

DISTRICT OF NEW HAZELTON



2018 Annual Report

District of New Hazelton

2018 Annual Report

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MAYOR'S MESSAGE

May 24, 2018

I am pleased to present a copy of the District of New Hazelton Annual Report for 2018. I hope that you will find the information presented useful and enlightening.

The District had a busy year in 2017 with lots of projects happening. We were successful in securing two grants from the Cleanwater Wastewater Fund totaling \$689,000.00, allowing us to upgrade our water infrastructure on 13th Avenue between Fielding and McBride streets from 4" asbestos pipe to 6" pvc pipe as well as have a sludge assessment done on our sewer lagoon. The grants totaled 83% of the project costs and the District is extremely grateful that we were able to complete these projects with minimal use of District funds. The District began negotiations to purchase a vacant building to renovate into a community center. Negotiations were complete in early 2018 and renovations will begin soon. Public Works continue to maintain our roadways and have been working hard to upgrade storm sewers throughout the community and our snow removal is second to none.

Our annual Canada Day and Winterfest celebrations continue to be a hit with residents and visitors alike. Council is pleased with the support from our suppliers and all the hard work of the staff to make these events "*the place to be*" in July and December of each year. We hope that you will join us again this year.

As we move through 2018, staff will continue to maintain our infrastructure. The 13th Avenue water project will be complete mid-summer, storm sewer work and paving projects have begun to take shape and we expect our new banners to be up soon. The community center will be finished and ready for rent in the latter part of the year. Watch for a big announcement regarding a new service that will be offered soon!

Thank you for taking the time to read our Annual Report. If you have any questions, please do not hesitate to drop by the office and have a chat with the staff.



Gail Lowry
Mayor

THE DISTRICT OF NEW HAZELTON
Consolidated Financial Statements
As at December 31, 2017

**THE DISTRICT OF NEW HAZELTON
COUNCIL - 2017**

MAYOR
Gail Lowry

COUNCILORS

Braunwyn Henwood
Ray Sturney
Janet Willson

Peter Newbery
George Burns
Mike Weeber

APPOINTED OFFICIALS - 2017

Chief Administrative Officer
Public Works Superintendent

Wendy Hunt
Chris Lawrence

THE DISTRICT OF NEW HAZELTON
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AS AT DECEMBER 31, 2017

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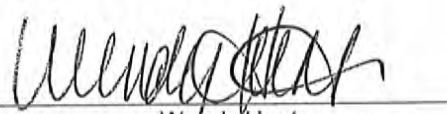
MANAGEMENT'S REPORT

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, 2017, 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, 2017, 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 14, 2018

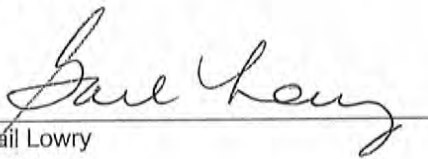
MNP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

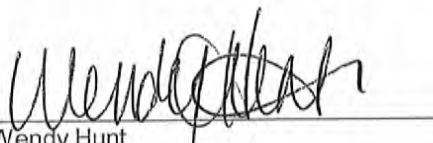
THE DISTRICT OF NEW HAZELTON
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2017

	2017	2016
Financial assets		
Cash and short-term investments - (Note 3)	\$ 2,057,488	\$ 2,535,681
Accounts Receivable, trade and other - (Note 4)	384,981	88,714
Taxes receivable - current	42,005	22,074
Taxes receivable - arrears	7,990	10,547
	2,492,464	2,657,016
Liabilities		
Accounts payable and accrued liabilities	81,336	80,568
Deferred revenue - (Note 5)	600,976	514,442
	682,312	595,010
Net financial assets	1,810,152	2,062,006
Non-financial assets		
Inventory - parts and supplies	84,756	95,293
Tangible capital assets - (Schedule 2)	8,680,712	8,394,186
Prepaid expenses	15,238	26,625
	8,780,706	8,516,104
Accumulated surplus - (Note 7)	\$ 10,590,858	\$ 10,578,110

