

DISTRICT OF NEW HAZELTON



2017 Annual Report

District of New Hazelton

2017 Annual Report

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THE DISTRICT OF NEW HAZELTON
Consolidated Financial Statements
As at December 31, 2016

**THE DISTRICT OF NEW HAZELTON
COUNCIL - 2016**

MAYOR
Gail Lowry

COUNCILORS

Braunwyn Henwood
Ray Sturney
Janet Willson

Peter Newbery
George Burns
Mike Weeber

APPOINTED OFFICIALS - 2016

Chief Administrative Officer
Public Works Superintendent

Wendy Hunt
Chris Lawrence

THE DISTRICT OF NEW HAZELTON
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AS AT DECEMBER 31, 2016

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MANAGEMENT'S REPORT

The management of The District Of New Hazelton is responsible for the integrity of the accompanying consolidated financial statements. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and careful judgement of management.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of MNP LLP Chartered Professional Accountants. Their report to the Mayor and Council, stating the scope of their examination and opinion on the consolidated financial statements accompanies this statement.



Gail Lowry
Mayor



Wendy Hunt
Chief Administrative Officer

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of The District of New Hazelton

We have audited the accompanying consolidated financial statements of The District of New Hazelton, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, changes in net assets and cash flow for the year then ended, and 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 the auditors' 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, the auditor considers 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.

We believe that the audit evidence we have obtained 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 financial position of The District of New Hazelton as at December 31, 2016, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Terrace British Columbia
May 05, 2017

MNP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
Financial assets		
Cash and short-term investments - (Note 3)	\$ 2,535,681	\$ 2,386,182
Accounts Receivable, trade and other - (Note 4)	88,714	152,606
Taxes receivable - current	22,074	23,508
Taxes receivable - arrears	10,547	10,969
	2,657,016	2,573,265
Liabilities		
Accounts payable and accrued liabilities	80,568	92,984
Deferred revenue - (Note 5)	514,442	550,005
	595,010	642,989
Net financial assets	2,062,006	1,930,276
Non-financial assets		
Inventory - parts and supplies	95,293	87,284
Tangible capital assets - (Schedule 2)	8,394,186	8,572,839
Prepaid expenses	26,625	7,733
	8,516,104	8,667,856
Accumulated surplus - (Note 7)	\$ 10,578,110	\$ 10,598,132

Commitments and contingencies - (Note 10)

Approved by:


 Gail Lowry
 Mayor


 Wendy Hunt
 Chief Administrative Officer

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2016

	2016	Budget (Note 11)	2015
Revenues			
Net taxes available for municipal purposes - (Note 8)	\$ 602,565	\$ 610,000	\$ 594,363
Utility usage fees	203,600	191,000	169,502
Other fees and sale of goods and services	158,289	107,000	146,005
Government grants and transfers - (Note 9)	596,060	399,000	474,015
ICBC commissions	365,277	313,000	345,375
Investment income	12,742	16,000	15,051
Gain on disposal of Tangible Capital Assets	-	-	34,588
	1,938,533	1,636,000	1,778,899
Expenses			
General government	740,392	1,375,300	706,436
Protective services	90,756	91,990	77,260
Transportation and transit	575,812	717,000	557,192
Recreation and youth services	70,103	54,000	79,084
Water operations	201,787	118,500	224,408
Sewer operations	106,391	71,500	94,182
Garbage operations	39,362	-	-
Tourism and community development	133,954	12,500	165,000
	1,958,557	2,440,790	1,903,562
Annual deficit	(20,024)	(804,790)	(124,663)
Accumulated surplus - beginning of year	10,598,132	10,598,132	10,722,795
Accumulated surplus - end of year	\$ 10,578,110	\$ 9,793,342	\$ 10,598,132

THE DISTRICT OF NEW HAZELTON

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2016**

	2016	Budget (Note 11)	2015
Annual deficit	\$ (20,024)	\$ (804,790)	\$ (124,663)
Acquisition of tangible capital assets	(304,695)	(253,500)	(282,761)
Amortization of tangible capital assets	417,679	350,000	408,918
Loss on disposal of tangible capital assets	1,308	-	-
Proceeds on disposal of tangible capital assets	64,360	-	52,169
Changes in other non-financial assets	(26,898)	-	4,507
Increase (decrease) in net financial assets	131,730	(708,290)	58,170
Net financial assets - beginning of year	1,930,276	1,930,276	1,872,106
Net financial assets - end of year	\$ 2,062,006	\$ 1,221,986	\$ 1,930,276

