

DISTRICT OF NEW HAZELTON



2020 Annual Report

District of New Hazelton

2020 Annual Report

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MAYOR'S MESSAGE

June 30, 2020

I am pleased to present a copy of the District of New Hazelton Annual Report for 2020. I hope that you will find the information presented useful and enlightening.

The District had a busy year in 2019 and were pleased to officially open the Erwin Stege Community Center to the public in July. We were honoured to have Mrs. Hannalore Stege on hand for the official ribbon cutting and sign reveal in November. Our first community event was a dance that took place in August for Pioneer Days and was followed by our first wedding later that month. The annual Senior's Christmas Dinner was the first of many in our new facility and it was enjoyed by all. The community center also has two office spaces, one that is rented to a local small business owner and the other is waiting for the perfect tenant to come along. It also features a conference room and commercial kitchen that are available to rent. The renovations were completed with the assistance of a \$234,000.00 grant from Northern Development Initiative Trust and we are grateful for their contribution.

Another new addition to our services is our partnership with Bulkley Valley Insurance in Smithers which now allows us to offer house insurance to the residents of the Upper Skeena area. Joanne de Vries is a Level II insurance broker and is in the office daily ready to help you with all of your house insurance needs. We are excited to offer this service to our residents.

Our public works crew continue to work hard at maintaining our roadways, upgrading our water distribution system, and adding additional storm sewers throughout various streets in the community. Our snow removal continues to be one of the best around and I continue to be very proud of the work that is done by our crew.

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. Unfortunately, due to the COVID-19 Pandemic, we are unable to host Canada Day this year but hope to have good news regarding Winterfest as Dr. Henry continues to monitor the situation. We look forward to being back in 2021 and ready to offer our spectacular events for everyone.

As we move through 2020, staff will continue to maintain our infrastructure and work to provide the best service possible for all of our residents.

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, 2019

**THE DISTRICT OF NEW HAZELTON
COUNCIL - 2019**

MAYOR
Gail Lowry

COUNCILORS

Braunwyn Henwood
Ray Sturney
Jutta Hobenshield

Allan Berg
George Burns
Mike Weeber

APPOINTED OFFICIALS - 2019

Chief Administrative Officer
Chief Financial Officer
Public Works Superintendent

Wendy Hunt
Robyn Carle
Chris Lawrence

THE DISTRICT OF NEW HAZELTON
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AS AT DECEMBER 31, 2019

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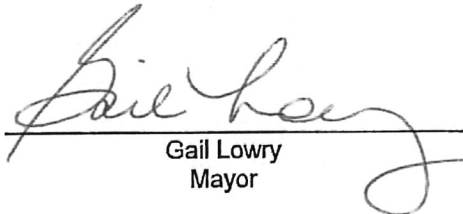
MANAGEMENT'S REPORT

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 judgment 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.

May 11, 2020


Gail Lowry
Mayor


Wendy Hunt
Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The District of New Hazelton (the "District"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December, 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of the report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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.

In preparing the consolidated financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted to accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of account and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the District to express an opinion on the consolidated financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Terrace British Columbia
May 11, 2020


MNP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019	2018
Financial assets		
Cash and short-term investments - (Note 3)	\$ 3,530,604	\$ 1,985,822
Accounts Receivable, trade and other - (Note 4)	181,334	230,420
Taxes receivable - current	27,806	44,723
Taxes receivable - arrears	8,096	15,704
	3,747,840	2,276,669
Liabilities		
Accounts payable and accrued liabilities	243,901	152,639
Deferred revenue - (Note 5)	-	278,259
	243,901	430,898
Net financial assets	3,503,939	1,845,771
Non-financial assets		
Inventory - parts and supplies	68,576	71,768
Tangible capital assets - (Schedule 2)	10,170,197	9,128,165
Prepaid expenses	18,874	20,006
	10,257,647	9,219,939
Accumulated surplus - (Note 7)	\$ 13,761,586	\$ 11,065,710

Commitments and contingencies - (Note 10)
 Subsequent events - (Note 13)

Approved by:


 Gail Lowry
 Mayor


 Wendy Hunt
 Chief Administrative Officer

THE DISTRICT OF NEW HAZELTON

**CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2019**

	2019	Budget (Note 11)	2018
Revenues			
Net taxes available for municipal purposes - (Note 8)	\$ 626,282	\$ 620,800	\$ 616,406
Utility usage fees	246,083	265,000	248,125
Other fees and sale of goods and services	130,199	141,500	138,662
Government grants and transfers - (Note 9)	3,780,663	2,824,500	1,114,839
ICBC commissions	396,299	375,000	376,904
Investment income	74,062	22,000	32,665
	5,253,588	4,248,800	2,527,601
Expenses			
General government	803,448	914,300	841,279
Protective services	74,482	127,200	66,866
Transportation and transit	658,959	909,500	595,612
Recreation and youth services	54,307	27,600	71,094
Water operations	311,771	140,000	236,170
Sewer operations	117,848	86,500	111,661
Garbage operations	84,397	75,000	77,567
Tourism and community development	452,500	12,500	52,500
	2,557,712	2,292,600	2,052,749
Annual surplus	2,695,876	1,956,200	474,852
Accumulated surplus - beginning of year	11,065,710	11,065,710	10,590,858
Accumulated surplus - end of year	\$ 13,761,586	\$ 13,021,910	\$ 11,065,710

THE DISTRICT OF NEW HAZELTON

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2019**

	2019	Budget (Note 11)	2018
Annual surplus	\$ 2,695,876	\$ 1,956,200	\$ 474,852
Acquisition of tangible capital assets	(1,536,368)	3,178,000	(921,750)
Amortization of tangible capital assets	439,248	350,000	421,392
Loss on disposal of tangible capital assets	(20,010)	-	1,354
Proceeds on disposal of tangible capital assets	75,098	-	51,551
Changes in other non-financial assets	4,324	-	8,220
Increase in net financial assets	1,658,168	5,484,200	35,619
Net financial assets - beginning of year	1,845,771	1,845,771	1,810,152
Net financial assets - end of year	\$ 3,503,939	\$ 7,329,971	\$ 1,845,771

THE DISTRICT OF NEW HAZELTON
CONSOLIDATED STATEMENT OF CASH FLOW
AS AT DECEMBER 31, 2019

	2019	2018
Operating transactions		
Annual surplus	\$ 2,695,876	\$ 474,852
Non-cash items:		
Amortization	439,248	421,392
Gain (Loss) on the disposal of tangible capital assets	(20,010)	1,354
Changes to financial assets/liabilities:		
Decrease (Increase) in taxes receivable	24,525	(10,432)
Decrease (Increase) in inventory and other	4,324	8,220
Decrease (increase) in accounts receivable	49,086	154,561
Increase (decrease) in accounts payable	91,262	71,303
Increase (decrease) in deferred revenue	(278,259)	(322,717)
Cash provided by operating transactions	3,026,062	797,179
Capital transactions		
Acquisition of tangible capital assets	(1,536,368)	(921,750)
Proceeds from the disposal of tangible capital assets	75,098	51,551
	(1,481,280)	(868,845)
Increase (decrease) in cash position	1,544,782	(71,666)
Cash and equivalents - beginning of year	1,985,822	2,057,488
Cash and equivalents - end of year	\$ 3,530,604	\$ 1,985,822

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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.

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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, 2019

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 and accrued liabilities. 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 available at December 31, 2019.

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, 2019 as the District has not identified any contaminated sites.

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019**

3. Cash and short-term investments

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

	2019	2018
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 222,440	\$ 218,376
Cash	3,308,164	1,767,446
	\$ 3,530,604	\$ 1,985,822

4. Accounts receivable, trade and other

	2019	2018
Government grants receivable:		
Provincial		
Northern Development Initiative Trust - Economic Capacity Fund	\$ 29,684	\$ 21,250
13th Avenue Water Line Upgrade Project	50,190	116,434
UBCM - Asset Management Grant	-	11,170
GST rebate	53,887	53,560
Other	47,573	28,006
	\$ 181,334	\$ 230,420

5. Deferred revenue

Included in deferred revenue is the following:

	2019	2018
UBCM Federal Gas Tax Community Works Fund reserve - balance at beginning of year	\$ 278,259	\$ 600,976
Amount received during the year	164,092	84,553
Interest revenue	-	4,374
Regional District USRC contribution	(40,000)	(40,000)
Community hall	(402,351)	(371,644)
Balance - end of year	\$ -	\$ 278,259

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.

