

DISTRICT OF NEW HAZELTON



2023 Annual Report

Reporting on the 2022
fiscal year

District of New Hazelton

2022 Annual Report

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MAYOR'S MESSAGE

June 30, 2023

I am pleased to present a copy of the District of New Hazelton Annual Report for 2022. I hope that you will find the information presented useful and enlightening.

While we slowly began to climb out of the effects of the COVID-19 pandemic, it was clear that the world as we once knew it, had changed. Many businesses are still struggling with the effects of the pandemic and the continued staffing shortages. This has caused disruption in the way they do business and what services they have been able to offer to our community. While some are reinvigorated, others have not been successful in attracting staff members and are either operating with reduced hours or in the case of some restaurants, take out services only.

The Erwin Stege Community Center is once again available for use and we are thankful for those who continue to offer community events within the center. The District entered into a reduced rate, long-term lease with the Misty Rivers Community Arts Council to provide them with a new art gallery space in the old Meeting Center. While this meant that our Meeting Center was no longer available for community use, the volunteers at the MRCAC have done an incredible job of creating an inviting and easily accessible space for residents and visitors alike. I urge you to visit the space to see what is happening! You can also follow them on Facebook to see what exciting events they have planned including workshops and art shows.

Another change for 2022 saw our Visitor Center open for an extended period of time rather than just the tourist season. The stakeholders for the Visitor Center; the District of New Hazelton, the Village of Hazelton, and the Regional District of Kitimat Stikine wanted to provide the community with an opportunity to purchase items from local artisans throughout the season and it was very successful. We look forward to continuing to offer this opportunity in 2023 under the direction of Tourism and Community Development Coordinator, Leah Pipe. Leah's extensive knowledge of and connection to local artisans provides us with an opportunity to showcase many items made locally and in the Northwest. Leah and her crew are also working on more changes in 2023 and I invite you to check out the space and see all the new additions.

We held our first post pandemic community event with a modified version of Winterfest. The bitter cold did not deter many who came out to see the fireworks display put on by the New Hazelton Volunteer Fire Department and they were not disappointed. Hot chocolate and cupcakes were on the menu and everyone had a great time. My thanks to the staff, council, Hazelton Secondary grad class, and the fire department for their hard work in making this event happen. We are looking forward to the return of Canada Day and Winterfest in 2023!

2022 was our first full year in the new office building conveniently located on the highway for better access. Final touches on the building were completed and the addition of amazing artwork courtesy of Leah Pipe and Michelle Stoney along with Adelle Herrigan and Lorraine Hnidan-Kendall has been a hit with all of our visitors. I would like to thank these ladies for their hard work in giving our staff a beautiful place to work. Misty Rivers Community Arts Council also provides us with a rotating art display that changes every two-three months and showcases artists from around the Upper Skeena area. We are so fortunate to have so many talented artists in our communities. The public works crew added shrubs and annuals to the outside of the building and 2023 will see the parking lot paved and more signage added. Please feel free to come and visit the new office if you haven't already, it is beautiful!

The local government election in 2022 saw each of our councillors return to their seats at the table and I would like to thank each of them for their continued dedication to our community. There are a few new faces in the office as we said goodbye to Robyn Carlé, our Chief Financial Officer who moved on to become the new Chief Administrative Officer at the Village of Hazelton. We welcomed life-long resident of the Hazeltons, Laura Roe as our new Chief Financial Officer and she has been a great addition to our team. We also welcome two new front line staff, Brooke White and Angelle Sterritt. Both are learning very quickly and happy to welcome you and help you with all your local government, ICBC and Driver Licensing needs.

Public Works staff continue to work on upgrading the storm sewers on 5th Avenue with some paving overlays on 11th and 13th Avenues. In addition, we purchased new breathing apparatus for our volunteer fire department in conjunction with the Regional District of Kitimat Stikine. This will enable our fire fighters to be equipped with up to date apparatus that will keep them safe during attendance at fires.

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.

A handwritten signature in cursive script that reads "Gail Lowry".

