



# VILLAGE OF HAZELTON

## 2018 ANNUAL REPORT

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## MAYOR AND COUNCIL



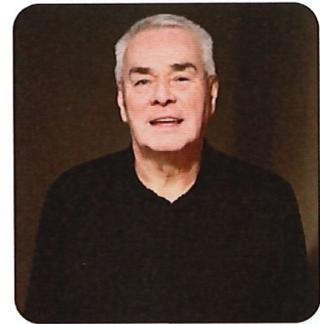
### **Mayor Dennis Sterritt**

Regional District of Kitimat Stikine – Board of Directors/Regional Hospital District  
Northern Development Initiative Trust Regional Advisory Committee/Mayor’s Group  
Municipal Insurance Association  
Municipal Finance Authority  
Upper Skeena Recreation Centre – Owners Partnership Committee



### **Councillor Buddy Smith**

Wrinch Memorial Foundation  
Skeena Coalition Housing Society  
Community Health Improvement Committee



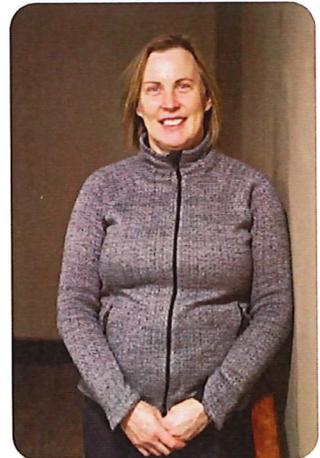
### **Councillor Jody Tetreau**

Hazelton District Public Library Board



### **Councillor Julie Maitland**

Regional District of Kitimat-Stikine – Board of Directors/Regional Hospital District  
Upper Skeena Development Centre  
Public and Technical Advisory Committee



### **Councillor Wendy Blackstock**

## **ANNUAL REPORT PROGRESS**

The *Community Charter* and the *Local Government Act* are the pieces of legislation by which local governments obtain their authority to create bylaws, collect taxes, conduct elections and perform services for their citizens. This legislation also requires that municipalities develop annual reports as a means of informing the public on the activities and functions that are achieved throughout the year. Municipalities are also required to identify objectives, strategies and measures to report on the effectiveness and efficiency of municipal programs.

As these objectives, strategies and measures are refined and reporting practices are improved over the years, a comprehensive picture of municipal operations will be available to the public, funding agencies, partners and any other organization that seeks information.

The information contained in this year's Annual Report depicts the comprehensive progress report for the year 2018 and includes objectives for 2019.

## **DECLARATIONS OF DISQUALIFICATIONS FOR 2018**

The Village of Hazelton has had no disqualifications of a Council member or former Council member under s.111 of the *Community Charter*.

# COMMUNITY PROFILE

Dating back to 1866, Hazelton remains one of the oldest settlements in British Columbia. Hazelton’s rich and vibrant history goes back thousands of years, and is expressed through the ‘Ksan Historical Village and Museum. Hazelton was also the gateway to the Omineca Gold Rush and many remnants of that history remain.

The modern Village of Hazelton has a population of 270 residents and is located at the fork of the Skeena and Bulkley Rivers on the most northern point of Highway 16. The Village is part of the collective area of the “the Hazeltons”, encompassing two municipalities, several first nation communities and rural areas with an estimated population of over 6000 people.

Tourism and the service sector have replaced forestry and other resource industries as the main economic drivers within the Village. Yet, many people choose to live in the Village while working elsewhere in the region. This speaks to the uniqueness and vibrancy of this long established community.

The Village remains a unique and beautiful place to live and to visit and continues to explore ways to attract visitors and new residents to the area.



## ADMINISTRATION

Administration for the Village is led by the Chief Administrative Officer and supported by the Deputy Finance Officer and Deputy Corporate Officer. The Administration team is responsible for putting into action the decisions of Council and managing the day-to-day operations of the Village.

The operational areas of responsibility include support of Council, financial management, personnel management, corporate administration, management of public works and directing capital projects. In addition, the Administration team provides recommendations to Council and completes all reporting to outside agencies and the public.

