

DRAFT Consolidated Financial Statements of



DISTRICT OF MACKENZIE

And independent Auditor's Report thereon

Year ended December 31, 2024



DISTRICT OF MACKENZIE

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DISTRICT OF MACKENZIE

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Mackenzie (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

Mrs. Diane Smith, *Chief Administrative Officer*

Mrs. Kerri Borne, *Chief Financial Officer*

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of District of Mackenzie

Opinion

We have audited the consolidated financial statements of the District of Mackenzie (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2024 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's 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:

- Information, other than the financial statements and the auditor's report thereon, included in Schedule 1 - Northern Capital Planning Reserve, Schedule 2 - Growing Communities Reserve Fund

Our opinion on the financial statements does not cover the other information and we do not and 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 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.

We obtained the Information, other than the financial statements and the auditor's report thereon, included in Schedule 1 - Northern Capital Planning Reserve, Schedule 2 - Growing Communities Reserve Fund as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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's 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
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Chartered Professional Accountants

Prince George, Canada

May 5, 2025

DISTRICT OF MACKENZIE

Consolidated Statement of Financial Position

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December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,644,423	\$ 2,079,579
Accounts receivable (note 2)	5,948,458	1,856,846
Investments (note 3)	19,234,306	23,828,776
Investment in government business entities (note 4)	4,325,485	4,222,804
	<u>31,152,672</u>	<u>31,988,005</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	2,485,495	1,835,973
Deferred revenue (note 6)	982,614	581,605
Asset retirement obligations (note 7)	1,101,000	1,062,000
	<u>4,569,109</u>	<u>3,479,578</u>
Net financial assets	26,583,563	28,508,427
Non-financial assets:		
Tangible capital assets (note 8)	54,182,998	48,056,607
Assets held for sale (note 9)	1,514,623	1,555,819
Inventory	131,472	72,753
Prepaid expenses	418,808	372,960
	<u>56,247,901</u>	<u>50,058,139</u>
Commitments and contingencies (note 14)		
Accumulated surplus (note 10)	<u>\$ 82,831,464</u>	<u>\$ 78,566,566</u>

See accompanying notes to consolidated financial statements.

Mayor

Chief Financial Officer

DISTRICT OF MACKENZIE

Consolidated Statement of Operations and Accumulated Surplus

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Year ended December 31, 2024, with comparative information for 2023

	Budget (note 15)	2024	2023
Revenue (note 13):			
Net taxation revenue (note 11)	\$ 5,876,927	\$ 5,876,568	\$ 5,427,493
Sale of services	763,961	536,451	559,762
Government transfers (note 12)			
Provincial	3,799,027	3,371,800	5,330,749
Federal	-	2,427,055	151,496
Other	-	1,506,168	1,467,686
Investments and penalties	-	1,647,403	1,302,976
Other	1,098,396	329,335	223,621
Licenses and permits	62,200	96,754	69,424
User fees	1,888,786	1,921,383	1,861,872
Income from investments in government business entities and partnerships	-	502,681	989,769
	13,489,297	18,215,598	17,384,848
Expenses (note 13):			
Community services	3,765,781	4,429,391	4,282,317
Garbage and waste collection	423,762	285,548	314,696
General government	2,687,553	3,335,415	2,512,159
Protective services	1,447,034	1,449,725	1,301,007
Environmental and public health	143,457	122,585	86,639
Sewer system	457,457	431,513	373,950
Transportation services	3,015,837	3,219,213	2,950,260
Water utility	691,451	677,310	580,984
	12,632,332	13,950,700	12,402,012
Annual surplus	856,965	4,264,898	4,982,836
Accumulated surplus, beginning of year	78,566,566	78,566,566	73,583,730
Accumulated surplus, end of year	\$ 79,423,531	\$ 82,831,464	\$ 78,566,566

See accompanying notes to consolidated financial statements.