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, 2017

	2017	Budget (Note 11)	2016
Revenues			
Net taxes available for municipal purposes - (Note 8)	\$ 611,024	\$ 619,000	\$ 602,565
Utility usage fees	235,904	291,000	203,600
Other fees and sale of goods and services	158,181	122,300	158,289
Government grants and transfers - (Note 9)	955,752	1,357,100	596,060
ICBC commissions	365,657	318,000	365,277
Investment income	21,613	16,000	12,742
	2,348,131	2,723,400	1,938,533
Expenses			
General government	782,082	993,000	740,392
Protective services	77,200	89,200	90,756
Transportation and transit	564,608	562,500	575,812
Recreation and youth services	73,377	46,600	70,103
Water operations	255,075	157,000	201,787
Sewer operations	86,703	69,000	106,391
Garbage operations	74,292	73,000	39,362
Tourism and community development	422,046	12,500	133,954
	2,335,383	2,002,800	1,958,557
Annual surplus (deficit)	12,748	720,600	(20,024)
Accumulated surplus - beginning of year	10,578,110	10,578,110	10,598,132
Accumulated surplus - end of year	\$ 10,590,858	\$ 11,298,710	\$ 10,578,110

THE DISTRICT OF NEW HAZELTON

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2017**

	2017	Budget (Note 11)	2016
Annual surplus (deficit)	\$ 12,748	\$ 720,600	\$ (20,024)
Acquisition of tangible capital assets	(784,419)	(1,811,000)	(304,695)
Amortization of tangible capital assets	427,227	350,000	417,679
Loss on disposal of tangible capital assets	4,249	-	1,308
Proceeds on disposal of tangible capital assets	66,419	-	64,360
Changes in other non-financial assets	21,922	-	(26,898)
Increase (decrease) in net financial assets	(251,854)	(740,400)	131,730
Net financial assets - beginning of year	2,062,006	2,062,006	1,930,276
Net financial assets - end of year	\$ 1,810,152	\$ 1,321,606	\$ 2,062,006

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF CASH FLOW
AS AT DECEMBER 31, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 12,748	\$ (20,024)
Non-cash items:		
Amortization	427,227	417,679
Loss on the disposal of tangible capital assets	4,249	1,308
Changes to financial assets/liabilities:		
Decrease (Increase) in taxes receivable	(17,376)	1,856
Decrease (Increase) in inventory and other	21,924	(26,901)
Decrease (increase) in accounts receivable	(296,267)	63,894
Increase (decrease) in accounts payable	768	(12,416)
Increase (decrease) in deferred revenue	86,534	(35,563)
Cash provided by operating transactions	235,558	388,525
Capital transactions		
Acquisition of tangible capital assets	(784,419)	(304,695)
Proceeds from the disposal of tangible capital assets	66,419	64,360
	(713,751)	(239,027)
Increase (decrease) in cash position	(478,193)	149,498
Cash and equivalents - beginning of year	2,535,681	2,386,182
Cash and equivalents - end of year	\$ 2,057,488	\$ 2,535,681

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

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, 2017

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) 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.

g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. 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.

h) 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, 2017

2. Significant accounting policies *(continued)*

i) 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.

j) Cash and short term investments

Cash and short term investments are comprised of amounts held in the District's bank accounts including cash deposits, short term investments with maturity of 1 year or less and Municipal Finance Authority of B.C. money market funds.

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, 2017.

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, 2017 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.

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

2. Significant accounting policies *(continued)*

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.

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.

(Continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

2. Significant accounting policies *(continued)*

PS 3320 Contingent Assets (Continued)

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.

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.

(Continued)

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

2. Significant accounting policies (continued)

PS 3430 Restructuring Transactions (continued)

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.

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

3. Cash and short-term investments

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

	2017	2016
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 214,832	\$ 212,760
Cash	1,842,656	2,322,921
	\$ 2,057,488	\$ 2,535,681

4. Accounts receivable

	2017	2016
Government grants receivable:		
Provincial		
Northern Development Initiative Trust - Economic Capacity Fund	\$ 16,600	\$ 5,785
13th Avenue Water Line Upgrade Project	268,013	-
Wastewater Treatment Facility Assessment Project	8,025	-
UBCM - Asset Management Grant	10,000	10,000
School tax overpayment	-	16,062
HST/GST rebate	58,513	12,886
Other	23,830	43,981
	\$ 384,981	\$ 88,714

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017**

5. Deferred revenue

Included in deferred revenue is the following:

	2017	2016
UBCM Federal Gas Tax Community Works Fund reserve - balance at beginning of year	\$ 514,442	\$ 550,005
Amount received during the year	80,985	80,595
Interest revenue	5,549	5,296
Regional District USRC contribution	-	(121,454)
Balance - end of year	\$ 600,976	\$ 514,442

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:

	2017	2016
Increases:		
Capital acquisitions	\$ 784,419	\$ 304,695
Decreases:		
Dispositions at net book value	(70,668)	(65,669)
Amortization	(427,227)	(417,679)
Change in equity in tangible capital assets	286,524	(178,653)
Equity in tangible capital assets - beginning of year	8,394,186	8,572,839
Equity in tangible capital assets - end of year	\$ 8,680,712	\$ 8,394,186

THE DISTRICT OF NEW HAZELTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

7. Accumulated surplus	2017	2016
Operating fund	\$ 950,564	\$ 1,259,525
Reserves fund (Schedule 3)	959,582	924,399
Equity in tangible capital assets - (Note 6)	8,680,712	8,394,186
	\$ 10,590,858	\$ 10,578,110

8. Net taxes available for municipal purposes	2017	2016
Taxes:		
Property	\$ 838,481	\$ 796,391
Frontage	61,422	61,506
Revenue in lieu of taxes	50,890	55,442
Penalties and interest on taxes	8,189	7,813
	958,982	921,152
Less taxes on behalf of:		
School District	203,043	216,685
North West Regional Hospital District	37,164	22,258
Regional District of Kitimat-Stikine	104,179	75,708
B.C. Assessment Authority	3,561	3,925
Other	11	11
	347,958	318,587
Net taxes available for municipal purposes	\$ 611,024	\$ 602,565

9. Government grants and transfers

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

	2017	2016
Unconditional grants and transfers		
Provincial	\$ 426,409	\$ 423,716
Regional District / Other	16,600	5,785
	443,009	429,501
Conditional grants and transfers		
Provincial	498,088	-
Deferred revenue - UBCM Federal Gas Tax Agreement	409,546	121,454
Community Works Fund	14,656	45,106
Regional District / Other		
	\$ 1,365,298	\$ 596,060

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

10. Commitments and contingencies

a) Capital requirements

District Council has approved a 2017 - 2021 tangible capital expenditure financial plan of \$3,300,000. The 2017 requirement of \$1,821,000 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, 2016, the plan has approximately 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensure the required contribution rates remain unchanged.

The District of New Hazelton paid \$48,759 for employer contributions to the plan in fiscal 2017 (\$54,118 in 2016), which represents 0.002 percent of the total plan contributions.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to 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, 2017

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 9, 2017.

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	\$	-
Add Back:		
Amortization		(350,000)
Transfers to/from own funds		(777,600)
Less:		
Capital expenditures per budget		1,821,000
Transfer to/from reserve		27,200
Adjusted Annual Surplus	\$	720,600

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

12. 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, 2017

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, 2017

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2017	2017 Budget
Revenues											
Net taxes available for district purposes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 611,024	\$ 619,000
User fees and sale of goods and services	78,966	17,300	1,950	19,004	127,328	40,599	67,977			353,126	397,000
Government grants and transfers	955,752								365,657	955,752	1,357,100
ICBC Commissions									21,613	365,657	318,000
Investment income									40,959	21,613	16,000
Building rentals and other revenue	1,034,720	17,300	1,950	19,004	127,328	40,599	67,977	1,039,253	2,346,131	40,959	2,723,400
Expenses											
Salaries, wages and benefits	396,506	17,972	264,293	43,208						721,969	715,500
Goods and services	220,570	46,413	228,673	48,360	93,738	43,056	74,292			756,102	1,269,800
Interest and bank charges	4,790									4,790	5,000
Other	155,967	12,815	71,652	25,017	118,129	43,647	422,046	4,249		426,295	12,500
Amortization	777,833	77,200	594,608	73,377	255,075	86,703	74,292	422,046	4,249	427,227	2,002,800
	\$ 259,887	\$ (59,800)	\$ (562,658)	\$ (54,373)	\$ (127,747)	\$ (46,104)	\$ (6,315)	\$ (422,046)	\$ 1,035,004	\$ 12,748	\$ 720,600