## PLANNING AND DEVELOPMENT

### *Long-term Plan for Infrastructure Funding and Asset Management*

The Village of Hazelton has taken steps to develop an asset management program to ensure that the community's infrastructure can support a sustainable community. That program focuses on:

- Ensuring residents have the services they need and want;
- Making investments to provide those services;
- Managing asset while minimizing risk.



A sustainable community is one that can manage changes, undesired events and financial shocks while continuing to deliver important services over the long term without introducing significant changes to revenues or spending.

## COMMUNITY ENGAGEMENT

### *Upper Skeena Recreation Centre – Heart of the Hazeltons*

The Upper Skeena Recreation Centre project received \$16 million worth of funding from the federal and provincial governments in the winter of 2016. In the spring of 2017, construction of the Centre began with an estimated completion date of July 2019. The Owners' Committee worked very hard by collaborating with the surrounding communities to make our dream a reality. The Upper Skeena Recreation Centre will serve as the region's centre for activity. The new recreation centre will provide many years of sports and recreation, social activities, healthy living programming, and economic stimulation for the communities of the Upper Skeena region.

The grand opening of the Recreation Centre in September 2019 and will recognize all the hard work and commemorate the dedication of the community to this project.



## **PROTECTIVE SERVICES**

The Village of Hazelton Volunteer Fire Department under the direction of the Fire Chief strives to increase the efficiency and effectiveness of firefighting resources. In addition, the Fire Department is responsible for annual commercial fire inspections. The Village Fire Department works cooperatively with the Gitanmaax Band to respond as an inter-jurisdictional fire service.

## **EMERGENCY PREPAREDNESS**

The Chief Administrative Officer serves as the Emergency Coordinator under the Village's Emergency Plan. Staff is required to participate in training and to be aware of the Emergency Plan.

Staff monitored water levels during the spring freshet and participated in regional emergency planning.

## **PUBLIC WORKS/OPERATIONS**

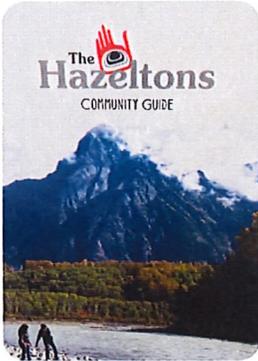
Public Works has the responsibility for monitoring and maintaining the Village water, sewer and solid waste systems. In addition, seasonal task such as grass cutting, street sweeping, park maintenance and snow removal services are carried out.



# ECONOMIC DEVELOPMENT & TOURISM

- **Tourism** – The Village continues to work in cooperation with the District of New Hazelton and the Regional District of Kitimat-Stikine to work on local and regional tourism initiatives.

In 2018, the Village worked collaboratively with the District of New Hazelton and the Regional District of Kitimat-Stikine to update “the Hazelton’s, Community Guide” that includes Hazelton’s history, events, summer and winter recreational activities and maps (trails, walking guide).



- **LovetheHazeltons** – Village staff have been working collaboratively with the District of New Hazelton and the surrounding areas in promoting “lovethehazeltons”, a website sponsored by Northern Development Initiative Trust to showcase and promote local businesses. The website currently has 40 businesses that surround the Upper Skeena region.



## 2019 PRIORTIES AND OBJECTIVES

### Economic Development

Upper Skeena Recreation Centre	<ul style="list-style-type: none"> <li>Working diligently with the Upper Skeena Owners Committee to have the facility up and running for community use and events</li> </ul>
Commercial Core Safety	<ul style="list-style-type: none"> <li>Improved relationships with downtown businesses to increase safety</li> <li>Working with the New Hazelton RCMP to increase patrols in the downtown core</li> </ul>
Partnerships	<ul style="list-style-type: none"> <li>Work on a partnership with the Gitanmaax Band on Economic Development projects that benefit both communities</li> </ul>
Website Upgrades	<ul style="list-style-type: none"> <li>Update the Village's website</li> </ul>
Love the Hazelton's	<ul style="list-style-type: none"> <li>Continue to take a leadership role in promoting and developing Love the Hazelton's</li> </ul>

### Tourism

Promotion	<ul style="list-style-type: none"> <li>Increase advertising and promotion of Community Guide.</li> </ul>
Historic Building Walking Tour	<ul style="list-style-type: none"> <li>Develop signage for historic buildings</li> </ul>