Gail Lowry
Mayor

The District Of New Hazelton
Financial Statements
December 31, 2022

**DISTRICT OF NEW HAZELTON
COUNCIL - 2022**

MAYOR
Gail Lowry

COUNCILORS

Jutta Hobenshield
Mike Weeber
George Burns

Ray Sturney
Braunwyn Henwood
Allan Berg

APPOINTED OFFICIALS

Chief Administrative Officer
Chief Financial Officer
Public Works Superintendent

Wendy Hunt
Laura Roe
Roger Smith

The District Of New Hazelton Contents

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Management's Responsibility

To the Mayor and Members of Council of the District Of New Hazelton:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed primarily of Councilors who are neither management nor employees of the District. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the District's external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

June 5, 2023



Gail Lowry, Mayor



Wendy Hunt, Chief Administrative Officer

To the Mayor and Members of Council of the District Of New Hazelton:

Opinion

We have audited the financial statements of the District Of New Hazelton (the "District"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2022, and the results of its operations and accumulated surplus, changes in its net financial assets and its 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 Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

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

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

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

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

Terrace, British Columbia

June 5, 2023

MNP LLP

Chartered Professional Accountants

The District Of New Hazelton Statement of Financial Position

As at December 31, 2022

	2022	2021
Financial assets		
Cash and temporary investments (Note 3)	2,786,958	2,838,307
Accounts receivable (Note 4)	171,888	313,829
Taxes receivables (Note 5)	74,498	32,962
Total of assets	3,033,344	3,185,098
Liabilities		
Accounts payable and accruals	141,472	227,349
Deferred revenue (Note 6)	168,659	123,303
Total of financial liabilities	310,131	350,652
Net financial assets	2,723,213	2,834,446
Commitments and contingencies (Note 7)		
Non-financial assets		
Tangible capital assets (Schedule 1)	12,001,361	11,947,357
Inventory - parts and supplies	115,316	113,685
Prepaid expenses	17,102	15,256
Total non-financial assets	12,133,779	12,076,298
Accumulated surplus (Note 8)	14,856,992	14,910,744

Approved on behalf of the Council

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Mayor

Chief
Administrative
Officer

The District Of New Hazelton Statement of Operations and Accumulated Surplus

For the year ended December 31, 2022

	2022 Budget (Note 12)	2022	2021
Revenue			
Government grants and transfers (Note 10)	632,000	730,618	741,503
Net taxes available for municipal purposes (Note 11)	644,892	657,528	643,570
ICBC commissions	362,000	351,477	383,066
Utility usage fees	264,000	256,733	254,456
Other fees and sale of goods and services	151,100	186,520	189,043
Investment income	15,000	60,266	17,805
Gain on sale of tangible capital assets	-	-	476,038
	2,068,992	2,243,142	2,705,481
Program expenses			
General government services	1,266,450	996,086	900,396
Protective services	236,000	111,464	144,862
Transportation and transit services	707,500	609,887	670,522
Recreation and youth services	8,850	67,890	35,881
Water operations	154,000	242,152	138,014
Sewer operations	67,100	124,252	122,295
Garbage operations	94,500	92,663	91,888
Tourism and community development	12,500	52,500	52,500
	2,546,900	2,296,894	2,156,358
Annual surplus	(477,908)	(53,752)	549,123
Accumulated surplus, beginning of year	14,910,744	14,910,744	14,361,621
Accumulated surplus, end of year	14,432,836	14,856,992	14,910,744

The accompanying notes are an integral part of these financial statements

The District Of New Hazelton
Statement of Change in Net Financial Assets
For the year ended December 31, 2022

	2022 Budget (Note 12)	2022	2021
Annual surplus (deficit)	(477,908)	(53,752)	549,123
Acquisition of tangible capital assets	(747,500)	(567,078)	(2,613,675)
Amortization of tangible capital assets	350,000	513,074	491,234
Proceeds on sale of tangible capital assets	-	-	535,535
Gain on sale of tangible capital assets	-	-	(476,037)
Changes in other non-financial assets	-	(3,477)	(7,887)
Decrease in net financial assets	(875,408)	(111,233)	(1,521,707)
Net financial assets, beginning of year	2,834,446	2,834,446	4,356,153
Net financial assets, end of year	1,959,038	2,723,213	2,834,446

