018

FINANCIAL ASSETS

Cash	\$ 11,573,253	\$ 9,065,999
Accounts receivable (Note 3)	911,537	1,076,226
Investments	18,698,343	18,414,754
Municipal Finance Authority deposit	31,138	30,537
Investment in Tumbler Ridge Community Forest Corp. (Note 4)	2,029,820	2,629,855
	33,244,091	31,217,371

FINANCIAL LIABILITIES

Accounts payable and accrued liabilities (Note 5)	1,121,028	366,048
Deferred revenue	216,524	254,682
Deposits and holdbacks (Note 6)	1,014,225	1,395,525
Long term debt, net of sinking funds (Note 7)	910,709	1,080,938
	3,262,486	3,097,193

NET FINANCIAL ASSETS**29,981,605** **28,120,178****NON-FINANCIAL ASSETS**

Tangible capital assets (Note 8)	55,623,800	57,500,331
Inventories	63,460	51,065
Prepaid expenses	52,245	105,708
	55,739,505	57,657,104

ACCUMULATED SURPLUS (Note 10)**\$ 85,721,120** **\$ 85,777,282**

Approved by

Chief Financial Officer

THE DISTRICT OF TUMBLER RIDGE
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Net taxation revenue (Note 12)	\$ 9,026,093	\$ 9,028,669	\$ 9,497,608
Grant-in-lieu	109,054	109,310	86,365
Government transfers (Note 13)	3,820,600	2,587,287	3,242,822
Return on investments	618,463	591,775	575,054
Licenses, fines, and rentals	237,600	219,997	244,274
Sale of services	671,485	852,666	782,481
Water and sewer	1,009,200	989,290	1,010,841
Gain on sale of tangible capital assets	-	5,958	22,161
Equity in earnings of Tumbler Ridge Community Forest Corp.	-	(600,034)	640,549
	15,492,495	13,784,918	16,102,155
EXPENSES			
General government	3,401,157	2,524,866	2,285,347
Protective services	611,804	575,081	505,851
Transportation services	2,431,866	1,642,722	1,576,659
Environmental health services	353,277	507,864	429,805
Economic development services	887,060	474,160	331,226
Parks and recreation	3,119,737	3,327,363	2,968,361
Sewer services	250,599	483,897	210,382
Water services	402,003	429,636	358,539
Grants to other community organizations	629,630	560,321	311,133
Cemetery care	-	24,795	13,075
Interest	112,203	96,458	124,517
Amortization	-	3,186,321	3,016,267
Other	8,200	7,596	286,458
	12,207,536	13,841,080	12,417,620
ANNUAL SURPLUS (DEFICIT)	3,284,959	(56,162)	3,684,535
ACCUMULATED SURPLUS - BEGINNING OF YEAR	85,777,282	85,777,282	82,092,747
ACCUMULATED SURPLUS - END OF YEAR	\$ 89,062,241	\$ 85,721,120	\$ 85,777,282

THE DISTRICT OF TUMBLER RIDGE
Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
ANNUAL SURPLUS (DEFICIT)	\$ 3,284,959	\$ (56,162)	\$ 3,684,535
Purchase of tangible capital assets	(2,408,000)	(1,303,833)	(4,999,767)
Amortization of tangible capital assets	-	3,186,321	3,016,267
Proceeds on disposal of tangible capital assets	-	-	66,952
Loss (gain) on disposal of assets	-	(5,958)	(22,161)
Acquisition of inventories	-	(63,460)	(51,065)
Acquisition of prepaid expenses	-	(52,245)	(105,708)
Consumption of inventories	-	51,065	59,688
Use of prepaid expenses	-	105,699	68,566
	(2,408,000)	1,917,589	(1,967,228)
INCREASE IN NET FINANCIAL ASSETS	876,959	1,861,427	1,717,307
NET FINANCIAL ASSETS - BEGINNING OF YEAR	28,120,178	28,120,178	26,402,871
NET FINANCIAL ASSETS - END OF YEAR	\$ 28,997,137	\$ 29,981,605	\$ 28,120,178