DISTRICT OF MACKENZIE

Consolidated Statement of Change In Net Financial Assets

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Year ended December 31, 2024, with comparative information for 2023

	Budget (note 15)	2024	2023
Annual surplus	\$ 856,965	\$ 4,264,898	\$ 4,982,836
Acquisition of tangible capital assets	(9,201,406)	(8,590,629)	(5,036,745)
Amortization of tangible capital assets	1,885,036	2,240,036	1,943,294
Loss on disposal of tangible capital assets	-	224,202	1,169,136
Write-down of assets held for sale	-	41,196	-
Loss on sale of assets held for sale	-	-	46,047
	(7,316,370)	(6,085,195)	(1,878,268)
Acquisition of inventory	-	(131,472)	(72,753)
Acquisition of prepaid expenses	-	(418,808)	(372,960)
Consumption of inventory	-	72,753	103,074
Use of prepaid expenses	-	372,960	292,534
	-	(104,567)	(50,105)
Change in net financial assets	(6,459,405)	(1,924,864)	3,054,463
Net financial assets, beginning of year	28,508,427	28,508,427	25,453,964
Net financial assets, end of year	\$ 22,049,022	\$ 26,583,563	\$ 28,508,427

See accompanying notes to consolidated financial statements.

DISTRICT OF MACKENZIE

Consolidated Statement of Cash Flows

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Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,264,898	\$ 4,982,836
Items not involving cash:		
Amortization of tangible capital assets	2,240,036	1,943,294
Loss on disposal of tangible capital assets	224,202	1,169,136
Income from investments in government business entities	(502,681)	(989,769)
Loss on sale of assets held for sale	-	46,047
Write-down on assets held for sale	41,196	-
Changes in non-cash operating working capital:		
Accounts receivable	(4,091,612)	(541,004)
Inventory	(58,719)	30,321
Accounts payable and accrued liabilities	649,522	243,000
Asset retirement obligation	39,000	-
Deferred revenue	401,009	119,669
Prepaid expenses	(45,848)	(80,425)
Net change in cash from operating activities	3,161,003	6,923,105
Investing activities:		
Investment redemption (purchase)	4,594,470	(2,774,749)
Acquisition of tangible capital assets	(8,590,629)	(5,036,745)
Distribution from government business partnership	400,000	250,000
	(3,596,159)	(7,561,494)
Decrease in cash and cash equivalents	(435,156)	(638,389)
Cash and cash equivalents, beginning of year	2,079,579	2,717,968
Cash and cash equivalents, end of year	\$ 1,644,423	\$ 2,079,579

See accompanying notes to consolidated financial statements.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements

DRAFT

Year ended December 31, 2024

District of Mackenzie (the "Entity") is a municipality that was created in 1966 under the Community charter, formerly the Municipal Act, a statute of the Province of British Columbia. The District's principal activities include the provision of local government services to residents of the incorporated area. These services include administrative, protective, transportation, environmental, recreational, water, waste water and fiscal services.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District.

Included in these consolidated financial statements is the Mackenzie Public Library which is controlled by the District.

(ii) Accounting for Region and School Board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Region and the School District are not reflected in these consolidated financial statements.

(iii) Trust funds:

Trust funds and their operations administered by the District are not included in these consolidated financial statements.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iv) Investment in government business entities:

The District records its investments in government business enterprises ("GBEs") and government business partnerships ("GBPs") on a modified equity basis. Under the modified equity basis, the GBEs and GBPs accounting policies are not adjusted to conform with those of the District and inter-organizational transactions and balances are not eliminated. The District recognizes its equity interest in the annual earnings or loss of the GBEs and GBPs in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions are recorded as a reduction to the investment asset account.

The District's investment in government business enterprises and partnerships consist of:

- McLeod Lake Mackenzie Community Forest Corporation 50%
- McLeod Lake Mackenzie Community Forest Limited Partnership 50%

(b) Basis of accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

Taxation and user fee revenues are recognized in accordance with the provisions of the Community Charter. The District is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the District's taxation revenues.

The District is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Revenue from the sales of services, licenses and permits, user fees, as well as other revenue are recorded as revenue when the performance obligations are met.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue or deposits.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Government transfers:

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the consolidated statements of operations as stipulations for liabilities are settled.

(e) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(f) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition which are readily convertible into a known amount of cash.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost, unless the District has elected to carry the instruments at fair value. The District has not elected to carry any such financial instruments at fair value.