	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
Revenues										
Net taxes available for district purposes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 602,565
User fees and sale of goods and services	98,631	17,000	1,135	17,357	128,745	40,779	34,077			337,724
Government grants and transfers	596,060								365,277	596,060
ICBC Commissions									12,742	365,277
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	1,936,533
Expenses										
Salaries, wages and benefits	381,316	17,768	328,065	44,995	51,135	62,691	39,362			778,304
Goods and services	202,939	60,153	177,767	44,995	35,335	62,691	39,362			623,241
Interest and bank charges	4,070									4,070
Other	150,758	12,815	69,980	25,108	115,319	43,700	133,954	1,308		135,262
Amortization	739,083	90,756	575,812	70,103	201,789	106,391	39,362	133,954	1,308	417,680
	\$ (44,392)	\$ (73,766)	\$ (574,677)	\$ (52,746)	\$ (73,044)	\$ (65,612)	\$ (5,265)	\$ (133,954)	\$ 1,003,441	\$ (20,024)

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Tangible Capital Assets
 Year Ended December 31, 2017

	Land	Buildings	Equipment, furniture and motor vehicles	Water infrastructure	Sewer infrastructure	Transportation and transit services	Tax sale land	2017	2016
Cost									
Opening balance	\$ 559,207	\$ 4,053,951	\$ 2,325,930	\$ 2,960,188	\$ 1,104,665	\$ 3,236,255	\$ 81,830	\$ 14,322,026	\$ 14,146,548
Additions - purchased		85,920	53,524	508,505	19,283	118,187		784,419	304,695
Additions - donated	(333)		(49,422)	(34,267)		(16,687)		(100,709)	(129,218)
Disposals									
Writedowns									
Ending balance	558,874	4,139,871	2,330,032	3,434,426	1,122,948	3,337,755	81,830	15,005,736	14,322,025
Accumulated amortization									
Opening balance		1,377,040	1,326,676	1,231,908	521,074	1,471,141		5,927,839	5,573,710
Amortization		99,697	135,746	53,981	41,135	95,668		427,227	417,679
Acc. amortization on disposals			(2,471)	(16,384)		(9,186)		(30,041)	(63,550)
Ending balance		1,476,737	1,459,951	1,267,505	562,209	1,558,623		6,325,025	5,927,839
Net book value	\$ 558,874	\$ 2,663,134	\$ 870,081	\$ 2,166,921	\$ 560,739	\$ 1,779,132	\$ 81,830	\$ 8,680,712	\$ 8,394,186

Assets under construction have a net book value of \$26,553 in 2017 (2016 - \$0).

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Reserve Fund Activities
 Year Ended December 31, 2017

	Machinery and equipment	Water capital	Sewer capital	Cemetery fund	Tax sale reserve	Sewer operations	Building fund	2017	2016
Balance - beginning of year	\$ 88,030	\$ 81,211	\$ 256,293	\$ 3,781	\$ 89,054	\$	\$ 406,040	\$ 924,399	\$ 757,820
Transfers in		(449)	2,563	38	891		4,060	7,983	7,579
Investment income (expense)	880	(98,800)	26,000				100,000	27,200	159,000
Contributions									
Balance - end of year	\$ 88,910	\$ (16,038)	\$ 284,846	\$ 3,819	\$ 89,945	\$	\$ 510,100	\$ 959,582	\$ 924,399

DISTRICT OF NEW HAZELTON

Permissive Tax Exemptions

2017

Permissive Tax Exemption Bylaw No. 325, 2015 provided the following Permissive Tax Exemptions in 2017. 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 \$2,073.62

2. New Hazelton Congregation of Jehovah's Witnesses
Lots 7-9, Block 148, Section 2, Plan 968
District Lot 863, Cassiar Land District \$ 636.40

3. Roman Catholic Episcopal Corp of Prince Rupert
Lots 7-21, Block 29, Section 2, Plan 968
District Lot 863, Cassiar Land District \$2,578.90

DISTRICT OF NEW HAZELTON 2018 ANNUAL REPORT

Municipal Services and Operations -2017-

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 ten (10) persons during 2017. This includes 3 summer students working in the Visitor Information Center. 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 sixteen (16) 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 between 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 14th Avenue between Pugsley and Fielding Streets; 12th Avenue into Sargent Crescent; McBride Street between 14th and 15th Avenues; 7th Avenue from Graham to end; replacement of section of 7th Avenue; and swales and manhole repairs on Laurier and Bowser Streets and 7th 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
2018 Annual Report**