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF CASH FLOW
AS AT DECEMBER 31, 2016

	2016	2015
Operating transactions		
Annual deficit	\$ (20,024)	\$ (124,663)
Non-cash items:		
Amortization	417,679	408,918
Loss on the disposal of tangible capital assets	1,308	10,371
Changes to financial assets/liabilities:		
Decrease in taxes receivable	1,856	27,972
Decrease (Increase) in inventory and other	(26,901)	4,505
Decrease (increase) in accounts receivable	63,894	(4,638)
Increase (decrease) in accounts payable	(12,416)	37,959
Increase (decrease) in deferred revenue	(35,563)	83,029
Cash provided by operating transactions	388,525	433,082
Capital transactions		
Acquisition of tangible capital assets	(304,695)	(282,761)
Proceeds from the disposal of tangible capital assets	64,360	41,800
Increase in cash position	149,498	202,492
Cash and equivalents - beginning of year	2,386,182	2,183,690
Cash and equivalents - end of year	\$ 2,535,681	\$ 2,386,182

Cash and equivalents is represented by cash and short-term investments.

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

1. General

The District of New Hazelton was incorporated under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services in the District, as governed by the Community Charter and the Local Government Act.

The notes to the consolidated financial statements are an integral part of these financial statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis of these statements. They also provide relevant supplementary information and explanations which cannot be expressed in the consolidated financial statements.

2. Significant accounting policies

The consolidated financial statements of The District of New Hazelton (the District) are prepared by management in accordance with Canadian public sector accounting standards for municipal governments established by the Public Sector Accounting Board ("PSAB") of CPA Canada. The significant accounting policies are summarized as follows:

a) Basis of accounting

The basis of accounting followed in these consolidated financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services were acquired and a liability was incurred.

b) Fund accounting

Funds within the consolidated financial statements consists of the operating, capital and reserves funds. Transactions between funds are recorded as inter fund transfers.

Operating Fund - This fund, consisting of the general, water and sewer operating funds, comprises the operating costs of the services provided by the District.

Capital Fund - This fund, consisting of the general, water and sewer capital funds, comprises property, plant and equipment expenditures and related financing.

Reserves Fund - The reserves fund has been established to hold assets for specific future purposes as approved by Council. Allowable transfers to and from these funds are defined in reserve fund establishment bylaws.

c) Tangible capital assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land improvements	15 years
Buildings	20 to 50 years
Furniture, equipment and technology	5 to 20 years
Motor vehicles	5 to 20 years
Transportation infrastructure	15 to 40 years
Water infrastructure	10 to 100 years
Sanitary sewer infrastructure	25 to 85 years

d) Inventory

Inventory of supplies is recorded as a non-financial asset and is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

2. Significant accounting policies *(continued)*

e) Revenue recognition

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Fees and charges revenue are recognized when services are rendered. Investment income is accrued as earned.

Other Revenues are recognized when earned in accordance with the terms of the agreement when the amounts are measurable and when collection is reasonably assured.

The District of New Hazelton recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. Grants and donations are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability (deferred revenue). In such circumstances, the District recognizes the revenue as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided

f) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale.

g) Basis of segmentation

Municipal services have been segmented by grouping services that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

h) 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. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that cause actual results to differ from management estimates, however, management does not believe it is likely that such differences will materially affect the District's financial position. Adjustments, if any, will be reflected in operations in the period of settlement.

Significant areas requiring the use of management estimates relate to amortization of tangible capital assets, the collectibility of accounts and taxes receivable.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

2. Significant accounting policies (continued)

j) Financial instruments

The District's financial instruments consist of cash and short-term investments, accounts receivable, trade, and other and accounts payable. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

k) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District of New Hazelton is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information based on information available at December 31, 2016.

