



DISTRICT OF NEW HAZELTON
Committee of the Whole Meeting
Monday, April 13, 2026
4633 10th Ave - Room #2 Council Chambers

Committee of the Whole Meeting - Financial Meeting – 6:00 pm

1. CALL TO ORDER: 6:00PM

2. NEW BUSINESS

2.1 Reviewing Financials presented by Alyssa Bjorgaard from MNP

3. ADJOURNMENT



The District Of New Hazelton

2025 Audit Findings

Report to Council

December 31, 2025

Erin Reimer, CPA, CA
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E: erin.reimer@mnp.ca



Wherever business takes you

MNP.ca

Overview

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the financial statements of The District Of New Hazelton (the "District") as at December 31, 2025 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of Council.

As auditors, we report to the members on the results of our examination of the financial statements of the District as at and for the year ended December 31, 2025. The purpose of this Report is to assist you, as members of Council, in your review of the results of our audit.

This Report is intended solely for the information and use of Council and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Engagement Status

We have substantially completed our audit of the financial statements of the District which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with Council;
- Council's review and approval of the financial statements.

No significant limitations were placed on the scope or timing of our audit.

Independent Auditor's Report






We expect to have the above procedures completed and to release our Independent Auditor's Report on April 13, 2026.


Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the members of the District. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area		Comments
	Changes from Audit Service Plan	There were no deviations from the Audit Service Plan previously presented to you.
	Final Materiality	Final materiality used for our audit was \$130,000 for December 31, 2025, and \$140,000 for December 31, 2024.
	Identified or Suspected Fraud	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
	Identified or Suspected Non-Compliance with Laws and Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
	Matters Arising in Connection with Related Parties	No significant matters arose during the course of our audit in connection with related parties of the District.

Area	Comments	
	<p>Auditor's Views of Significant Accounting Practices, Accounting Policies and Accounting Estimates</p>	<p>The application of Canadian public sector accounting standards allows and requires the District to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your District's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the District are appropriate and have been consistently applied.</p> <p>All significant accounting estimates were reviewed and no material differences used by management were noted. The methodologies and processes used by management were consistent with prior periods.</p>
	<p>Financial Statement Disclosures</p>	<p>The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.</p>

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
<p>Management override of internal controls</p>	<p>To respond to the overall risk of material misstatement due to fraud regarding management's override of controls, we perform the following procedures:</p> <ol style="list-style-type: none"> 1. Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements 2. review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud, if applicable 3. Evaluate the rationale behind significant transactions that are not in the normal course of business and whether they have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. <p>No indication of fraud was identified based on procedures performed.</p>
<p>Deferred government contributions</p> <p>Transactions occurred close to period-end, risk that deferred government contribution does not belong to the District, deferred government contribution is recorded in the wrong amount, deferred government contribution is not recorded in the correct general ledger account, deferred government contributions are not grouped correctly or disclosures are not adequate.</p>	<p>Reviewed and agreed to grant agreements or other support.</p> <p>Results as expected and no concerns noted.</p>

Higher Risk Areas and Responses

Higher Risk Area	Response and Conclusion
<p>Tangible capital assets</p> <p>Risk that tangible capital assets are overstated.</p>	<p>Reviewed tangible capital assets listing for significant assets to determine whether there have been any unrecorded disposals during the period.</p> <p>Appropriate adjustments made to capitalize tangible capital assets.</p>
<p>Tangible capital assets</p> <p>There are significant repairs and equipment expenses which may not be properly capitalized.</p>	<p>Identify personnel responsible for, or familiar with, tangible capital assets and inquired whether they are aware of:</p> <ul style="list-style-type: none"> • Unrecorded, missing or overstated assets. • Unrecorded transactions or transactions with unusual terms (e.g., leases with complex terms designed to meet operating lease requirements). • Unrecorded disposals during the period. <p>No concerns noted.</p>

Other Areas

Area	Comments
Auditor Independence	We confirm to Council that we are independent of the District. Our letter to Council discussing our independence is included as part of the additional materials attached to this report.
Management Representations	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
Summary of Significant Differences	Two significant differences were proposed to management with respect to the December 31, 2025 financial statements.