Declaration of Disqualifications

2017

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

DISTRICT OF NEW HAZELTON
2018 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 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	Work with Economic Development Officer to find new ways to attract & retain businesses	New investment occurs
	Continue to promote local businesses with a buy local campaign	Promote Love Northern BC/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	Community Center	Purchase vacant building & renovate to be Community Center	New community center with increased opportunities for revenue generation

DISTRICT OF NEW HAZELTON
2018 Annual Report

2018 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Water Distribution System	13 th Ave waterline upgrade from Laurier to McBride St	Final block of work and restoration 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	<p>Overlay on 13th Ave from Laurier to McBride; 11th Ave from Fielding to Bowser; McBride St from 11th Ave to 12th Ave including road base material</p> <p>Apply crush to College St South and 10th Ave from George St to Brewster St.</p>	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	Work will be completed by public works	Work will be completed

DISTRICT OF NEW HAZELTON
2018 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
	New Community Center	Renovate purchased building to provide rental spaces and a new community center & commercial kitchen	New spaces will be available for rental thus providing opportunity for businesses to set up in New Hazelton
	Partner with Bulkley Valley Insurance (Smithers) to provide house insurance in the Hazelton area	Train staff to offer house insurance in a partnership agreement with BVIS	Up to 3 staff members will have a minimum of Level 1, with at least 1 staff member with Level 2 insurance certificate. One additional staff member added.
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	Continue to improve storm sewer system throughout the community	Work will be completed by public works	Work will be completed

**DISTRICT OF NEW HAZELTON
2018 Annual Report**

Progress Report 2017

Service/Department	Objective	Strategy	Measure	Outcome
Administration	Work to reduce costs and generate additional revenue	Continue to systematically evaluate operations for new opportunities to reduce costs or increase revenue Marketing ICBC Broker Agency more consistently to increase business	Add to operating surplus instead of drawing on it Commission revenues will increase	Community Events are being run more efficiently & with less staff, thus reducing costs. Operating surplus of \$12,748.00 for 2017 ICBC/Motor vehicle commission revenue increased by \$9,796.80 from 2016 Received bonus from ICBC for Excellence in Customer Service of \$6,891.00
Economic Development	Market New Hazelton	Continue to utilize the website, Invest Northwest & advertise opportunities	New investment occurs	Receiving inquiries regarding property Counselling Service & Massage Therapist now lease space in New Hazelton

**DISTRICT OF NEW HAZELTON
2018 Annual Report**

Progress Report 2017

Service/Department	Objective	Strategy	Measure	Outcome
Economic Development	Market New Hazelton	Continue to utilize the website & advertising opportunities	New investment occurs	Ec Dev officer continues to look for ways to market community & promote local business
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
Roadways	Continue to improve paved and gravel road surfaces throughout the community	Continue to improve services offered to our residents	Work will be completed	Work continues on a yearly basis

**DISTRICT OF NEW HAZELTON
2018 Annual Report**

Progress Report 2017

Service/Department	Objective	Strategy	Measure	Outcome
Water Distribution System	13 th Avenue waterline upgrade from Laurier to Fielding Street	Work to be completed by contractor	Work will be completed	Additional block added to extend to McBride St. Work completed to Laurier St in 2017. Laurier to McBride and landscaping will be completed in 2018
Road Upgrades	Overlay on Christianson Cr, McBride St from 9 th Ave to 8 th Ave, 7 th Ave from graham to Oliver St and 14 th Ave from Fielding to Pugsley St. Crush added to North College Street	Work to be completed by paving contractor	Work will be completed	Work was completed by a paving contractor College Street did not require crush so work was not completed

**DISTRICT OF NEW HAZELTON
2018 Annual Report**

Progress Report 2017

Service/Department	Objective	Strategy	Measure	Outcome
Public Works	Install storm sewers along north side of 7 th Avenue from McBride St to Graham St and behind Robbers' Roost for one block	Work to be completed by public works	Work will be completed	Block behind Robbers' Roost was completed 7th Ave storm sewer work will be completed in 2018
	Construct road sand storage facility	Work to be completed by contractor and public works crew	Work will be completed	Work has been completed