### Housing and Infrastructure

Asset Management	<p>Work towards completion of all phases of Asset Management plan for commercial core, which includes:</p> <ul style="list-style-type: none"> <li>Drainage</li> <li>Water line upgrades</li> <li>Sewer line upgrades</li> <li>Fire hydrant upgrades</li> <li>Road paving</li> </ul>
Parking in Commercial Core	<ul style="list-style-type: none"> <li>Work with homeowners and businesses owners to reduce parking issues in downtown core.</li> <li>Education campaign, reminding residents to respect neighbours parking areas and private parking lots.</li> </ul>
Lagoon's	<ul style="list-style-type: none"> <li>Clear all three rapid infiltration basins to increase efficiency and to extend life of system.</li> </ul>

## PERMISSIVE TAX EXEMPTION INFORMATION

All exemption figures are based on "2018 Tax Rates Bylaw No. 490, 2018" and "2016 to 2020 Permissive Tax Exemption Bylaw No. 477, 2015" in accordance with Section 224 of the Community Charter.

### Property & Description

Folio: 00059.000

Owner: Governing Council of the Salvation Army

Civic: 1680 Omineca Street

Legal address: Block 54, Plan PRP543, Cassiar Land District, Assigned Lot 8, Townsite of Hazelton

IR#1 (PID: 014-896-885)

Use of Property: Food Bank

Yr	Class	Description	Assessed Value	Total Taxable Value	VOH Rate	Municipal Tax
2018	6	Business	23,500.00	13,500.00	21.9461	296.27
				Total Exemption:		\$ 296.27

### Property & Description

Folio: 00302.000

Owner: Regional District Kitimat-Stikine (Skeena Ice Arena Association)

Civic: 2755 Highway 62

Legal Address: Block 3, Plan PRP6613, District Lot 105, Cassiar Land District, Except Plan 12542

(PID:009-877-690)

Use of Property: Recreation Centre

yr	Class	Description	Assessed Value	Total Taxable Value	VOH Rate	Municipal Tax
2018	6	Business	1,344,200.00	1,334,200.00	21.9461	29,280.49
				Total Exemption:		\$ 29,280.49

**TOTAL PERMISSIVE EXEMPTIONS FOR 2018: \$29,576.76**

# CORPORATION OF THE VILLAGE OF HAZELTON

## BYLAW NO. 488, 2018

A bylaw to adopt a financial plan for the years 2018 to 2022

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WHEREAS the Council of the Village of Hazelton is required to adopt a five year financial plan;

NOW THEREFORE the Council of the Village of Hazelton in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto and made part of this bylaw is hereby declared to be the Financial Plan of the Village of Hazelton for the 5-year period ending December 31, 2022.
2. Schedule "B" attached hereto and made part of this bylaw is hereby declared to be the Statement of Objectives and Policies.
3. This bylaw may be cited for all purposes as the "2018 - 2022 Five Year Financial Plan Bylaw No. 488, 2018".

READ A FIRST TIME THIS 13<sup>TH</sup> DAY OF MARCH, 2018.

READ A SECOND TIME THIS 13<sup>TH</sup> DAY OF MARCH, 2018.

READ A THIRD TIME THIS 13<sup>TH</sup> DAY OF MARCH, 2018.

FINALLY CONSIDERED AND ADOPTED THIS 17<sup>TH</sup> DAY OF APRIL , 2018.