Area	Comments
Other Information	Pursuant to our responsibilities under Canadian generally accepted auditing standards, we will review other financial and non-financial information included in documents containing the financial statements and our auditor's report thereon as they become available. We review these documents for the purpose of ensuring their content does not contradict information derived from our audit procedures.

Summary of Significant Differences

Significant Unadjusted Differences

Differences Noted and Items Affected	FINANCIAL POSITION	EARNINGS
To record change in estimate of sick and vacation owing to staff from prior year unrecorded by the District of New Hazelton.	\$ 39,985	\$ (39,985)
To record accounts receivable differences.	\$ (11,668)	\$ 11,668
Total Unadjusted Differences (Income Effect)		\$ (28,317)

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants

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Management Representation

(See Attached)

The District Of New Hazelton
PO Box 340
New Hazelton, BC V0J 2J0

April 13, 2026

MNP LLP
201-4630 Lazelle Avenue
Terrace, British Columbia V8G 1S6

To Whom It May Concern:

In connection with your audit of the financial statements of The District Of New Hazelton (the "District") as at December 31, 2025 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 15, 2026, for the preparation and fair presentation of the District's financial statements in accordance with Canadian public sector accounting standards. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the District as at December 31, 2025, and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the District's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the financial statements.
4. All significant judgments made in making the accounting estimates have taken into account all relevant

information of which we are aware.

5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.
6. The assumptions relevant to accounting estimates and disclosures appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
7. Appropriate specialized skills or expertise have been applied in making the accounting estimates.
8. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
9. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
10. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
11. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
12. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian public sector accounting standards.
13. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.
14. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
15. All assets, wherever located, to which the District had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
16. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
17. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.

18. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2025. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
19. Inventory is correctly recorded in the financial statements in accordance with the requirements of Canadian public sector accounting standards. All required provisions for slow-moving, obsolete, and unsaleable stock have been recorded. Inventory does not include any goods on consignment to others or goods invoiced to customers.
20. All charges to tangible capital assets capital expenditures. No expenditures of a capital nature were charged to operations of the District. Depreciation of property, plant and equipment has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
21. Government transfers have been recognized when the transfer is authorized, and all eligibility criteria have been met.
22. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the District is not entitled to the proceeds.
23. We have identified all known or potential contaminated sites and the costs associated with the remediation of these sites have been appropriately accounted for and disclosed in the financial statements in accordance with Canadian public sector accounting standards.

Information Provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements, data and minutes of the meetings of the Council held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.

4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the District and all related party relationships and transactions of which we are aware.
8. The use of the going concern basis of accounting is appropriate and the District will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. We have provided you with appropriate and complete information about identified events or conditions that may cast significant doubt on the District's ability to continue as a going concern, our plans for future action and the feasibility of these plans.
9. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
10. The previous year's representation letter dated April 24, 2025 is still applicable to the prior year's financial statements, and no matters have arisen that require restatement of those financial statements.
11. There are no discussions with your firm's personnel regarding employment with the District.

Other Information

12. We have informed you of all the documents containing other information that comprise our annual report. Further, the financial statements and the other information provided to you prior to the date of your audit report are consistent with one another, and the other information does not contain any material misstatements.
13. We have informed you of all the documents containing other information that comprise our annual report. The final version(s) will be provided to you when they are available, prior to their issuance, with sufficient time to complete the necessary procedures to satisfy your responsibilities in relation to other information.

Professional Services

- 1. We acknowledge the engagement letter dated January 15, 2026, which states the terms of reference regarding your professional services.
- 2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the District's audit.

Sincerely,

The District Of New Hazelton

Signature

Title

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, 2025, 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, 2025, 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 comprises the annual report and is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

April 13, 2026

Chartered Professional Accountants

April 13, 2026

Mayor and members of Council
The District Of New Hazelton
PO Box 340
New Hazelton, BC V0J 2J0

Dear Mayor and members of Council:

We have been engaged to audit the financial statements of The District Of New Hazelton (the "District") as at December 31, 2025 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the District and its related entities or persons in financial reporting oversight roles at the District and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are aware of the following relationships between the District and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2025 to April 13, 2026.