THE DISTRICT OF TUMBLER RIDGE
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (56,162)	\$ 3,684,535
Items not affecting cash:		
Amortization of tangible capital assets	3,186,321	3,016,267
Gain on sale of tangible capital assets	(5,958)	(22,161)
Equity in earnings of Tumbler Ridge Community Forest Corp.	600,034	(640,549)
	3,724,235	6,038,092
Changes in non-cash working capital:		
Accounts receivable - decrease (increase)	164,689	(98,951)
Municipal Finance Authority deposit - (increase)	(601)	(648)
Accounts payable - increase (decrease)	754,980	(198,264)
Deferred revenue - (increase)	(38,158)	(76,745)
Deposits received - (decrease) increase	(381,300)	318,874
Inventories - (increase) decrease	(12,395)	8,623
Prepaid expenses - decrease (increase)	53,463	(37,142)
	540,678	(84,253)
Cash flow from operating activities	4,264,913	5,953,839
INVESTING ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	66,952
Purchase of tangible capital assets	(1,303,833)	(4,999,767)
Cash flow used by investing activities	(1,303,833)	(4,932,815)
FINANCING ACTIVITIES		
Repayment of long term debt	(170,228)	(202,303)
Purchase of guaranteed investment certificates	(283,598)	(5,157,624)
Cash flow used by financing activities	(453,826)	(5,359,927)
INCREASE (DECREASE) IN CASH FLOW	2,507,254	(4,338,903)
Cash - beginning of year	9,065,999	13,404,902
CASH - END OF YEAR	\$ 11,573,253	\$ 9,065,999

THE DISTRICT OF TUMBLER RIDGE

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019

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, 2019

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.

(continues)

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

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

	2019	2018
Goods and services tax recoverable	\$ 71,607	\$ 110,282
Provincial and local government	87,905	317,034
Taxation - current	502,835	239,488
Taxation - arrears/delinquent	123,037	202,857
Tax sale properties	9,655	19,624
Trade	116,498	186,941
	\$ 911,537	\$ 1,076,226

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

4. INVESTMENT IN TUMBLER RIDGE COMMUNITY FOREST CORP.

	2019	2018
Investment in shares of the Corporation	\$ 200,000	\$ 200,000
Accumulated surplus	1,829,820	2,429,855
	\$ 2,029,820	\$ 2,629,855

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

	2019	2018
Financial position:		
Assets:		
Current	\$ 2,889,282	\$ 3,484,174
Total Assets	\$ 2,889,282	\$ 3,484,174

Liabilities:		
Current	110,201	98,190
Silviculture obligation	749,261	756,129
Total liabilities	859,462	854,319

Equity:		
Share capital	200,000	200,000
Retained earnings	1,829,820	2,429,855
Total Liabilities and Equity	\$ 2,889,282	\$ 3,484,174

	2019	2018
Operations:		
Revenue	\$ 73,592	\$ 1,378,080
Expense	673,626	737,531
	\$ (600,034)	\$ 640,549

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade	\$ 922,269	\$ 203,470
Due to other governments	19,935	17,133
Due to purchasers of tax sale properties	-	22,107
Other	710	25,442
Payroll wages and benefits	178,114	97,896
	\$ 1,121,028	\$ 366,048

6. DEPOSITS AND HOLDBACKS

	2019	2018
Building deposits	\$ 517,709	\$ 671,450
Holdbacks	496,321	723,880
Other	195	195
	\$ 1,014,225	\$ 1,395,525

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

7. LONG-TERM DEBT, NET OF SINKING FUNDS

	Bylaw number	Interest rate	Year of maturity	Gross debt	Sinking funds assets	Net debt 2019	Net debt 2018
Community Centre	542	2.25%	2024	\$ 1,170,956	\$ 260,247	\$ 910,709	\$ 1,080,938

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 five years are approximately:

2020	\$ 114,206
2021	114,206
2022	114,206
2023	114,206
2024	114,206
	<u>571,030</u>
Estimated sinking fund income	339,679
	<u>\$ 910,709</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, 2019

8. TANGIBLE CAPITAL ASSETS

Cost	2018 Balance	Additions	Disposals	2019 Balance
Buildings	\$ 36,558,799	\$ 59,805	\$ -	\$ 36,618,604
Engineered infrastructure	46,318,888	830,906	-	47,149,794
Equipment	4,856,823	288,359	-	5,145,182
Furniture and fixtures	821,033	25,555	-	846,588
IT Infrastructure	986,557	-	-	986,557
Land	6,960,479	2,420	-	6,962,899
Land improvements	4,670,443	96,788	-	4,767,231
Vehicles	5,648,359	-	-	5,648,359
	\$106,821,381	\$ 1,303,833	\$ -	\$108,125,214