THE DISTRICT OF NEW HAZELTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019

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:

	2019	2018
Increases:		
Capital acquisitions	\$ 1,536,368	\$ 921,750
Decreases:		
Dispositions at net book value	(55,088)	(52,905)
Amortization	(439,248)	(421,392)
Change in equity in tangible capital assets	1,042,032	447,453
Equity in tangible capital assets - beginning of year	9,128,165	8,680,712
Equity in tangible capital assets - end of year	\$ 10,170,197	\$ 9,128,165

7. Accumulated surplus

	2019	2018
Operating fund	\$ 1,248,202	\$ 1,076,189
Reserves fund (<i>Schedule 3</i>)	2,343,187	861,356
Equity in tangible capital assets - (<i>Note 6</i>)	10,170,197	9,128,165
	\$ 13,761,586	\$ 11,065,710

8. Net taxes available for municipal purposes

	2019	2018
Taxes:		
Property	\$ 880,011	\$ 874,459
Frontage	61,198	61,303
Revenue in lieu of taxes	52,610	52,447
Penalties and interest on taxes	13,023	12,735
	1,006,842	1,000,944
Less taxes on behalf of:		
School District	215,268	220,990
North West Regional Hospital District	34,924	35,306
Regional District of Kitimat-Stikine	127,026	124,799
B.C. Assessment Authority	3,331	3,432
Other	11	11
	380,560	384,538
Net taxes available for municipal purposes	\$ 626,282	\$ 616,406

THE DISTRICT OF NEW HAZELTON

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019**

9. Government grants and transfers

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

	2019	2018
Unconditional grants and transfers		
Provincial	\$ 454,123	\$ 436,777
Regional District / Other	8,006	31,397
	462,129	468,174
Conditional grants and transfers		
Provincial	2,876,184	235,021
Deferred revenue - UBCM Federal Gas Tax Agreement		
Community Works Fund	442,351	411,645
	\$ 3,780,663	\$ 1,114,839

10. Commitments and contingencies

a) Capital requirements

District Council has approved a 2019 - 2023 tangible capital expenditure financial plan of \$3,178,000. The 2019 requirement of \$202,500 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, 2018, the plan has approximately 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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 may be adjusted for amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as of December 31, 2019, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis.

The District of New Hazelton paid \$54,284 for employer contributions to the plan in fiscal 2018 (\$46,731 in 2018).

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

(continued)

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

10. Commitments and contingencies *(continued)*

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.

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 District 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.

THE DISTRICT OF NEW HAZELTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

11. Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on March 4, 2019.

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 approved by Council	\$ -
Add Back:	
Amortization	(350,000)
Transfers to/from own funds	(871,300)
Less:	
Capital expenditures per budget	3,178,000
Transfer to/from reserve	(500)
Annual Surplus per Statement of Operations	\$ 1,956,200

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

12. Segmented Information *(continued)*

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

13. Subsequent Events

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the District as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Tangible Capital Assets
 Year Ended December 31, 2019

	Land	Buildings	Equipment, furniture and motor vehicles	Water infrastructure	Sewer infrastructure	Transportation and transit services	Tax sale land	2019
Opening balance	\$ 683,707	\$ 4,521,231	\$ 2,376,826	\$ 3,618,982	\$ 1,133,405	\$ 3,456,794	\$ 78,551	\$ 15,869,496
Additions - purchased	-	674,213	610,151	224,575	25,925	-	1,504	1,536,368
Additions - donated	-	-	(128,296)	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	(128,296)
Writedowns	-	-	-	-	-	-	-	-
Ending balance	683,707	5,195,444	2,858,681	3,843,557	1,159,330	3,456,794	80,055	17,277,568
Accumulated amortization								
Opening balance	-	1,575,771	1,581,192	1,326,160	600,706	1,657,505	-	6,741,334
Amortization	-	102,445	135,722	61,382	36,605	103,094	-	439,248
Acc. amortization on disposals	-	-	(73,210)	-	-	-	-	(73,210)
Ending balance	-	1,678,216	1,643,704	1,387,542	637,311	1,760,599	-	7,107,372
Net book value	\$ 683,707	\$ 3,517,228	\$ 1,214,977	\$ 2,456,015	\$ 522,019	\$ 1,696,195	\$ 80,055	\$ 10,170,197