In preparation of the annual audit engagement, MNP prepared a number of adjusting journal entries. Any independence issues are mitigated as MNP did not prepare any source documents and the District's management reviewed, approved, and took responsibility for the financial statement impact of these adjustments.

We hereby confirm that MNP is independent with respect to the District within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of April 13, 2026.

This report is intended solely for the use of Council, management and others within the District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our [upcoming] meeting on . We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

MNP LLP

Chartered Professional Accountants

encls.

The District Of New Hazelton
Financial Statements
December 31, 2025

Draft - For Management Only

**DISTRICT OF NEW HAZELTON
COUNCIL - 2025**

MAYOR

Gail Lowry

COUNCILLORS

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

Draft - For Management Only

**The District Of New Hazelton
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For the year ended December 31, 2025

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Draft - For Management Only

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 fulfils 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.

April 13, 2026

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, 2025, 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, 2025, 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 comprises the annual report and is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

April 13, 2026

Chartered Professional Accountants

The District Of New Hazelton
Statement of Financial Position

As at December 31, 2025

	2025	2024
Financial assets		
Cash and cash equivalents <i>(Note 3)</i>	7,025,541	4,840,433
Accounts receivable <i>(Note 4)</i>	247,719	117,928
Taxes receivable <i>(Note 5)</i>	50,490	72,177
Total financial assets	7,323,750	5,030,538
Liabilities		
Accounts payable and accruals	204,101	136,033
Deferred revenue <i>(Note 6)</i>	279,018	358,620
Asset retirement obligation <i>(Note 7)</i>	39,721	38,112
Total financial liabilities	522,840	532,765
Net financial assets	6,800,910	4,497,773
Commitments and contingencies <i>(Note 8)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	12,671,582	11,929,489
Inventory - parts and supplies	127,778	114,712
Prepaid expenses	12,774	67,504
Total non-financial assets	12,812,134	12,111,705
Accumulated surplus <i>(Note 9)</i>	19,613,044	16,609,478

Approved on behalf of the Council

Mayor

Chief
Administrative
Officer

The accompanying notes are an integral part of these financial statements

The District Of New Hazelton Statement of Operations and Accumulated Surplus

For the year ended December 31, 2025

	2025 Budget (Note 13)	2025	2024
Revenue			
Government grants and transfers <i>(Note 11)</i>	1,944,000	4,328,554	2,077,614
Net taxes available for municipal purposes <i>(Note 12)</i>	669,056	680,473	706,579
ICBC commissions	375,000	509,394	466,485
Other fees and sale of goods and services	175,100	272,666	272,081
Utility usage fees	277,000	262,000	246,893
Investment income	50,000	196,042	178,693
Gain on sale of tangible capital assets	-	-	11,000
	3,490,156	6,249,129	3,959,345
Program expenses			
General government services	1,549,600	1,361,837	1,193,231
Protective services	286,473	142,326	161,091
Transportation and transit services	942,800	954,147	833,376
Recreation and youth services	67,000	51,871	49,682
Water operations	182,034	310,081	261,019
Sewer operations	58,500	124,356	98,950
Garbage operations	100,000	96,792	94,806
Tourism and community development	12,500	204,153	29,620
	3,198,907	3,245,563	2,721,775
Annual surplus	291,249	3,003,566	1,237,570
Accumulated surplus, beginning of year	16,609,478	16,609,478	15,371,908
Accumulated surplus, end of year	16,900,727	19,613,044	16,609,478

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, 2025

	2025 Budget (Note 13)	2025	2024
Annual surplus	291,250	3,003,566	1,237,570
Acquisition of tangible capital assets	(2,072,400)	(1,231,945)	(596,104)
Amortization on tangible capital assets of tangible capital assets	350,000	489,852	497,539
Changes in other non-financial assets	-	41,664	(45,957)
Change in net financial assets	(1,431,150)	2,303,137	1,093,048
Net financial assets, beginning of year	4,497,773	4,497,773	3,404,725
Net financial assets, end of year	3,066,623	6,800,910	4,497,773

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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, 2025