At each financial reporting date, the District of New Hazelton reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

There are no liabilities recorded for contaminated sites at December 31, 2016 as the District has not identified any contaminated sites.

l) Recent accounting pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The District of New Hazelton does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook. The new Section provides guidance for applying the definition of assets set out in PS1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

2. Significant accounting policies *(continued)*

PS 3210 Assets (continued)

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The District of New Hazelton does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook. The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date. Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The District of New Hazelton does not expect application of the new Standard to have a material effect on the consolidated financial statements.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

2. Significant accounting policies *(continued)*

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook. This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The District of New Hazelton does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook. The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

(continued)

THE DISTRICT OF NEW HAZELTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

2. Significant accounting policies (continued)

PS 3430 Restructuring Transactions (continued)

The financial position and results of operations prior to the restructuring date are not restated. Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

The District of New Hazelton does not expect application of the new Standard to have a material effect on the consolidated financial statements.

3. Cash and short-term investments

Cash and short-term investments are comprised of cash on deposit and investments as follows:

	2016	2015
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 212,760	\$ 211,082
Cash	2,322,921	2,175,100
	\$ 2,535,681	\$ 2,386,182

4. Accounts receivable

	2016	2015
Government grants receivable:		
Provincial		
Northern Development Initiative Trust - Economic Capacity Fund	\$ 5,785	\$ 17,338
UBCM - Asset Management Grant	10,000	-
School tax overpayment	16,062	1,187
HST/GST rebate	12,886	87,842
Other	43,981	46,239
	\$ 88,714	\$ 152,606

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

5. Deferred revenue

Included in deferred revenue is the following:

	2016	2015
UBCM Federal Gas Tax Community Works Fund reserve - balance at beginning of year	\$ 550,005	\$ 466,976
Amount received during the year	80,595	77,970
Interest revenue	5,296	5,059
Regional District USRC contribution	(121,454)	-
Balance - end of year	\$ 514,442	\$ 550,005

UBCM Federal Gas Tax Agreement Community Works Fund

Gas tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of B.C. Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

6. Equity in tangible capital assets

Equity in tangible capital assets represents the net book value of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2016	2015
Increases:		
Capital acquisitions	\$ 304,695	\$ 282,761
Land inventory reclassified to TCA	-	72,512
Decreases:		
Dispositions at net book value	(65,669)	(52,169)
Amortization	(417,679)	(408,918)
Change in equity in tangible capital assets	(178,653)	(105,814)
Equity in tangible capital assets - beginning of year	8,572,839	8,678,653
Equity in tangible capital assets - end of year	\$ 8,394,186	\$ 8,572,839

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016**

7. Accumulated surplus

	2016	2015
Operating fund	\$ 1,259,525	\$ 1,267,473
Reserves fund (Schedule 3)	924,399	757,820
Equity in tangible capital assets - (Note 6)	8,394,186	8,572,839
	\$ 10,578,110	\$ 10,598,132

8. Net taxes available for municipal purposes

	2016	2015
Taxes:		
Property	\$ 796,391	\$ 783,022
Frontage	61,506	60,581
Revenue in lieu of taxes	55,442	57,079
Penalties and interest on taxes	7,813	11,195
	921,152	911,877
Less taxes on behalf of:		
School District	216,685	216,588
North West Regional Hospital District	22,258	23,274
Regional District of Kitimat-Stikine	75,708	73,541
B.C. Assessment Authority	3,925	4,101
Other	11	10
	318,587	317,514
Net taxes available for municipal purposes	\$ 602,565	\$ 594,363

9. Government grants and transfers

The following government grants and transfers have been included in revenues:

	2016	2015
Unconditional grants and transfers		
Provincial	\$ 423,716	\$ 447,189
Regional District / Other	5,785	21,871
	429,501	469,060
Conditional grants and transfers		
Deferred revenue - UBCM Federal Gas Tax Agreement		
Community Works Fund	121,454	-
Regional District / Other	45,106	4,955
	\$ 596,060	\$ 474,015

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

10. Commitments and contingencies

a) Capital requirements

District Council has approved a 2015 - 2019 tangible capital expenditure financial plan of \$1,216,000. The 2017 requirement of \$162,000 is to be funded from an allocation of surplus funds.

b) Pension plan

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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has approximately 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.