The accompanying notes are an integral part of these financial statements

The District Of New Hazelton Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Operating activities		
Annual surplus	(53,752)	549,123
Non-cash items		
Amortization	513,074	491,234
Gain on sale of tangible capital assets	-	(476,037)
	459,322	564,320
Changes in working capital accounts		
Accounts receivable	141,941	(158,670)
Taxes receivable	(41,536)	(2,802)
Accounts payable and accruals	(85,877)	135,436
Deferred revenue	45,356	123,303
Inventory - parts and supplies	(1,631)	(11,321)
Prepaid expenses	(1,846)	3,436
	515,729	653,702
Capital activities		
Purchases of tangible capital assets	(567,078)	(2,613,675)
Proceeds from the disposal of tangible capital assets	-	535,535
	(567,078)	(2,078,140)
Decrease in cash resources	(51,349)	(1,424,438)
Cash resources, beginning of year	2,838,307	4,262,745
Cash resources, end of year	2,786,958	2,838,307

The accompanying notes are an integral part of these financial statements

The District Of New Hazelton Notes to the Financial Statements

For the year ended December 31, 2022

1. General

The District of New Hazelton (the "District") 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.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of accounting

The basis of accounting followed in these 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.

Fund accounting

Funds within the 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.

Cash and cash equivalents

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 one year or less and Municipal Finance Authority of B.C. money market funds.

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.

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:

	Years
Buildings	20 to 50 years
Equipment, furniture and motor vehicles	5 to 20 years
Transportation and transit services	15 to 40 years
Water infrastructure	10 to 100 years
Sewer infrastructure	25 to 85 years

2. Significant accounting policies *(Continued from previous page)*

Liability for contaminated site

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 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, 2022.

At each financial reporting date, the District 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, 2022 as the District has not identified any contaminated sites.

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 change in net financial assets for the year.

Revenue recognition

Government transfers

The District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the District recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Tax revenue

The District recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the District evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

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.

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

Segments

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.

2. Significant accounting policies *(Continued from previous page)*

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Financial instruments

The District recognizes its financial instruments when the District becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the District may irrevocably elect to subsequently measure any financial instrument at fair value. The District has not made such an election during the year.

The District subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Cash and temporary investments

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

	2022	2021
Cash	2,552,400	2,608,179
Municipal Finance Authority of B.C. investments - money market fund	229,016	224,667
Term deposits	5,542	5,461
	2,786,958	2,838,307

The District Of New Hazelton
Notes to the Financial Statements
For the year ended December 31, 2022

4. Accounts receivable

	2022	2021
Northern Development Initiative Trust	49,970	59,458
GST rebate	36,754	131,298
Other receivables	85,164	123,073
	171,888	313,829

5. Taxes receivable

	2022	2021
Current	60,123	23,038
Arrears	14,375	9,924
	74,498	32,962

6. Deferred revenue

	2022	2021
UBCM Federal Gas Tax Community Works Fund reserve		
Balance - beginning of year	123,303	-
Amount received during the year	83,407	162,957
Interest revenue	1,949	346
Regional District USRC contribution	(40,000)	(40,000)
	168,659	123,303

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 District 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.

7. Commitments and contingencies

a) Capital requirements

District Council has approved a 2022 - 2026 tangible capital expenditure financial plan of \$4,842,500. The 2022 requirement of \$747,500 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, 2022, the plan has approximately 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The District of New Hazelton paid \$42,905 for employer contributions to the plan in fiscal 2022 (\$63,639 in 2021).

The next valuation will be as at December 31, 2024, with results available in 2025.

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

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 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 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 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 the Financial Statements
For the year ended December 31, 2022

8. Annual surplus

	2022	2021
Operating fund	2,522,753	2,361,865
Reserves fund (Schedule 3)	332,878	601,522
Equity in tangible capital assets (Note 9)	12,001,361	11,947,357
	14,856,992	14,910,744

9. 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 equity in tangible capital assets is as follows:

	2022	2021
Increases:		
Capital acquisitions	567,078	2,613,675
Decreases:		
Dispositions at net book value	-	(59,498)
Amortization	(513,074)	(491,234)
	54,004	2,062,943
Equity in tangible capital assets - beginning of year	11,947,357	9,884,414
	12,001,361	11,947,357