	2025	2024
Operating activities		
Annual surplus	3,003,566	1,237,570
Non-cash items		
Amortization on tangible capital assets	489,852	497,539
Gain on sale of tangible capital assets	-	(11,000)
Accretion expense	1,609	1,610
	3,495,027	1,725,719
Changes in working capital accounts		
Accounts receivable	(129,791)	1,387
Taxes receivable	21,687	(16,936)
Accounts payable and accruals	68,068	39,340
Deferred revenue	(79,602)	75,237
Inventory - parts and supplies	(13,066)	2,768
Prepaid expenses	54,730	(48,727)
	3,417,053	1,778,788
Capital activities		
Purchases of tangible capital assets	(1,231,945)	(596,104)
Proceeds from the disposal of tangible capital assets	-	11,000
	(1,231,945)	(585,104)
Increase in cash resources	2,185,108	1,193,684
Cash resources, beginning of year	4,840,433	3,646,749
Cash resources, end of year	7,025,541	4,840,433

The accompanying notes are an integral part of these financial statements

1. General

The District of New Hazelton (the "District") was incorporated as a municipality on December 15, 1980 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 include 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, 2025.

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, 2025 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 the performance obligations to the customer have been satisfied and when amounts are measurable and collection can be reasonably assured.

Deferred revenue represents user charges and other fees which have been collected, but for which the performance obligation to the customer has not yet been satisfied. These amounts will be recognized as revenue when the performance obligations are satisfied.

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.

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.

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

Use of estimates *(Continued from previous page)*

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. Asset retirement obligations are the best estimate of the amount required to retire the tangible capital asset.

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. A statement of remeasurement gains and losses has not been presented in the financial statements as it would not contain any balances or transactions.

2. Significant accounting policies (Continued from previous page)

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the District to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the District reviews the carrying amount of the liability. The District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit and investments as follows:

	2025	2024
Cash	1,103,727	1,696,823
Municipal Finance Authority of B.C. investments - money market fund	259,417	252,169
Term deposits	5,662,397	2,891,441
	7,025,541	4,840,433

Term deposits are non-redeemable with rates ranging from 1.50% to 3.40%, maturing between February 2026 and August 2026.

4. Accounts receivable

	2025	2024
Northern Development Initiative Trust	50,000	54,300
GST rebate	63,598	25,168
Other receivables	115,950	38,460
Accrued interest	18,171	-
	247,719	117,928

The District Of New Hazelton
Notes to the Financial Statements
For the year ended December 31, 2025

5. Taxes receivable

	2025	2024
Current	32,174	53,400
Arrears	17,528	18,777
Delinquent	788	-
	50,490	72,177

6. Deferred revenue

	2025	2024
UBCM Federal Gas Tax Community Works Fund reserve		
Balance - beginning of year	358,620	260,883
Amount received during the year	90,823	90,823
Interest revenue	5,975	6,914
Regional District USRC contribution	(176,400)	-
	279,018	358,620

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. Asset retirement obligation

The District recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of buildings and gravel pits. The asset retirement cost is amortized on a straight-line basis over the useful life of the tangible capital asset.

The District estimated the amount of the liability using discounted future expenditures estimated to retire the tangible capital asset. The significant assumptions used to determine the best estimate of the liability include:

- the estimated total future expenditures for settlement of the liability is assumed to be \$93,181 (2024 - \$95,231)
- the discount rate applied in the calculation was 4.70% (2024 - 4.41%)

	2025	2024
Balance, beginning of year	38,112	36,502
Accretion expense	1,609	1,610
	39,721	38,112

8. Commitments and contingencies

a) 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, 2024, the plan has approximately 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for 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, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The District of New Hazelton paid \$65,331 for employer contributions to the plan in fiscal 2025 (\$53,444 in 2024).