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 Municipal Pension Plan as of December 31, 2015, indicated a \$2.224 billion funding deficit for basic pension benefits on a going concern basis.

The District of New Hazelton paid \$54,118 for employer contributions to the plan in fiscal 2016 (\$52,362 in 2015), which represents 0.002 percent of the total plan contributions.

b) Pension plan (*continued*)

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 the individual employers participating in the plan.

c) B.C. Assessment Authority appeals

Due to the uncertainty of the outcome of appeals to the B.C. Assessment Authority, it is not possible to accurately estimate any liability to repay taxes or any asset for taxes receivable. It is the policy of the District to record the effect of any tax adjustments relating to outstanding appeals in the year the taxes are repaid or received.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

10. Commitments and contingencies (continued)

d) Reciprocal Insurance Exchange Agreement

The District of New Hazelton is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement the Village is assessed a premium and specific deductible for its claims based on population. The obligation of the District of New Hazelton with respect to the Exchange and/or contracts and obligations entered into by the exchange on behalf of its subscribers in connection with the Exchange are in every case several; and not joint and several. The District of New Hazelton irrevocably and unconditionally undertakes and agrees to indemnify and save the other harmless subscribers against liability losses and costs which the other subscriber may suffer.

e) Contingent liabilities

The District, as a member of the Regional District of Kitimat-Stikine, is jointly and severally liable for their net capital liabilities.

11. Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on January 4, 2016.

The Financial Plan anticipated the use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. In addition, the Financial Plan anticipated capital expenses rather than amortization expense.

The following shows how these amounts were combined:

Financial Plan Balance for the year	\$ (11,000)
Add Back:	
Amortization	(350,000)
Transfers to/from own funds	(837,290)
Less:	
Capital expenditures per budget	253,500
Transfer to/from reserve	140,000
Adjusted Annual Deficit	\$ (804,790)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

12. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

13. Segmented Information

The District is a diversified municipal government institution that provides a wide range of services to its citizens such as roads, water, sewer and drainage infrastructure, fire protection, police protection (RCMP), cemetery, recreation centre, garbage collection and parkland. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

The City Manager is the liaison between Council and the District departments and staff. The Corporate Services Department supports the legislated activities of Council, and provides information to citizens with respect to Council/Committee processes, reporting procedures and decisions, and District activities.

Protective Services

Protection is comprised of fire protection, policing, dog control officer and building inspection.

Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the District of New Hazelton.

Fire protection is provided by the fire department, whose volunteer members receive compensation for each callout in which they take part.

Policing is provided under contract with the RCMP operating from a detachment building located in the District of New Hazelton.

The District of New Hazelton's Management and Public Works Department work together to regulate all construction within the District. This is achieved through the use of the District of New Hazelton's Building and Plumbing Bylaw, the British Columbia Building Code, the British Columbia Fire Code and other related bylaws and enactments with the District of New Hazelton.

THE DISTRICT OF NEW HAZELTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

13. Segmented Information *(continued)*

Transportation and Transit Services

The Transportation and Transit Services (Public Works) Department is responsible for the infrastructure of the District:

Ensuring clean and safe water to the District, supplied through underground pipes and reservoirs,

Maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it,

Providing and maintaining the District's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants.

Cemetery (Public Works) Department provides cemetery services including the maintenance of the cemetery grounds.

Recreation and Youth Services

The Recreation and Youth Services Department contribute to the quality of life and personal wellness of the community through the provision of a variety of special events, programs, services and facilities.

Water Operations

Water includes all of the operating activities related to the treatment and distribution of water throughout the District.

Sewer Operations

Sewer includes all of the operating activities related to the collection and treatment of waste water (sewage) throughout the District.

Garbage Operations

Garbage Services (Public Works) is responsible for the garbage collection and compost and recycling programs operating in the District of New Hazelton. Garbage collection is performed by a contractor.

Tourism and Community Development

Tourism and Community Development contribute to community organizations providing services to benefit community members.