Accumulated Amortization	2018 Balance	Amortization	Accumulated Amortization on Disposals	2019 Balance
Buildings	\$ 22,315,270	\$ 899,732	\$ -	\$ 23,215,002
Engineered infrastructure	18,134,061	1,324,345	-	19,458,406
Equipment	2,808,747	350,381	(5,958)	3,153,170
Furniture and fixtures	515,553	64,413	-	579,966
IT Infrastructure	876,760	55,284	-	932,044
Land improvements	2,183,681	183,901	-	2,367,582
Vehicles	2,486,978	308,266	-	2,795,244
	\$ 49,321,050	\$ 3,186,322	\$ (5,958)	\$ 52,501,414

Net book value	2019	2018
Buildings	\$ 13,403,602	\$ 14,243,529
Engineered infrastructure	27,691,388	28,184,827
Equipment	1,992,012	2,048,076
Furniture and fixtures	266,622	305,480
IT Infrastructure	54,513	109,797
Land	6,962,899	6,960,479
Land improvements	2,399,649	2,486,762
Vehicles	2,853,115	3,161,381
	\$ 55,623,800	\$ 57,500,331

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

9. 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, 2019 totaled \$90,701 (2018 - \$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.

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THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

9. 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, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 \$299,323 (2018 - \$276,658) for employer contributions to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and 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

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THE DISTRICT OF TUMBLER RIDGE

Notes to Financial Statements

Year Ended December 31, 2019

9. 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.

10. ACCUMULATED SURPLUS

	2019	2018
Surplus		
Invested in tangible capital assets	\$ 54,713,090	\$ 56,419,393
Operating funds	20,095,352	19,960,282
Total surplus	74,808,442	76,379,675
Reserve funds set aside for specific purposes by Council:		
Stabilization	2,863,718	2,496,287
Equipment replacement	1,928,959	1,181,243
Land sales	530,870	520,315
Municipal buildings	29,749	29,749
RCMP building	93,543	93,543
Drainage	911,976	911,976
Parking	29,908	29,908
Water	786,815	786,815
Sewer	1,225,809	1,225,809
Cemetery maintenance	3,080	1,251
General	2,058,045	1,872,564
Gas tax	450,206	248,147
Total reserves	10,912,678	9,397,607
	\$ 85,721,120	\$ 85,777,282

THE DISTRICT OF TUMBLER RIDGE

Notes to Financial Statements

Year Ended December 31, 2019

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.

	2019	2018
Alaska Challenge account	\$ 2,087	\$ 2,040
Cemetery Perpetual Care account	2,364	297
	\$ 4,451	\$ 2,337

12. NET TAXATION REVENUE

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

	2019	2018
Taxes collected:		
General purposes	\$ 9,031,926	\$ 9,468,781
Collection of other governments	2,319,097	2,413,930
	11,351,023	11,882,711
Transfers to other governments:		
Ministry of Education, Province of British Columbi	1,293,055	1,338,848
Peace River Regional Hospital District	420,335	447,814
Peace River Regional District	352,705	318,237
British Columbia Assessment Authority	59,668	68,812
Municipal Finance Authority of British Columbia	145	153
Royal Canadian Mounted Police	196,446	211,239
	2,322,354	2,385,103
	\$ 9,028,669	\$ 9,497,608

THE DISTRICT OF TUMBLER RIDGE

Notes to Financial Statements

Year Ended December 31, 2019

13. GOVERNMENT TRANSFERS

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

	2019	2018
Provincial grants:		
Unconditional	\$ 407,168	\$ 407,646
Stimulus	1,630,870	1,453,351
Miscellaneous	159,522	307,116
Sewer upgrades	-	888,598
Subtotal provincial grants	2,197,560	3,056,711
Federal grants:		
Gas tax	374,433	174,869
Miscellaneous	15,294	11,242
Subtotal federal grants	389,727	186,111
	\$ 2,587,287	\$ 3,242,822

14. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budgets approved by Council on April 17, 2019. 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.