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.

b) 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.

c) 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.

d) Contingent liabilities

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

9. Accumulated surplus

	2025	2024
Operating fund	1,048,186	2,054,925
Reserves (<i>Schedule 3</i>)	5,932,997	2,663,176
Equity in tangible capital assets (<i>Note 10</i>)	12,631,861	11,891,377
	19,613,044	16,609,478

The District Of New Hazelton
Notes to the Financial Statements
For the year ended December 31, 2025

10. 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:

	2025	2024
Increases:		
Capital acquisitions	1,231,945	596,104
Decreases:		
Amortization	(489,852)	(497,539)
Asset retirement obligation liability	(1,609)	(1,610)
	740,484	96,955
Equity in tangible capital assets - beginning of year	11,891,377	11,794,422
	12,631,861	11,891,377

11. Government grants and transfers

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

	2025	2024
Unconditional grants and transfers		
Provincial	4,323,554	1,943,451
Regional District / Other	5,000	5,000
	4,328,554	1,948,451
Conditional grants and transfers		
Provincial	-	129,163
	4,328,554	2,077,614

12. Net taxes available for municipal purposes

	2025	2024
Taxes:		
Municipal taxes levied	1,135,495	1,131,658
Frontage	63,105	62,234
Revenue in lieu of taxes	40,497	46,132
Penalties and interest on taxes	21,531	18,830
	1,260,628	1,258,854
Less taxes on behalf of:		
School District	(291,318)	(290,281)
North West Regional Hospital District	(53,454)	(47,707)
Regional District of Kitimat-Stikine	(230,108)	(209,520)
B.C. Assessment Authority	(5,275)	(4,767)
	(580,155)	(552,275)
Net taxes available for municipal purposes	680,473	706,579

**The District Of New Hazelton
Notes to the Financial Statements**

For the year ended December 31, 2025

13. Annual budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on February 3, 2025.

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	2,072,400
Transfers to reserves	445,000
Less:	-
Amortization	(350,000)
Transfers from own funds	(1,876,151)
<hr/>	<hr/>
Annual Surplus per Statement of Operations and Accumulated Surplus	291,249

14. Financial Instruments

The District as part of its operations carries a number of financial instruments. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

15. 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. 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.

**The District Of New Hazelton
Notes to the Financial Statements**

For the year ended December 31, 2025

16. 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. The funds are included in the operating fund and in 2025, the grant monies received and spent were as follows:

	2025	2024
Opening balance	419,649	375,223
Interest earned	16,744	44,426
Use of grant - Eligible expenses	(100,472)	-
	335,921	419,649

17. Comparative figures

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

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The District Of New Hazelton
Schedule 1 - Schedule of Tangible Capital Assets

For the year ended December 31, 2025

	<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	7,906,234	3,115,210	3,873,871	1,274,879	16,813,475
Acquisition of tangible capital assets	-	82,114	649,349	-	312,522	1,043,985
Balance, end of year	643,281	7,988,348	3,764,559	3,873,871	1,587,401	17,857,460
Accumulated amortization						
Balance, beginning of year	-	2,094,563	2,281,697	1,655,930	940,921	6,973,111
Annual amortization	-	156,040	139,520	53,081	36,736	385,377
Balance, end of year	-	2,250,603	2,421,217	1,709,011	977,657	7,358,488
Net book value of tangible capital assets	643,281	5,737,745	1,343,342	2,164,860	609,744	10,498,972
Net book value of tangible capital assets 2024	643,281	5,811,671	833,513	2,217,941	333,958	9,840,364

The District Of New Hazelton
Schedule 1 - Schedule of Tangible Capital Assets

For the year ended December 31, 2025

	<i>Subtotal</i>	<i>Transportation and transit services</i>	<i>Tax sale land</i>	<i>2025</i>	<i>2024</i>
Cost					
Balance, beginning of year	16,813,475	4,285,862	86,235	21,185,572	20,589,468
Acquisition of tangible capital assets	1,043,985	185,110	2,850	1,231,945	596,104
Balance, end of year	17,857,460	4,470,972	89,085	22,417,517	21,185,572
Accumulated amortization					
Balance, beginning of year	6,973,111	2,282,972	-	9,256,083	8,758,544
Annual amortization	385,377	104,475	-	489,852	497,539
Balance, end of year	7,358,488	2,387,447	-	9,745,935	9,256,083
Net book value of tangible capital assets	10,498,972	2,083,525	89,085	12,671,582	11,929,489
Net book value of tangible capital assets 2024	9,840,364	2,002,890	86,235	11,929,489	