  
MAYOR

  
CHIEF ADMINISTRATIVE OFFICER

**2018 - 2022 Five Year Financial Plan Bylaw No. 488, 2018**

**SCHEDULE "A"**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>REVENUE</b>					
Property Taxes	\$173,000	\$174,000	\$175,500	\$174,500	\$174,500
Parcel Taxes	53,000	54,000	54,000	54,000	54,000
Payments in Lieu of Taxes	37,000	37,000	37,000	37,000	37,000
Licenses, Permits, Rentals and Sundry	42,000	30,000	30,000	30,000	30,000
Returns on Investments	4,000	5,000	5,000	5,000	5,000
Provincial Grants – Unconditional	400,000	400,000	400,000	400,000	400,000
Project Grants – Conditional	330,000	200,000	200,000	200,000	200,000
Solid Waste Revenue	56,500	57,000	57,000	59,000	60,000
Water Revenue	59,500	87,000	87,000	87,000	87,000
Sewer Revenue	71,500	71,000	71,000	71,000	71,000
<b>REVENUE TOTAL</b>	<b>\$1,226,500</b>	<b>\$1,115,000</b>	<b>\$1,116,000</b>	<b>\$1,117,500</b>	<b>\$1,118,500</b>
<b>EXPENDITURE</b>					
General Government Services	\$380,500	\$334,000	\$335,500	\$335,000	\$335,500
Protective Services	34,800	33,000	33,000	33,000	33,000
Development Services	105,000	69,000	69,000	69,000	69,000
Public Works & Transportation	208,500	184,000	186,000	188,000	190,000
Parks, Recreation & Culture	50,000	26,000	26,500	27,000	27,500
Municipal Buildings	99,100	54,000	55,000	56,000	57,000
Solid Waste Expenditures	56,500	88,000	89,000	90,000	91,000
Water Expenditures	70,000	78,000	79,000	80,000	81,000
Sewer Expenditures	84,000	90,000	91,000	92,000	93,000
Capital Expenditures	356,250	266,750	260,250	254,750	141,500
<b>EXPENDITURE TOTAL</b>	<b>\$1,444,650</b>	<b>\$1,222,750</b>	<b>\$1,224,250</b>	<b>\$1,224,750</b>	<b>\$1,118,500</b>
<b>SURPLUS/(DEFICIT)</b>	(\$218,150)	(\$107,750)	(\$108,250)	(\$107,250)	-
<b>TRANSFER (TO)/FROM RESERVE FUNDS</b>	-	-	-	-	-
<b>TRANSFER (TO)/FROM SURPLUS</b>	218,150	107,750	108,250	107,250	-
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 2018 - 2022 Five Year Financial Plan Bylaw No. 488, 2018

### SCHEDULE "B"

#### Statement of Objectives and Policies

In accordance with Section 165 of the *Community Charter*, the Village of Hazelton is required to include in the Five-Year Financial Plan, objectives and policies regarding each of the following:

1. Distribution of property taxes among the property classes;
2. Use of permissive tax exemptions; and
3. Proportion of total revenue that comes from each of the funding sources described in Section 165 (7) of the *Community Charter*.

#### FUNDING SOURCES

The proportion of total revenue to be raised from each funding source for 2018 is shown on Table 1.

Without grant revenues from other non-taxation sources, the Village's municipal functions simply could not be maintained at existing service levels. This year, as in previous years, the Village will be taking advantage of all possible grant opportunities, and will continue to meet its current and future goals.

#### Objectives:

- To Endeavour to supplement revenues from user fees and charges to lessen the burden on its limited property tax base.
- To investigate other potential funding sources and securing opportunities for additional revenues.
- To update development bylaws to respond to potential growth that may come with the increase in resource extraction activities.

#### Policies:

- The proportions of revenue proposed to come from various funding sources shall be re-considered from year to year as differing funding sources become available.
- The Village will consider the amount of revenue required to provide and maintain current service levels for all municipal services to our taxpayers. Any new or one-time expenses must be approved each year.
- Aggressively seek available grants for projects to mitigate the potential impact on property taxation rates.

**TABLE 1  
2018 REVENUES**

REVENUE SOURCE	DOLLAR VALUE	% OF TOTAL REVENUE
Small Community Grant – Province	\$400,000	33%
Project Grants – Transfer from Others	330,000	27%
User Fees and Charges	187,500	15%
Property Taxes	173,000	14%
Parcel Taxes	53,000	4%
Payments in Lieu of Taxes	37,000	3%
Other sources	46,000	4%
<b>Total</b>	<b>\$1,226,500</b>	<b>100%</b>

**DISTRIBUTION OF PROPERTY TAX RATES**

Table 2 below shows the distribution of municipal property tax revenue among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class forms the largest portion of the assessment base and consumes the majority of Village services.