	Land	Buildings	Equipment, furniture and motor vehicles	Water infrastructure	Sewer infrastructure	Transportation and transit services	Tax sale land	2018
Opening balance	\$ 559,207	\$ 4,139,871	\$ 2,330,032	\$ 3,434,426	\$ 1,122,948	\$ 3,337,755	\$ 81,497	\$ 15,005,736
Additions - purchased	124,500	381,360	101,938	184,556	10,457	119,039	-	921,750
Additions - donated	-	-	-	-	-	-	-	-
Disposals	-	-	(55,043)	-	-	-	(2,945)	(57,988)
Writedowns	-	-	-	-	-	-	-	-
Ending balance	683,707	4,521,231	2,376,827	3,618,982	1,133,405	3,456,794	78,552	15,869,498
Accumulated amortization								
Opening balance	-	1,476,737	1,459,951	1,267,505	562,209	1,558,623	-	6,325,025
Amortization	-	99,034	126,324	58,655	38,497	98,882	-	421,392
Acc. amortization on disposals	-	-	(5,083)	-	-	-	-	(5,083)
Ending balance	-	1,575,771	1,581,192	1,326,160	600,706	1,657,505	-	6,741,334
Net book value	\$ 683,707	\$ 2,945,460	\$ 795,635	\$ 2,292,822	\$ 532,699	\$ 1,799,289	\$ 78,552	\$ 9,128,165

Assets under construction have a net book value of \$19,315 in 2019 (2018 - \$400,958).

THE DISTRICT OF NEW HAZELTON
Consolidated Schedule of Segmented Revenue and Expenses
Year Ended December 31, 2019

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2019	2019 Budget
Revenues											
Net taxes available for district purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626,282	\$ 620,800
Utility usage fees	-	-	-	-	136,619	40,959	68,505	-	-	246,083	285,000
Other fees and sale of goods and services	86,943	17,250	2,025	9,005	-	-	-	-	14,976	130,199	141,500
Government grants and transfers	3,780,663	-	-	-	-	-	-	-	396,299	3,780,663	2,824,500
ICBC Commissions	-	-	-	-	-	-	-	-	74,062	396,299	375,000
Investment income	-	-	-	-	-	-	-	-	-	74,062	22,000
	3,867,606	17,250	2,025	9,005	136,619	40,959	68,505	-	1,111,619	5,253,588	4,248,800
Expenses											
Salaries, wages and benefits	425,098	18,286	337,504	-	54,407	-	-	-	-	835,295	846,500
Goods and services	228,822	43,381	245,689	26,978	137,219	79,376	84,397	-	-	845,862	1,077,600
Interest and bank charges	4,757	-	-	-	-	-	-	-	-	4,757	6,000
Other	(19,950)	-	-	-	-	-	-	452,500	-	432,550	12,500
Amortization	164,721	12,815	75,766	27,329	120,145	38,472	-	-	-	439,248	350,000
	803,448	74,482	658,959	54,307	311,771	117,848	84,397	452,500	-	2,557,712	2,292,600
	\$ 3,064,158	\$ (57,232)	\$ (656,934)	\$ (45,302)	\$ (175,152)	\$ (76,889)	\$ (15,892)	\$ (452,500)	\$ 1,111,619	\$ 2,695,876	\$ 1,956,200