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Segmented Revenue and Expenses
 Year Ended December 31, 2016

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2016	2016 Budget
Revenues											
Net taxes available for district purposes	\$	\$	\$	\$	\$	\$	\$	\$	\$	602,565	\$ 610,000
User fees and sale of goods and services	98,631	17,000	1,135	17,357	128,745	40,779	34,077			337,724	314,000
Government grants and transfers	596,060								365,277	596,060	399,000
ICBC Commissions									12,742	365,277	313,000
Investment income									24,165	12,742	
Building rentals and other revenue	694,691	17,000	1,135	17,357	128,745	40,779	34,077	1,004,749	24,165	1,938,533	1,636,000
Expenses											
Salaries, wages and benefits	381,316	17,788	328,065	44,995	51,135	62,691	39,362			778,304	733,500
Goods and services	202,939	60,153	177,767	44,995	35,335	62,691	39,362			623,241	1,689,790
Interest and bank charges	4,070									4,070	5,000
Other	150,758	12,815	69,980	25,108	115,319	43,700		133,954	1,308	135,262	12,500
Amortization	739,083	90,756	575,812	70,103	201,789	106,391	39,362	133,954	1,308	1,958,557	2,440,790
	\$ (44,392)	\$ (73,756)	\$ (574,677)	\$ (52,746)	\$ (73,044)	\$ (65,612)	\$ (5,285)	\$ (133,954)	\$ 1,003,441	\$ (20,024)	\$ (804,790)

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2015
Revenues										
Net taxes available for district purposes	\$	\$	\$	\$	\$	\$	\$	\$	\$	594,363
User fees and sale of goods and services	89,595	17,420	275	17,017	127,373	42,129			21,698	315,507
Government grants and transfers	474,015								345,375	474,015
ICBC Commissions									15,051	345,375
Investment income									34,588	15,051
Building rentals and other revenue	563,610	17,420	275	17,017	127,373	42,129		1,011,075	34,588	1,778,899
Expenses										
Salaries, wages and benefits	356,569	17,009	313,000	55,326	47,663	49,418				734,261
Goods and services	192,853	47,437	175,370	55,326	61,406	49,418				592,180
Interest and bank charges	3,204									3,204
Other	143,440	12,815	68,821	23,758	115,319	44,764		165,000		165,000
Amortization	696,066	77,261	557,191	79,084	224,408	94,182		165,000		1,903,562
	\$ (132,456)	\$ (59,841)	\$ (556,916)	\$ (62,067)	\$ (97,035)	\$ (52,053)	\$	\$ (165,000)	\$ 1,011,075	\$ (124,563)

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Tangible Capital Assets
 Year Ended December 31, 2016

	Land	Buildings	Equipment, furniture and motor vehicles	Water infrastructure	Sewer infrastructure	Transportation and transit services	Tax sale land	2016	2015
Cost									
Opening balance	\$ 559,207	\$ 4,053,950	\$ 2,283,335	\$ 2,960,188	\$ 1,096,503	\$ 3,120,853	\$ 72,512	\$ 14,146,548	\$ 13,925,109
Additions - purchased			171,813		8,162	115,402	9,318	304,695	282,761
Additions - donated			(129,218)					(129,218)	(133,834)
Disposals									
Writedowns									
Ending balance	559,207	4,053,950	2,325,930	2,960,188	1,104,665	3,236,255	81,830	14,322,025	14,074,036
Accumulated amortization									
Opening balance		1,278,209	1,256,824	1,180,738	479,885	1,376,054		5,573,710	5,246,454
Amortization		98,831	131,402	51,170	41,189	95,087		417,679	408,918
Acc. amortization on disposals			(63,550)					(63,550)	(81,663)
Ending balance		1,377,040	1,326,676	1,231,908	521,074	1,471,141		5,927,839	5,573,709
Net book value	\$ 559,207	\$ 2,676,910	\$ 999,254	\$ 1,728,280	\$ 583,591	\$ 1,765,114	\$ 81,830	\$ 8,394,186	\$ 8,500,327

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Reserve Fund Activities
 Year Ended December 31, 2016