**Objective:**

- To set tax rates at levels comparable to other neighbouring municipalities as to be competitive for both residential and commercial property owner to purchase property in the Village as opposed to outlying areas or other communities.

**Policies:**

- The amount of taxes proposed to be collected from the classes will be adjusted for taxation increases as approved by Council annually. Class multiples and tax rates will be reviewed annually to ensure that they are relative to those set by the Provincial Government and comparable municipalities.

The table below shows the proposed distribution of municipal property tax revenue among the property classes.

**TABLE 2**

PROPERTY CLASS	DOLLAR VALUE	% TAXATION
Class 1 – Residential	\$123,450	70%
Class 2 – Utilities	350	1%
Class 6 – Business/Other	48,400	28%
Class 8 - Recreation/Non-profit	800	1%
Total	<b>\$173,000</b>	<b>100%</b>

### **PERMISSIVE TAX EXEMPTIONS**

#### **Objective:**

Council's principle objective in considering permissive tax exemptions under section 224 of the *Community Charter* is to provide financial assistance to organizations that provide a valuable service to the broader community. These services may include cultural and recreational opportunities for adults and youth, promotion of the local economy and local charitable services.

#### **Policies:**

- The total amount of municipal revenue to be foregone by permissive tax exemptions will be approved by Council on a five year period in the Village of Hazelton's Tax Exemption Bylaw.
- In September/October of the fourth year, Council will review its objectives and policies prior to determining the permissive tax exemptions.
- Exemptions for 2018 were granted to Skeena Ice Arena Association and Governing Council Salvation Army in the *2016 to 2020 Permissive Tax Exemption Bylaw No. 477, 2015*.

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Financial Statements**  
**December 31, 2018**

**THE CORPORATION OF THE VILLAGE OF HAZELTON  
COUNCIL - 2018**

**MAYOR**  
Dennis Sterritt

**COUNCILLORS**

Buddy Smith  
Jody Tetreau  
Julle Maitland  
Wendy Blackstock

**APPOINTED OFFICIALS - 2018**

Chief Administrative Officer

Tanalee Hesse

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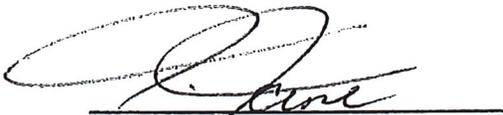
## **Management's Responsibility for the Financial Statements**

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Councillors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Council. The Councillors review internal financial statements on a regular basis and external audited financial statements yearly.

The external auditors, Carlyle Sheperd & Co., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to management and Council of The Corporation of the Village of Hazelton and meet when required.



Tanalee Hesse  
Chief Administrative Officer

April 16, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council  
Corporation of the Village of Hazelton

### Report on the Financial Statements

We have audited the accompanying statement of financial position of the Corporation of the Village of Hazelton as at December 31, 2018 and the statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
April 16, 2019

*Carlyle Shepherd* : Co.

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018**

	2018	2017
<b>Financial Assets</b>		
Cash and short-term investments (note 2)	\$ 1,121,858	\$ 1,142,898
Taxes receivable (note 3)	59,203	61,742
Accounts receivable (note 4)	168,753	115,690
	<b>1,349,814</b>	<b>1,320,330</b>
<b>Liabilities</b>		
Accounts payable and accruals (note 5)	137,049	76,956
Deferred revenue (note 6)	363,639	379,003
	<b>500,688</b>	<b>455,959</b>
<b>Net financial assets</b>	<b>849,126</b>	<b>864,371</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 1 and Schedule 2)	4,542,656	4,712,936
Prepaid expenses	4,246	7,041
	<b>4,546,902</b>	<b>4,719,977</b>
<b>Village Position</b>	<b>5,396,028</b>	<b>5,584,348</b>
Village position consists of:		
Operating fund surplus	801,014	819,054
Capital Works Reserve Fund	52,358	52,358
Equity in tangible capital assets (note 7)	4,542,656	4,712,936
	<b>\$ 5,396,028</b>	<b>\$ 5,584,348</b>

Commitments and contingent liabilities (note 10)

Approved by:

  
 Tanalee Hesse  
 Administrator

  
 Dennis Sterritt  
 Mayor

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2018**

	2018	Budget	2017
<b>Revenues</b>			
Taxes for municipal purposes (note 8)	\$ 286,781	\$ 263,000	\$ 289,460
Government Grants and transfers (note 9)	632,716	730,000	634,590
User fees and sale of goods and services	196,390	187,500	277,786
Investment	15,190	4,000	8,219
Other	24,511	42,000	29,182
	<u>1,155,588</u>	<u>1,226,500</u>	<u>1,239,237</u>
<b>Expenses</b>			
General government services	413,488	380,500	298,635
Public works and transportation	214,964	307,600	242,890
Protective services	22,203	34,800	21,416
Waste management	57,595	56,500	81,588
Development services	193,728	105,000	139,479
Recreation and cultural services	44,775	50,000	77,797
Water operations	67,030	70,000	66,476
Sewer operations	100,188	84,000	110,821
Amortization of tangible capital assets	229,937	240,000	244,944
	<u>1,343,908</u>	<u>1,328,400</u>	<u>1,284,046</u>
<b>Revenues over expenses</b>	(188,320)	(101,900)	(44,809)
<b>Opening Position</b>	5,584,348	5,584,348	5,629,157
<b>Closing Position</b>	<u>\$ 5,396,028</u>	<u>\$ 5,482,448</u>	<u>\$ 5,584,348</u>

**THE CORPORATION OF THE VILLAGE OF HAZELTON  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2018**

	2018	Budget	2017
Revenues over expenses	\$ (188,320)	\$ (101,900)	\$ (44,809)
Acquisition of tangible capital assets	(59,657)	(356,250)	(158,526)
Amortization of tangible capital assets	229,937	240,000	244,944
Prepaid expenses	2,795	-	(4,320)
<b>Increase (decrease) in net financial assets</b>	<b>(15,245)</b>	<b>(218,150)</b>	<b>37,289</b>
<b>Net financial assets - beginning of year</b>	<b>864,371</b>	<b>864,371</b>	<b>827,082</b>
<b>Net financial assets - end of year</b>	<b>\$ 849,126</b>	<b>\$ 646,221</b>	<b>\$ 864,371</b>

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Revenue over expenses	\$ (188,320)	\$ (44,809)
Amortization	229,937	244,944
Accounts payable and accruals	60,093	44,514
Deferred revenue	(15,364)	77,933
Accounts receivable	(50,524)	(70,834)
Prepaid expenses	2,795	(4,320)
	<u>38,617</u>	<u>247,428</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(59,657)	(158,526)
	(21,040)	88,902
<b>Increase (decrease) in cash position</b>	<b>(21,040)</b>	<b>88,902</b>
<b>Cash and short term investments - beginning of year</b>	<b>1,142,898</b>	<b>1,053,996</b>
<b>Cash and short term investments - end of year</b>	<b>\$ 1,121,858</b>	<b>\$ 1,142,898</b>

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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The THE CORPORATION OF THE VILLAGE OF HAZELTON (the "Village") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The Village provides municipal services such as public works, protective services, planning, parks, recreation and other general government services to the residents of the Village.

**1. Significant Accounting Policies:**

**a) Basis of presentation:**

The financial statements of the Village are prepared by management in accordance with Canadian generally accepted accounting principals for local governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The financial statements reflect the assets, liabilities, revenues and expenses of the Village's activities and funds. The Village does not control any external entities and accordingly no entities have been consolidated into the financial statements.

**b) Revenue recognition**

The Village follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

**Taxation**

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Through the British Columbia Assessment appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes levied are recognized at the time they are awarded.

**Government Grants and Transfers**

Government grants and transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and the reasonable estimates of the amounts can be made. Government transfers with stipulations restricting their use and that give rise to an obligation that meets the definition of a liability are recorded as deferred revenue until settlement of the liability has occurred.

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**1. Significant Accounting Policies (continued):**

**b) Revenue recognition (continued)**

Investment and Other

Revenue from the sale of services or user fees is recognized when the service or product is rendered by the Village. Revenue from property rentals is recognized as revenue in the period in which the property is occupied by the tenant or in accordance with the lease agreement. Investment income is recognized when earned.