	2019 Budget Amount
Revenue:	
Operating budget	\$ 15,994,685
Less:	
Site 18 funding	(502,190)
Total revenue	15,492,495
Expense:	
Operating budget	12,709,726
Less:	
Site 18 funding	(502,190)
Total expense	12,207,536
	\$ 3,284,959

THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

15. SUBSEQUENT EVENTS

Subsequent to year end a global pandemic was declared by the World Health Organization for the spread of Covid-19. Management expects this global event to have a substantial and material impact on the operations of The District of Tumbler Ridge. The estimated impact of the event is unable to be estimated at the time of release of these financial statements.

16. 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.

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, 2019

17. SEGMENTED INFORMATION (Continued)

	2019								Total
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services	
Revenue:									
Taxation	\$ 9,028,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,028,669
Grants in lieu	109,310	-	-	-	-	-	-	-	109,310
Government transfers	2,587,287	-	-	-	-	-	-	-	2,587,287
Return on investments	591,775	-	-	-	-	-	-	-	591,775
Sale of services	333,350	-	-	519,316	-	-	-	-	852,666
Other	(374,079)	-	-	-	-	-	679,094	310,196	615,211
Total revenue	\$ 12,276,312	\$ -	\$ -	\$ 519,316	\$ -	\$ -	\$ 679,094	\$ 310,196	\$ 13,784,918
Expenses:									
Salaries, wages, and benefits	\$ 1,122,123	\$ 374,541	\$ 922,957	\$ 2,036,705	\$ 292,342	\$ 187,593	\$ 194,531	\$ 118,194	\$ 5,248,986
Operating	1,647,500	180,447	719,260	1,204,874	-	286,567	221,243	350,183	4,610,074
Legislature	130,626	-	-	-	-	-	-	-	130,626
Amortization	3,186,321	-	-	-	-	-	-	-	3,186,321
Interest	96,458	-	-	-	-	-	-	-	96,458
Insurance	19,215	20,093	-	85,784	815	-	13,862	15,520	155,289
Professional fees	198,114	-	-	-	-	-	-	-	198,114
Garbage	-	-	505	-	214,707	-	-	-	215,212
Total expenses	6,400,357	575,081	1,642,722	3,327,363	507,864	474,160	429,636	483,897	13,841,080
Annual surplus (deficit)	\$ 5,875,955	\$ (575,081)	\$ (1,642,722)	\$ (2,808,047)	\$ (507,864)	\$ (474,160)	\$ 249,458	\$ (173,701)	\$ (56,162)

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THE DISTRICT OF TUMBLER RIDGE
Notes to Financial Statements
Year Ended December 31, 2019

Segmented information (continued)

	2018								Total
	General Government	Protective Services	Transportation Services	Parks and Recreation	Environmental Health Services	Economic Development Services	Water Services	Sanitary Sewer Services	
Revenue:									
Taxation	\$ 9,497,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,497,608
Grants in lieu	86,365	-	-	-	-	-	-	-	86,365
Government transfers	3,396,225	-	-	-	-	-	-	-	3,396,225
Return on investments	575,054	-	-	-	-	-	-	-	575,054
Sale of services	171,233	-	-	457,845	-	-	-	-	629,078
Other	906,984	-	-	-	-	-	691,850	318,991	1,917,825
Total revenue	\$ 14,633,469	\$ -	\$ -	\$ 457,845	\$ -	\$ -	\$ 691,850	\$ 318,991	\$ 16,102,155
Expenses:									
Salaries, wages, and benefits	\$ 886,312	\$ 317,495	\$ 891,957	\$ 1,900,235	\$ 252,983	\$ 176,434	\$ 159,371	\$ 92,881	\$ 4,677,668
Operating	1,658,792	179,349	684,510	994,708	-	154,792	184,716	103,263	3,960,130
Legislature	109,574	-	-	-	-	-	-	-	109,574
Amortization	3,016,267	-	-	-	-	-	-	-	3,016,267
Interest	124,517	-	-	-	-	-	-	-	124,517
Insurance	18,359	9,007	-	73,418	821	-	14,452	14,238	130,295
Professional fees	222,976	-	-	-	-	-	-	-	222,976
Garbage	-	-	192	-	176,001	-	-	-	176,193
Total expenses	6,036,797	505,851	1,576,659	2,968,361	429,805	331,226	358,539	210,382	12,417,620
Annual surplus (deficit)	\$ 8,596,672	\$ (505,851)	\$ (1,576,659)	\$ (2,510,516)	\$ (429,805)	\$ (331,226)	\$ 333,311	\$ 108,609	\$ 3,684,535