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2018
Revenues										
Net taxes available for district purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 616,406
User fees and sale of goods and services	86,195	17,000	325	14,865	137,156	42,644	68,325	-	-	366,510
Government grants and transfers	1,114,839	-	-	-	-	-	-	-	-	1,114,839
ICBC Commissions	-	-	-	-	-	-	-	-	376,904	376,904
Investment income	-	-	-	-	-	-	-	-	32,665	32,665
Building rentals and other revenue	-	-	-	-	-	-	-	-	20,277	20,277
	1,201,034	17,000	325	14,865	137,156	42,644	68,325	-	1,046,252	2,527,601
Expenses										
Salaries, wages and benefits	378,662	19,532	306,644	-	50,135	-	-	-	-	754,973
Goods and services	310,097	34,519	214,397	46,783	62,904	71,298	77,567	-	-	817,566
Interest and bank charges	4,965	-	-	-	-	-	-	-	-	4,965
Other	1,354	-	-	-	-	-	-	52,500	-	53,854
Amortization	146,201	12,815	74,571	24,311	123,131	40,363	-	-	-	421,392
	841,279	66,866	595,612	71,094	236,170	111,661	77,567	52,500	-	2,052,749
	\$ 359,755	\$ (49,866)	\$ (595,287)	\$ (56,229)	\$ (99,014)	\$ (69,017)	\$ (9,242)	\$ (52,500)	\$ 1,046,252	\$ 474,852

THE DISTRICT OF NEW HAZELTON
 Consolidated Schedule of Reserve Fund Activities
 Year Ended December 31, 2019

	Machinery and equipment	Water capital	Sewer capital	Cemetery fund	Tax sale reserve	Building fund	Northern Capital and Planning	2019	2018
Balance - beginning of year	\$ 89,799	\$ (163,539)	\$ 325,194	\$ 3,857	\$ 90,844	\$ 515,201	\$ -	\$ 861,356	\$ 959,582
Transfers in	-	-	-	-	-	-	2,580,000	2,580,000	-
Transfers out	-	(4,286)	3,252	-	-	(515,201)	(419,315)	(934,516)	-
Investment income (expense)	898	(101,000)	(101,500)	39	908	-	38,036	38,847	5,274
Contributions	-	-	-	-	-	-	-	(202,500)	(103,500)
Balance - end of year	\$ 90,697	\$ (268,825)	\$ 226,946	\$ 3,896	\$ 91,752	\$ -	\$ 2,198,721	\$ 2,343,187	\$ 861,356

DISTRICT OF NEW HAZELTON

Permissive Tax Exemptions

2019

Permissive Tax Exemption Bylaw No. 343, 2018 provided the following Permissive Tax Exemptions in 2019. 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 \$ 2,517.71

2. New Hazelton Congregation of Jehovah's Witnesses
Lots 7-9, Block 148, Section 2, Plan 968
District Lot 882, Cassiar Land District \$ 607.54

3. Roman Catholic Episcopal Corp of Prince Rupert
Lots 7-21, Block 29, Section 2, Plan 968
District Lot 863, Cassiar Land District \$ 3,282.34

DISTRICT OF NEW HAZELTON 2020 ANNUAL REPORT

Municipal Services and Operations -2019-

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
- House insurance
- Meeting center
- Erwin Stege Community Centre

The District of New Hazelton operated with a full-time staff of ten (10) persons during 2019. The full-time public works crew of five (5) was assisted by two (2) summer students. The full-time administration staff of five (5) was assisted by one (1) summer student.

Our Volunteer Fire Department consists of a Fire Chief and nine (9) 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 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. Overlays were applied on 9th Ave from Laurier St. to Graham St; 7th Ave from Laurier St. to Graham St.

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
2020 Annual Report**

Declaration of Disqualifications

2019

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

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

2020 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/House Insurance 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

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

2020 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Downtown Revitalization	Replace flower planters and hanging baskets	Purchase new flower planters and hanging baskets from vendor	New flower baskets and planters placed throughout downtown core
Water Distribution System	Young Street waterline upgrade	Receive grant for funding. Work and restoration to be completed by contractor	Received grant. Work will be completed by contractor
Waste Water Collection	Annual cleaning of waste water distribution lines Lagoon desludging	Work to be completed by contractors to maintain efficient operation of lines Work to be completed by contractor and public works staff	Work will be completed by contractor Work will be completed by contractor and public works staff
Road Upgrades	Overlay on 13 th Ave from Bowser St to McLeod St; 14 th Ave from Bowser St to McLeod St, McLeod St from 14 th Ave to 15 th Ave	Work to be completed by paving contractor and public works staff	Work will be completed by contractor and public works staff
Public Works	Install storm sewer along Templeman St from Hwy 16 to 9 th Ave, 9 th Ave from Templeman St to Laurier St, and Laurier St from 13 th Ave to 14 th Ave	Work will be completed by public works staff	Work will be completed