**c) Investments**

Investments are recorded at cost, except for investments in the Municipal Finance Authority of British Columbia pooled investments, which are carried at market value. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

**d) 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 into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Buildings	40 years
Furniture, equipment and automotive	5-20 years
Roads and Engineered structures	50 years

**e) Deferred revenue:**

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired, thereby extinguishing the related liability.

**f) Fund accounting**

The operating fund, consisting of the general, water, and sewer operating funds comprises the operating costs of the services provided by the Village.

The Capital Works Reserve Fund was established to hold assets for specific future purposes as approved by Council. Allowable transfers to and from the Fund is defined in the reserve fund establishment bylaw.

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**1. Significant Accounting Policies (continued):**

**g) Segmented Information**

The Village is a municipal government that provides a wide range of services to its residents and taxpayers. The District operations and activities are organized and reported by segments in Schedule 1. Property taxation revenue which funds many of the operations is not allocated to a specific segment and is reported as unallocated.

**Protective Services**

Protective services includes fire protection, first responders and emergency planning and management.

**Recreation and Cultural Services**

The Village operates and maintains the library, parks, trails, open spaces and leisure services.

**Public Works and Transportation Services**

The Public Works department provides transportation services including street maintenance, snow removal, building maintenance, street lighting, fleet maintenance, and storm sewers.

**Development Services**

Economic development activities including planning and land management, as well as revenues and related expenditures from commercial services are reported in this segment.

**General Government Services**

General government operations include legislative services, general administration, finance and information technology functions.

**Waste Management**

Waste management services are provided by the Public Works department and include the collection and treatment/disposal of solid waste, yard waste and recyclables.

**Water Operations**

This segment includes all operating activities related to pumping, testing and distributing water throughout the Village and operates under the Public Works Department.

**Sewer Operations**

This segment includes all operating activities related to collection and treatment of wastewater throughout the Village and operates under the Public Works Department.

**h) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**2. Cash and short-term investments**

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

	2018	2017
Cash	\$ 541,183	\$ 571,647
MFA deposits	580,675	571,251
	<b>\$ 1,121,858</b>	<b>\$ 1,142,898</b>

**3. Taxes Receivable**

	2018	2017
Current	\$ 29,048	\$ 43,958
Arrears	17,875	17,784
Tax sales receivable	12,280	-
	<b>\$ 59,203</b>	<b>\$ 61,742</b>

**4. Accounts receivable**

	2018	2017
Government grants	\$ 94,645	\$ 83,580
Other receivables	74,108	32,110
	<b>\$ 168,753</b>	<b>\$ 115,690</b>

**5. Accounts payable and accruals**

	2018	2017
Trade accounts payable and accruals	\$ 65,489	\$ 38,050
Other government agencies	18,418	12,884
Accrued salary, wages and employee benefits	53,142	26,022
	<b>\$ 137,049</b>	<b>\$ 76,956</b>

**6. Deferred revenue**

	2018	2017
Federal Gas Tax - Community Works Fund	\$ 359,930	\$ 359,930
Loving the Hazeltons	3,694	3,460
Library capital grant	-	14,298
Other	15	1,315
	<b>\$ 363,639</b>	<b>\$ 379,003</b>

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**7 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:

	2018	2017
Opening balance	\$ 4,712,936	\$ 4,799,354
Tangible capital assets purchased through operations	59,657	158,526
Amortization	(229,937)	(244,944)
Closing balance	\$ 4,542,656	\$ 4,712,936

**8 Taxes for municipal purposes**

	2018	2017
Taxes collected:		
Property taxes	\$ 170,110	\$ 168,222
Frontage assessments	64,350	64,350
Grants in lieu of taxes	44,124	48,160
Penalties and interest on taxes	8,197	8,728
	\$ 286,781	\$ 289,460

**9 Government grants and transfers**

	2018	2017
Unconditional grant	\$ 434,265	\$ 416,447
BC Museums Association	14,298	34,702
NDIT	25,324	16,813
UBCM	97,928	27,827
Federal / Provincial capital grant	49,516	131,577
Regional District of Kitimat-Stikine	7,000	7,000
Other	4,385	224
	\$ 632,716	\$ 634,590

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**10 Commitments and Contingent Liabilities**

Third party claims

There are no known claims against the Village at the year-end.