10. Government grants and transfers

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

	2022	2021
Unconditional grants and transfers		
Provincial	591,000	467,000
Regional District / Other	5,000	5,000
	596,000	472,000
Conditional grants and transfers		
Provincial	90,746	142,138
Recognition of deferred revenue - UBCM Federal Gas Tax Agreement Community Works Fund	40,000	40,000
Regional District / Other	1,680	87,365
Federal	2,192	-
	134,618	269,503
	730,618	741,503

The District Of New Hazelton
Notes to the Financial Statements
For the year ended December 31, 2022

11. Net taxes available for municipal purposes

	2022	2021
Taxes:		
Municipal taxes levied	981,165	943,014
Frontage	61,294	61,713
Revenue in lieu of taxes	51,170	50,998
Penalties and interest on taxes	14,688	11,325
	1,108,317	1,067,050
Less taxes on behalf of:		
School District	(231,405)	(219,382)
North West Regional Hospital District	(36,889)	(34,346)
Regional District of Kitimat-Stikine	(178,762)	(165,992)
B.C. Assessment Authority	(3,733)	(3,760)
	(450,789)	(423,480)
Net taxes available for municipal purposes	657,528	643,570

12. Annual budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on February 7, 2022.

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

Financial Plan approved by Council	-
Add back:	
Capital expenditures per budget	747,500
Transfers to reserves	50,000
Less:	
Amortization	(350,000)
Transfers from own funds	(925,408)
Annual Surplus per Statement of Operations	(477,908)

The District Of New Hazelton
Notes to the Financial Statements
For the year ended December 31, 2022

13. COVID-19 Safe Restart Grant

The District received a COVID-19 Safe Restart grant from the Province of BC. The purpose of the grant was to support the District with increased operating costs and decreased revenues due to the COVID-19 pandemic. In 2022, the grant monies received and spent were as follows:

	2022	2021
Opening balance	348,780	347,411
Interest earned	8,371	3,474
Use of grant:		
Revenue shortfall	-	2,105
Ending balance	357,151	352,990

14. 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, garbage collection, the Erwin Stege Community Centre 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 Chief Administrative Officer is the liaison between Council and the District departments and staff. The Corporate Officer 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 and policing. 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. Fire protection is provided by the fire department, whose volunteer members receive compensation for each callout in which they take part. The District's Management and Public Works Department work together to regulate all construction within the District. This is achieved through the use of the District's Building Bylaw, the British Columbia Building Code, the British Columbia Fire Code and other related bylaws and enactments with the District.

Transportation and transit services

The Transportation (Public Works) Department is responsible for the infrastructure of the District including 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, and 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 contributes 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

Administration is responsible for the garbage collection and recycling programs operating in the District of New Hazelton. Garbage collection and recycling services are performed by a contractor.

Tourism and community development

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

15. Recent Accounting Pronouncements

PS 3280 Asset Retirement Obligations, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the District as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- a. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b. The past transaction or event giving rise to the liability has occurred;
- c. It is expected that future economic benefits will be given up; and
- d. A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the District's financial results.

16. Comparative figures

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

The District Of New Hazelton
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	<i>Land</i>	<i>Buildings</i>	<i>Equipment, furniture and motor vehicles</i>	<i>Water infrastructure</i>	<i>Sewer infrastructure</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	643,281	7,340,909	2,633,894	3,856,990	1,213,634	15,688,708
Acquisition of tangible capital assets	-	382,779	59,969	16,881	14,618	474,247
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, end of year	643,281	7,723,688	2,693,863	3,873,871	1,228,252	16,162,955
Accumulated amortization						
Balance, beginning of year	-	1,640,246	1,873,905	1,496,028	745,577	5,755,756
Annual amortization	-	146,734	137,607	53,669	71,945	409,955
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	-	1,786,980	2,011,512	1,549,697	817,522	6,165,711
Net book value of tangible capital assets	643,281	5,936,708	682,351	2,324,174	410,730	9,997,244
2021 Net book value of tangible capital assets	643,281	5,700,663	759,989	2,360,962	468,057	9,932,952