	Machinery and equipment	Water capital	Sewer capital	Cemetery fund	Tax sale reserve	Sewer operations	Building fund	2016	2015
Balance - beginning of year	\$ 87,158	\$ 64,070	\$ 211,666	\$ 3,744	\$ 88,172	\$	\$ 303,010	\$ 757,820	\$ 603,288
Transfers in									
Investment income	872	641	2,117	37	882		3,030	7,579	6,032
Contributions		16,500	42,500				100,000	159,000	148,500
Balance - end of year	\$ 88,030	\$ 81,211	\$ 256,283	\$ 3,781	\$ 89,054	\$	\$ 406,040	\$ 924,399	\$ 757,820

DISTRICT OF NEW HAZELTON

Permissive Tax Exemptions

2016

Permissive Tax Exemption Bylaw No. 325, 2015 provided the following Permissive Tax Exemptions in 2016. Municipal taxes which were not imposed are:

1. Skeena Lions Society
Lots 6-11, Block 100, Section 2, Plan 968
District Lot 882, Cassiar Land District \$1,776.44

2. New Hazelton Congregation of Jehovah's Witnesses
Lots 7-9, Block 148, Section 2, Plan 968
District Lot 863, Cassiar Land District \$573.12

3. Roman Catholic Episcopal Corp of Prince Rupert
Lots 7-21, Block 29, Section 2, Plan 968
District Lot 863, Cassiar Land District \$2,494.15

DISTRICT OF NEW HAZELTON 2017 ANNUAL REPORT

Municipal Services and Operations -2016-

The District of New Hazelton provides many services to citizens and visitors to the community. These include:

- Curbside Collection
- Streets and roads
- Street lighting
- Potable water supply
- Sanitary sewer
- Storm/runoff drainage
- Parks and trails
- Recreational services
- ICBC Agency
- Motor Vehicle Licensing
- Building inspection services
- Firefighting and prevention
- Highway rescue services
- First Responder services
- Tourism information and promotion
- Planning
- Administration

The District of New Hazelton operated with a full time staff of nine (9) persons and part time staff of three (3) people during 2016. The full time public works crew of five (5) was assisted by two (2) summer students.

Our Volunteer Fire Department consists of a Fire Chief and twenty (20) volunteer members. The Fire Department members are also responsible for the delivery of service for our Jaws of Life, costs of which are partnered with the Regional District of Kitimat Stikine and the Village of Hazelton.

Our Visitor Centre is staffed from May – September each year and employs up to four (4) staff members, usually high school/university students. This centre is partnered on a cost sharing basis with the District of New Hazelton, the Regional District of Kitimat Stikine, the Village of Hazelton, and Destination BC.

During the summer, the public works department, with the assistance of a local paving company completed various hand patching throughout the District and applied an overlay to 13th Avenue between Bowser Street to Pugsley Street and Pugsley Street from 12th Avenue to 13th Avenue.

The major emphasis of Council and administration continues to be to preserve existing services and assets without significantly increasing the cost to taxpayers.

**DISTRICT OF NEW HAZELTON
2017 Annual Report**

Declaration of Disqualifications

2016

No member of Council was disqualified from holding office under Section 111 of the Community Charter.

DISTRICT OF NEW HAZELTON
2017 Annual Report

2017 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Administration	Work to reduce costs and generate additional revenue	Continue to systematically evaluate operations to reduce costs or increase revenue	Add to operating surplus
		Continue to market ICBC Agency to increase sales	Commission revenues will increase
Economic Development	Market New Hazelton	Continue to utilize the website, Invest Northwest, & advertisement opportunities	New investment occurs
	Continue to promote local businesses with a buy local campaign	Promote Love the Hazeltons website	Local businesses see an increase in profits
	Engage local businesses	Collaborate with the RDKS & Village of Hazelton to carry out surveys with local business	Opportunities and challenges facing local businesses will be identified
Downtown Revitalization	Allan Park	Expand park with the purchase of additional lots	Increased usage by residents