Pension Plan

The Village and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The board of trustees, representing plan members and employers, are 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, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 38,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation of the Municipal Pension Plan as at December 31, 2016 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account. The remaining surplus was retained to ensure contribution rates remain unchanged. The next valuation will be as at December 31, 2018 with the results available in 2019.

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

Schedule 1

THE CORPORATION OF THE VILLAGE OF HAZELTON  
 Schedule of Segmented Revenues and Expenses  
 For the Year Ended December 31, 2018

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	Unallocated	2018	Budget	2017
<b>Revenues</b>												
Net taxes available for municipal purposes	286,781	-	-	-	-	-	-	-	-	286,781	259,000	289,460
Government grants and transfers	452,948	-	7,000	-	123,252	-	-	-	49,516	632,716	920,000	634,590
User fees and sale of goods and services	1,945	-	-	54,458	1,805	-	61,987	76,195	-	196,390	214,000	277,786
Investment income	15,190	-	-	-	-	-	-	-	-	15,190	5,000	8,219
Other revenue	3,111	21,400	-	-	-	-	-	-	-	24,511	32,000	29,182
	759,975	21,400	7,000	54,458	125,057	-	61,987	76,195	49,516	1,155,588	1,430,000	1,239,237
<b>Expenses</b>												
Grants in aid	-	-	1,138	-	119,507	-	-	-	-	120,645	14,000	100,738
Materials, services and supplies	84,458	99,120	19,765	8,580	74,221	25,963	18,015	51,173	-	378,295	344,200	359,145
Professional services	20,694	-	-	-	-	-	-	-	-	20,694	30,000	13,645
Salaries, wages and benefits	259,756	115,844	1,300	49,015	-	18,812	49,015	49,015	-	542,757	515,800	525,076
Travel and training	51,580	-	-	-	-	-	-	-	-	51,580	60,000	40,498
Amortization	-	-	-	-	-	-	-	-	229,937	229,937	240,000	244,944
	413,488	214,964	22,203	57,595	193,728	44,775	67,030	100,188	229,937	1,343,908	1,204,000	1,284,046
<b>Excess (deficiency) of revenues over expenses</b>	<b>346,487</b>	<b>(193,564)</b>	<b>(15,203)</b>	<b>(3,137)</b>	<b>(68,671)</b>	<b>(44,775)</b>	<b>(5,043)</b>	<b>(23,993)</b>	<b>(180,421)</b>	<b>(188,320)</b>	<b>226,000</b>	<b>(44,809)</b>

**THE CORPORATION OF THE VILLAGE OF HAZELTON**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2018**

**Schedule 2**

Cost	Land and Parks	Buildings	Furniture, equipment and automotive	Roads and Engineered structures	Water Infrastructure	Sewer Infrastructure	2017	
							Total	Total
Opening Balance	536,183	1,106,657	796,260	3,020,856	2,265,379	1,929,542	9,654,877	9,604,884
Additions	-	-	-	59,657	-	-	59,657	158,526
Disposals	-	-	-	-	-	-	-	(108,533)
Closing balance	536,183	1,106,657	796,260	3,080,513	2,265,379	1,929,542	9,714,534	9,654,877
<b>Accumulated Amortization</b>								
Opening Balance	-	700,951	523,303	1,199,141	1,347,907	1,170,659	4,941,941	4,805,530
Amortization	-	25,680	48,230	65,423	46,449	44,155	229,937	244,944
Disposals	-	-	-	-	-	-	-	(108,533)
Closing balance	-	726,611	571,533	1,264,564	1,394,356	1,214,814	5,171,878	4,941,941
<b>Net book value, December 31, 2018</b>	<b>536,183</b>	<b>380,046</b>	<b>224,727</b>	<b>1,815,949</b>	<b>871,023</b>	<b>714,728</b>	<b>4,542,656</b>	
<b>Net book value, December 31, 2017</b>	<b>536,183</b>	<b>405,726</b>	<b>272,957</b>	<b>1,821,715</b>	<b>917,472</b>	<b>758,883</b>	<b>4,712,936</b>	