The District Of New Hazelton
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	<i>Subtotal</i>	<i>Transportation and transit services</i>	<i>Tax sale land</i>	<i>2022</i>	<i>2021</i>
Cost					
Balance, beginning of year	15,688,708	3,914,536	71,562	19,674,806	17,123,258
Acquisition of tangible capital assets	474,247	92,831	-	567,078	2,613,675
Disposal of tangible capital assets	-	-	-	-	(62,127)
Balance, end of year	16,162,955	4,007,367	71,562	20,241,884	19,674,806
Accumulated amortization					
Balance, beginning of year	5,755,756	1,971,693	-	7,727,449	7,238,845
Annual amortization	409,955	103,119	-	513,074	491,234
Accumulated amortization on disposals	-	-	-	-	(2,630)
Balance, end of year	6,165,711	2,074,812	-	8,240,523	7,727,449
Net book value of tangible capital assets	9,997,244	1,932,555	71,562	12,001,361	11,947,357
2021 Net book value of tangible capital assets	9,932,952	1,942,843	71,562	<u>11,947,357</u>	

The District of New Hazelton
Schedule 2 - Schedule of Segmented Revenue and Expenses

For the year ended December 31, 2022

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2022	2022 Budget
Revenues											
Government grants and transfers	730,618	-	-	-	-	-	-	-	-	730,618	632,000
Net taxes available for municipal purposes	-	-	-	-	-	-	-	-	657,528	657,528	644,892
Utility usage fees	-	-	-	-	147,478	41,014	68,241	-	-	256,733	264,000
Other fees and sale of goods and services	156,345	17,000	5,375	7,800	-	-	-	-	-	186,520	151,100
ICBC commissions	-	-	-	-	-	-	-	-	351,477	351,477	362,000
Investment income	-	-	-	-	-	-	-	-	60,266	60,266	15,000
	886,963	17,000	5,375	7,800	147,478	41,014	68,241	-	1,069,271	2,243,142	2,068,992
Expenses											
Salaries, wages and benefits	490,334	62,803	297,625	-	57,049	-	-	-	-	907,811	995,000
Goods and services	287,922	35,846	234,268	42,765	72,671	50,440	92,663	-	-	816,575	1,183,400
Interest and bank charges	6,934	-	-	-	-	-	-	-	-	6,934	6,000
Other	-	-	-	-	-	-	-	52,500	-	52,500	12,500
Amortization	210,896	12,815	77,994	25,125	112,432	73,812	-	-	-	513,074	350,000
	996,086	111,464	609,887	67,890	242,152	124,252	92,663	52,500	-	2,296,894	2,546,900
	(109,123)	(94,464)	(604,512)	(60,090)	(94,674)	(83,238)	(24,422)	(52,500)	1,069,271	(53,752)	(477,908)

The District of New Hazelton
Schedule 2 - Schedule of Segmented Revenue and Expenses

For the year ended December 31, 2022

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2021
Revenues										
Government grants and transfers	741,503	-	-	-	-	-	-	-	-	741,503
Net taxes available for municipal purposes	-	-	-	-	-	-	-	-	643,570	643,570
ICBC commissions	-	-	-	-	-	-	-	-	383,066	383,066
Utility usage fees	-	-	-	-	142,816	42,068	69,572	-	-	254,456
Other fees and sale of goods and services	135,837	17,000	2,860	6,900	-	-	-	-	26,444	189,043
Investment income	-	-	-	-	-	-	-	-	17,805	17,805
Gain on disposal of tangible capital assets	476,038	-	-	-	-	-	-	-	-	476,038
	1,353,378	17,000	2,860	6,900	142,816	42,068	69,572	-	1,070,885	2,705,481
Expenses										
Salaries, wages and benefits	454,896	65,372	341,698	-	57,512	-	-	-	-	919,478
Goods and services	251,626	66,675	252,893	7,858	32,488	48,561	91,888	-	-	687,013
Interest and bank charges	6,132	-	-	-	-	-	-	-	-	6,132
Other	-	-	-	-	-	-	-	52,500	-	52,500
Amortization	187,742	12,815	75,931	28,023	112,990	73,734	-	-	-	491,235
	900,396	144,862	670,522	35,881	138,014	122,295	91,888	52,500	-	2,156,358
	452,982	(127,862)	(667,662)	(28,981)	4,802	(80,227)	(22,316)	(52,500)	1,070,885	549,123