**DISTRICT OF NEW HAZELTON
2017 Annual Report**

2017 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Water Distribution System	13 th Ave waterline upgrade from Laurier to Fielding St	Work to be completed by contractor	Work will be completed by contractor
Waste Water Collection	Annual cleaning of waste water distribution lines	Work to be completed by contractors to maintain efficient operation of lines	Work will be completed by contractor
Road Upgrades	Overlay on Christianson Cr, McBride St from 9 th to 8 th Ave, 7 th Ave from Graham to Oliver St and 14 th from Fielding to Pugsley St. Crush added to North College Street	Work to be completed by paving contractor and public works crew	Work will be completed
Public Works	Install storm sewer along north side of 7 th Ave from McBride St to Graham St and behind Robber's Roost for one block Construct road sand storage facility	Work will be completed by public works Work to be completed by contractor and public works crew	Work will be completed Work will be completed

DISTRICT OF NEW HAZELTON
2017 Annual Report

2018 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Administration	Work to reduce costs and generate additional revenue	Continue to systematically evaluate operations for new opportunities to reduce costs or increase revenue	Add to operating surplus
Economic Development	Market New Hazelton	Continue to utilize the website & advertise opportunities	New investment occurs
Waste Water Collection	Annual cleaning of waste water distribution lines	Work to be completed by contractors to maintain efficient operation of lines	Work will be completed by contractor
Roadways	Continue to improve paved and gravel road surfaces throughout the community	Continue to improve services offered to our residents	Work will be completed
Public Works	Install storm sewer along McBride St and 7 th Ave	Work will be completed by public works	Work will be completed

**DISTRICT OF NEW HAZELTON
2017 Annual Report**

Progress Report 2016

Service/Department	Objective	Strategy	Measure	Outcome
Administration	Work to reduce costs and generate additional revenue	<p>Systematically evaluate operations for new opportunities to reduce costs or increase revenue</p> <p>Marketing ICBC Broker Agency more consistently to increase business</p>	<p>Add to operating surplus instead of drawing on it</p> <p>Commission revenues will increase</p>	<p>Community Events are being run more efficiently & with less staff, thus reducing costs</p> <p>ICBC/Motor vehicle commission revenue increased by \$19,901.76 from 2015</p> <p>Received bonus from ICBC for Excellence in Customer Service of \$6,891.00</p>
Economic Development	Market New Hazelton	Continue to utilize the website, Invest Northwest & advertise opportunities	New investment occurs	Receiving inquiries regarding property

**DISTRICT OF NEW HAZELTON
2017 Annual Report**

Progress Report 2016

Service/Department	Objective	Strategy	Measure	Outcome
Economic Development	Promote local businesses with a buy local campaign	Launch Love the Hazeltons website	Local businesses will see an increase in profits	Love the Hazeltons website continues to add local businesses to the site
Downtown Revitalization	Allan Park	Clear danger trees, install additional drainage and repair sidewalks in front of washrooms	Work will be completed by contractor	Work was completed by contractor
		Install outdoor fitness equipment	Work will be completed by the Public Works crew	Work was completed and local fitness group uses the equipment twice a week
Recreation	Streamline Fitness Center operations to operate at peak efficiency	Continue to monitor usage levels and explore promotional activities	Increase in usage will allow Fitness Center to operate on a cost recovery basis	Usage is holding steady, continue to implement marketing strategies to increase usage

**DISTRICT OF NEW HAZELTON
2017 Annual Report**

Progress Report 2016

Service/Department	Objective	Strategy	Measure	Outcome
Water Distribution System	Hydrant maintenance and extensive flushing	Bi-annual maintenance as per maintenance plan	Work will be completed	Work being completed on an ongoing basis
Waste Water Collection	Annual cleaning of waste water distribution lines	Work to be completed by contractors to maintain efficient operation of lines	Work will be completed by contractor	Work was completed by contractor
Solid Waste Collection	Garbage and recycling curbside collection service	Establish service bylaw and hire contractor	Service bylaw will be adopted and contractor will be hired	Service bylaw was adopted and curbside collection began July 2016.
Road Upgrades	Put an overlay on 13 th Ave from Bowser St to Pugsley St, Pugsley from 12 th to 13 th Ave and patching in several locations	Work to be completed by paving contractor	Work will be completed	Work was completed by a paving contractor.
Public Works	Install storm sewers along 7 th Avenue and Pugsley St	Work to be completed by public works	Work will be completed	Work was completed by public works staff