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

For the year ended December 31, 2025

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2025	2025 Budget (Note 13)
Revenues											
Government grants and transfers	4,328,554	-	-	-	-	-	-	-	-	4,328,554	1,944,000
Net taxes available for municipal purposes	-	-	-	-	-	-	-	-	680,473	680,473	669,056
ICBC commissions	-	-	-	-	-	-	-	-	509,394	509,394	375,000
Utility usage fees	-	-	-	-	150,877	41,163	69,960	-	-	262,000	277,000
Other fees and sale of goods and services	145,540	17,000	1,050	8,600	-	-	-	-	-	172,190	175,100
Investment income	-	-	-	-	-	-	-	-	196,042	196,042	50,000
Rental	-	-	-	-	-	-	-	-	100,476	100,476	-
	4,474,094	17,000	1,050	8,600	150,877	41,163	69,960	-	1,486,385	6,249,129	3,490,156
Expenses											
Salaries, wages and benefits	715,396	54,358	464,614	-	86,342	-	-	-	-	1,320,710	1,316,407
Goods and services	414,646	75,153	404,394	32,534	112,549	85,753	96,792	-	-	1,221,821	1,512,000
Interest and bank charges	9,026	-	-	-	-	-	-	-	-	9,026	8,000
Other	-	-	-	-	-	-	-	204,153	-	204,153	12,500
Amortization	222,769	12,815	85,139	19,337	111,190	38,603	-	-	-	489,853	350,000
	1,361,837	142,326	954,147	51,871	310,081	124,356	96,792	204,153	-	3,245,563	3,198,907
	3,112,257	(125,326)	(953,097)	(43,271)	(159,204)	(83,193)	(26,832)	(204,153)	1,486,385	3,003,566	291,249

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

For the year ended December 31, 2024

	General government services	Protective services	Transportation and transit services	Recreation and youth services	Water operations	Sewer operations	Garbage operations	Tourism and community development	Other	2024
Revenues										
Government grants and transfers	2,077,614	-	-	-	-	-	-	-	-	2,077,614
Net taxes available for municipal purposes	-	-	-	-	-	-	-	-	706,579	706,579
Utility usage fees	-	-	-	-	139,214	40,623	67,056	-	-	246,893
Other fees and sale of goods and services	256,169	17,000	2,712	7,200	-	-	-	-	-	283,081
ICBC commissions	-	-	-	-	-	-	-	-	466,485	466,485
Investment income	-	-	-	-	-	-	-	-	178,693	178,693
	2,333,783	17,000	2,712	7,200	139,214	40,623	67,056	-	1,351,757	3,959,345
Expenses										
Salaries, wages and benefits	647,101	64,974	405,550	-	75,049	-	-	-	-	1,192,674
Goods and services	321,548	83,302	344,365	28,930	74,765	45,851	94,806	-	-	993,567
Interest and bank charges	8,375	-	-	-	-	-	-	-	-	8,375
Other	-	-	-	-	-	-	-	29,620	-	29,620
Amortization	216,207	12,815	83,461	20,752	111,205	53,099	-	-	-	497,539
	1,193,231	161,091	833,376	49,682	261,019	98,950	94,806	29,620	-	2,721,775
	1,140,552	(144,091)	(830,664)	(42,482)	(121,805)	(58,327)	(27,750)	(29,620)	1,351,757	1,237,570

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

For the year ended December 31, 2025

	General Capital	Sewer Capital	Cemetery Fund	Growing Communities Fund	Local Government Climate Action Program	Northwest BC Regional Funding Agreement	Asset Management Reserve Fund	2025	2024
Balance - Beginning of year	174,844	278,355	4,297	813,674	200,531	1,191,475	-	2,663,176	1,373,927
Transfers in	-	-	-	-	-	3,529,728	2,916,000	6,445,728	1,226,576
Transfers out	-	-	-	-	-	(2,916,000)	-	(2,916,000)	(327)
Investment income	6,557	10,438	74	30,093	2,853	49,962	58,243	158,221	63,000
Expenditures	-	-	-	-	(111,935)	(306,193)	-	(418,128)	-
Balance - End of year	181,401	288,793	4,371	843,767	91,449	1,548,972	2,974,243	5,932,997	2,663,176

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