The District Of New Hazelton
Schedule 3 - Schedule of Reserve Fund Activities

For the year ended December 31, 2022

	<i>General capital</i>	<i>Sewer capital</i>	<i>Cemetery fund</i>	<i>Northern Capital and Planning</i>	2022	<i>2021</i>
Balance - beginning of year	-	231,288	3,971	366,263	601,522	3,052,123
Transfers in	50,000	-	-	-	50,000	-
Transfers out	-	-	-	(327,716)	(327,716)	(2,462,501)
Investment income (expense)	1,214	5,616	77	2,165	9,072	11,900
Contributions	-	-	-	-	-	-
Balance - end of year	51,214	236,904	4,048	40,712	332,878	601,522

DISTRICT OF NEW HAZELTON

Permissive Tax Exemptions

2021

Permissive Tax Exemption Bylaw No. 362, 2021 provided the following Permissive Tax Exemptions in 2022. Municipal taxes which were not imposed are:

1. Roman Catholic Episcopal Corp of Prince Rupert
Lots 4-6 & 7-21, Block 29, Section 2, Plan 968
District Lot 863, Cassiar Land District \$3063.56

2. New Hazelton Congregation of Jehovah's
Witnesses
Lot A, Section 2, Plan EPP78072, District Lot
882, Cassiar Land District \$ 611.68

3. BC Conference Mennonite Brethren Churches
Lot A, Plan PRP12334, District Lot 863, Cassiar
Land District \$1435.36

DISTRICT OF NEW HAZELTON 2022 ANNUAL REPORT

Municipal Services and Operations -2022-

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
- Erwin Stege Community Centre

The District of New Hazelton operated with a full-time staff of ten (9) persons during 2022. The full-time public works crew of four (4) was assisted by two (3) summer students. The office operated with a full-time administration staff of five.

Our Volunteer Fire Department consists of a Fire Chief and 14 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 and rural fire protection on behalf of the Regional District of Kitimat Stikine.

Our Visitor Centre opened for extended hours from June – December, 2022 with a full-time staff of one and three (3) summer 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 a portion of 11th Avenue between Laurier and McBride Streets and 13th Avenue from McLeod Street to Sargent Crescent.

Storm Sewer was installed on 5th Avenue between Young and Churchill Streets.

Thanks to a grant from Northern Development Initiative Trust, the Bulkley Valley Credit Union, and the Bulkley Valley Foundation, we were able to add 8 more pieces of outdoor fitness equipment in Allen Park which continues to be a hit with people of all ages.

The new municipal hall received planter boxes and landscaping to complete the outside of the building with the exception of the parking lot paving that will be completed in 2023.

The final major expenditure was the purchase of new breathing apparatus for the New Hazelton Volunteer Fire Department. The costs for this was shared between the District of New Hazelton, the Regional District of Kitimat Stikine and the Jaws of Life department.

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
2023 Annual Report**

Declaration of Disqualifications

2022

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

**DISTRICT OF NEW HAZELTON
2023 Annual Report**

Progress Report 2022

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 Continue to market ICBC/House Insurance to increase sales	Add to operating surplus Commission revenues will increase	The District posted a deficit drawn on surplus in the amount of \$53,752.00 for 2022 Due to staffing, House insurance was not offered during 2022
Economic Development	Market New Hazelton Continue to promote local businesses with a buy local campaign	Work with Economic Development Officer to find new ways to attract & retain businesses Promote Love Northern BC/Love the Hazeltons website	New investment occurs Local businesses see an increase in profits	New businesses with Wesco, Fireweed Cannabis, & North of 50 Logistics Love the Hazeltons is being phased out and will be replaced

**DISTRICT OF NEW HAZELTON
2023 Annual Report**

Progress Report 2022

Service/Department	Objective	Strategy	Measure	Outcome
Economic Development	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	Cohosted a strategic planning session with RDKS and the Village to hear residents/business concerns
Downtown Revitalization	Replace refuse & recycling receptacles	Apply for grant to purchase new refuse & recycling containers	Grant received and new containers installed	Unsuccessful in obtaining a grant
	Complete office building and grounds landscaping	PW Superintendent & CAO will work with contractors to complete deficiencies	Deficiencies will be corrected	Most deficiencies corrected
		PW staff will complete landscaping	Landscaping will be completed by PW staff	Landscaping completed
		Contractor will complete parking lot paving	Paving will be completed by contractor	Paving contractor unable to pave until 2023
Water Distribution System	Young Street waterline upgrade	Apply for grant funding. Work and restoration to be completed by contractor	Received grant. Work will be completed by contractor	Unsuccessful in obtaining grant funding