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

2020 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Downtown Revitalization	Replace flower planters and hanging baskets	Purchase new flower planters and hanging baskets from vendor	New flower baskets and planters placed throughout downtown core
Water Distribution System	Young Street waterline upgrade	Receive grant for funding. Work and restoration to be completed by contractor	Received grant. Work will be completed by contractor
Waste Water Collection	Annual cleaning of waste water distribution lines Lagoon desludging	Work to be completed by contractors to maintain efficient operation of lines Work to be completed by contractor and public works staff	Work will be completed by contractor Work will be completed by contractor and public works staff
Road Upgrades	Overlay on 13 th Ave from Bowser St to McLeod St; 14 th Ave from Bowser St to McLeod St Paving Community Center parking lot Apply crush to College St South	Work to be completed by paving contractor and public works staff	Work will be completed by contractor and public works staff
Public Works	Install storm sewer along Templeman from HWY 16 to 9 th Ave, 9 th Ave from Templeman to Laurier St, and Laurier St from 13 th Ave to 14 th Ave	Work will be completed by public works staff	Work will be completed

DISTRICT OF NEW HAZELTON
2020 Annual Report

2021 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Administration	<p>Work to reduce costs and generate additional revenue</p> <p>Construct new municipal office and greenspace</p> <p>Asset Management Plan Completion</p>	<p>Continue to systematically evaluate operations for new opportunities to reduce costs or increase revenue</p> <p>Work to be completed by contractor</p> <p>Work with Urban Systems to finalize an Asset Management Plan that includes staff training</p>	<p>Add to operating surplus</p> <p>Work will be completed by contractor</p> <p>Completed Asset Management Plan that can be maintained by staff</p>
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	Continue to improve storm sewer system throughout the community	Work will be completed by public works	Work will be completed

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

Progress Report 2019

Service/Department	Objective	Strategy	Measure	Outcome
Administration	Work to reduce costs and generate additional revenue	Continue to systematically evaluate operations to reduce costs or increase revenue	Add to operating surplus instead of drawing on it	Operating surplus of \$2,695,876 for 2019
		Partnered with Bulkley Valley Insurance Services in Smithers to offer house insurance services to residents of the Hazeltons	Commission revenues will increase	First full year of house insurance created \$21,474.36 in commission.
		Marketing ICBC Broker Agency more consistently to increase business	Commission revenues will increase	ICBC/Motor vehicle commission revenue increased by \$7,472 from 2018
Economic Development	Market New Hazelton	Continue to utilize the website & advertise opportunities	New investment occurs	Receiving inquiries regarding property
	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	Economic Development Officer continues to look for ways to market & promote local business

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

Progress Report 2019

Service/Department	Objective	Strategy	Measure	Outcome
Economic Development	Engage local businesses	Collaborate with the RDKS and Village of Hazelton to carry out surveys with local business	Opportunities and challenges facing local business will be identified	Staff, council, and Economic Development Officer carried out business walk in mid-summer with local businesses
Downtown Revitalization	Community Center	Finish renovating Community Centre	Community Center will provide rental space resulting in opportunities for revenue generation	Work was completed. Rentals of facility began in July, 2019; currently one (1) long-term tenant
Water Distribution System	Laurier Street waterline upgrade from 13 th Ave to 14 th Ave	Work and restoration to be completed by contractors	Work will be completed by contractor	Work was completed
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

**DISTRICT OF NEW HAZELTON
2020 Annual Report**

Progress Report 2019

Service/Department	Objective	Strategy	Measure	Outcome
Roadways	Overlay on 9 th Ave from Laurier St to Graham St; 7 th Ave from Laurier St to Graham St	Work to be completed by contractor and public works crew	Work will be completed	Work was completed
	Base work on Community Center parking lot	Work to be completed by paving contractor and public works crew	Work will be completed by contractor	Work was completed
	Apply crush to Brewster St North			Work was completed
Public Works	Install storm sewer along 14 th Avenue from Pugsley St to Fielding St and Laurier St from 11 th Ave to 12 th Ave	Work will be completed by public works	Work will be completed	Work was completed