**DISTRICT OF NEW HAZELTON
2023 Annual Report**

Progress Report 2022

Service/Department	Objective	Strategy	Measure	Outcome
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 completed
	Lagoon desludging	Apply for grant. Work to be completed by contractor and public works staff	Grant received. Work will be completed by contractor and public works staff	Unsuccessful in obtaining grant. Continue to treat with Acti-zyme compounds to remain in compliance
Roadways	Overlay & new pavement 11 th Ave between Laurier & McBride; 13 th Ave between McLeod St & Sargent Crescent	Work to be completed by contractor and public works crew	Work will be completed	Work was completed
	Pave Community Center parking lot	Work to be completed by contractor and public works crew	Work will be completed by contractor	Work was not completed – scheduled for early 2023
	Apply crush to College St south	Work to be completed by public works crew	Work will be completed	Some upgrading done Crush not needed

**DISTRICT OF NEW HAZELTON
2023 Annual Report**

Progress Report 2022

Service/Department	Objective	Strategy	Measure	Outcome
Public Works	Install storm sewer along 5 th Avenue between Young St & Churchill St	Work will be completed by public works	Work will be completed	Work was completed
Fire Department	Purchase SCBA for crews	Source & purchase through finance	New SCBAs will be purchased	SCBAs were purchased

DISTRICT OF NEW HAZELTON
2023 Annual Report

2023 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 develop Asset Management Plan	Train new staff on house insurance Staff will work with Urban Systems toward completion of Asset Management Plan by fiscal end 2024	Staff will be trained & house insurance offered again Work will progress with an end date of December, 2024
	Increase organizational capacity & succession planning	Senior Administration will continue to work on succession planning, education, and fostering a happy, well-trained, & stable workforce	Succession plan will be in place, staff will be trained & stable
Economic Development	Market New Hazelton	Work with Economic Development Officer to find new ways to attract & retain businesses	New investment occurs

**DISTRICT OF NEW HAZELTON
2023 Annual Report**

2023 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Economic Development	Continue to promote local businesses with a buy local campaign	Work to institute a new buy local campaign to replace Love the Hazeltons	New campaign promoted & businesses see an increase in sales
	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
	Promote a diverse local economy with a stable workforce	Work with local businesses and province to help address workforce shortages, small business support, diverse tax base, and housing shortages	Businesses will see a more stable workforce
		Request province release crown land currently within municipal boundaries to alleviate land shortage for housing	Province will grant request to release crown land to District to sell and increase housing capacity

**DISTRICT OF NEW HAZELTON
2022 Annual Report**

2023 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Waste Water Collection	Lagoon desludging	Apply for grant Work to be completed by contractor and public works staff	Grant received Work will be completed by contractor and public works staff
	Sewer Line Rehabilitation	Work to be completed by contractors to maintain efficient operation of lines Work will be completed by Public Works & Contractor	Work will be completed
Downtown Revitalization	Replace refuse & recycling receptacles	Apply for grant to purchase new refuse & recycling containers	Grant received and new containers installed
	Complete office building and community center parking lot paving	Contractor will complete parking lot paving	Paving will be completed by contractor
Water Distribution System	Young Street waterline upgrade	Apply for grant funding Work and restoration to be completed by contractor	Received grant Work will be completed by contractor

DISTRICT OF NEW HAZELTON
2022 Annual Report

2023 Statement of Objectives and Measures

Service/Department	Objective	Strategy	Measure
Road Upgrades	Paving overlays on 9 th Avenue between Kelly & Laurier Streets and Graham to Ross Streets	Work will be completed by Contractor	Work will be completed
Equipment Replacement	Purchase new ¾ ton pickup truck	Public Works & Finance will source new vehicle	Vehicle will be purchased
Council Advocacy	To advocate for solutions to identified critical issues of the community identified in Strategic Plan 2022-2026	Council will advocate to the Province regarding housing shortages, small business support, and lack of childcare resources	Community, residents, and businesses will see an improvement in these areas