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2024 and December 31, 2023. As a result, the District does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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 have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimate useful lives as follows:

Asset	Useful life - years
Buildings	40 - 75 years
Building improvements, equipment and IT	4 - 40 years
Drainage and transportation infrastructure	10 - 100 years
Machinery, equipment and vehicles	5 - 20 years
Water infrastructure	10 - 100 years
Sewer infrastructure	10 - 100 years

Annual amortization is charged in the year that an asset becomes available for productive use and in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital assets.

(iv) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Inventory:

Inventory consist of supplies, repairs parts and materials consumed in operations and capital projects. Inventory is recorded at cost which is determined on a weighted average basis.

(j) Use of estimates:

The preparation of the consolidated financial statements 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Items subject to such estimates and assumptions include the carrying values of tangible capital assets, inventory, land held for resale, accrued liabilities, asset retirement obligation and collectibility of accounts receivable. Actual results could differ from these estimates.

(k) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- (i) an environmental standards exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the District is directly responsible or accepts responsibility for the contamination;
- (iv) it is expected that future economic benefits will be given up, and
- (v) a reasonable estimate of liability can be made.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

1. Significant accounting policies (continued):

(l) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- 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 recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization policies outlined in (h)(i).

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

1. Significant accounting policies (continued):

(m) Changes in accounting policies:

On January 1, 2024, the District adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at December 31, 2024, the District determined that the adoption of this new standard did not have an impact on the amounts presented in the consolidated financial statements.

On January 1, 2024, the District adopted Public Sector Guideline 8 - Purchased Intangibles. This new guideline allows public sector entities to recognize intangible purchases through an exchange transaction. The District adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

On January 1, 2024, the District adopted Canadian public sector accounting standard PS 3160 - Public Private Partnerships ("P3"). This new accounting standard identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the P3 term. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The District adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) Future accounting pronouncements:

These standards and amendments were not effective for the year ended December 31, 2024, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Concepts Underlying Financial Performance. The revised conceptual framework will replace the existing conceptual framework, which consists of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework is to be adopted prospectively. This revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026.

(ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. The District is currently assessing the impact of this standard on the future consolidated financial statements. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026.

(iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

2. Accounts receivable:

	2024	2023
Taxation - current	\$ 1,780,470	\$ 217,006
Taxation - arrears/delinquent	157,310	164,374
Accrued interest	442,876	456,877
Grants	2,888,086	500,603
Sales tax	153,419	71,229
Utilities	133,242	98,714
Trade and miscellaneous	429,830	384,713
	5,985,233	1,893,516
Less allowance for doubtful accounts	(36,775)	(36,670)
	\$ 5,948,458	\$ 1,856,846

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

3. Investments:

	2024	2023
Term deposits	\$ 19,234,306	\$ 23,828,776

Investment income earned on investments and cash and cash equivalents of \$1,305,809 (2023 – \$1,237,661) is recognized as revenue on the consolidated statement of operations and accumulated surplus as investments and penalties.

4. Investment in government business entities:

	2024	2023
McLeod Lake Mackenzie Community Forest Limited Partnership:		
Investment in shares	\$ 50	\$ 50
Accumulated earnings	7,843,720	7,351,059
Distributions	(3,581,276)	(3,181,276)
McLeod Lake Mackenzie Community Forest Corporation:		
Investment in shares	99	99
Accumulated earnings	62,892	52,872
Total investment	\$ 4,325,485	\$ 4,222,804

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

4. Investment in government business entities (continued):

The following table provides condensed supplementary financial information for the McLeod Lake Mackenzie Community Forest Limited Partnership, for the year ended December 31:

	2024	2023
(i) Financial position:		
Assets:		
Current	\$ 1,186,262	\$ 1,241,452
Investments	7,715,821	7,322,656
Restricted cash	1,288,772	1,247,285
Property and equipment	259,647	153,491
Total assets	\$ 10,450,502	\$ 9,964,884
Liabilities:		
Current	\$ 636,741	\$ 377,933
Silviculture obligation - long-term portion	1,288,772	1,247,285
Total liabilities	1,925,513	1,625,218
Equity:		
Share capital	1	1
Partner's equity	8,524,988	8,339,665
Total equity	8,524,989	8,339,666
Total liabilities and equity	\$ 10,450,502	\$ 9,964,884
	2024	2023
(ii) Operations:		
Revenue	\$ 2,299,655	\$ 3,193,150
Expenses	(2,732,455)	(2,094,493)
Other income	1,418,123	866,118
Net income	\$ 985,323	\$ 1,964,775
(iii) Share of net income:		
District's percentage of ownership	50%	50%
District's share of net income	\$ 492,661	\$ 982,388

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

4. Investment in government business entities (continued):

The following table provides condensed supplementary financial information for the McLeod Lake Mackenzie Community Forest Corporation, for the year ended December 31:

	2024	2023
(i) Financial position:		
Assets:		
Current	\$ 182,716	\$ 172,631
Investments	1	1
Total assets	\$ 182,717	\$ 172,632
Liabilities:		
Current	\$ 56,735	\$ 66,689
Total liabilities	56,735	66,689
Equity:		
Share capital	200	200
Retained earnings	125,782	105,743
Total equity	125,982	105,943
Total liabilities and equity	\$ 182,717	\$ 172,632
	2024	2023
(ii) Operations:		
Revenue	\$ 444,000	\$ 318,000
Expenses	(423,961)	(303,238)
Net income	\$ 20,039	\$ 14,762
(iii) Share of net income:		
District's percentage of ownership	50%	50%
District's share of net income	\$ 10,020	\$ 7,381

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

5. Accounts payable and accrued liabilities:

	2024	2023
Trade payables and accrued liabilities	\$ 1,345,037	\$ 1,155,726
Wages and related costs	641,349	517,771
Other payables	69,436	147,819
Government remittances	429,673	14,657
	\$ 2,485,495	\$ 1,835,973

6. Deferred revenue:

	Balance, beginning of year	Contributions received	Contributions brought into revenue	Balance, end of year
Licenses and permits	\$ 44,016	\$ 46,230	\$ (44,016)	\$ 46,230
User fees	31,531	36,395	(31,531)	36,395
Other	38,900	35,112	(7,900)	66,112
Property taxes	98,887	120,300	(98,887)	120,300
Federal transfers	-	424,937	(78,456)	346,481
Provincial transfers	246,852	101,737	(87,277)	261,312
Other transfers	121,419	100,000	(115,635)	105,784
	\$ 581,605	\$ 864,711	\$ (463,702)	\$ 982,614

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

7. Asset retirement obligations:

The District owns and operates several buildings that are known to have hazardous material, which represents a health hazard upon demolition or removal of the assets and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the District recognized an obligation relating to the removal and post-removal care of the hazardous materials.

	2024	2023
Asset retirement obligations, beginning of year	\$ 1,062,000	\$ 1,062,000
Additions	100,000	-
Settlements	(61,000)	-
Asset retirement obligations, end of year	\$ 1,101,000	\$ 1,062,000

During the year, the District obtained a building with known hazardous material, as a result the District recognized an additional obligation of \$100,000, and accompanying increase to tangible capital assets for the same amount.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

8. Tangible capital assets:

2024	Assets under construction	Land and improvements	Building improvements equipment and IT	Building	Machinery equipment and vehicles	Drainage and transportation infrastructure	Water infrastructure	Sewer infrastructure	Total
Cost:									
Balance, beginning of year	\$ 6,055,295	\$ 7,619,825	\$ 12,197,598	\$ 20,009,829	\$ 13,128,075	\$ 14,676,538	\$ 3,641,888	\$ 4,991,881	\$ 82,320,929
Additions	4,235,035	-	108,102	304,092	2,048,745	1,444,919	449,736	-	8,590,629
Disposals	-	-	(56,610)	(269,246)	(376,779)	(53,853)	(15,250)	-	(771,738)
Transfers	(9,943,282)	-	3,280,136	5,836,686	639,273	187,187	-	-	-
Balance, end of year	347,048	7,619,825	15,529,226	25,881,361	15,439,314	16,254,791	4,076,374	4,991,881	90,139,820
Balance, beginning of year	-	-	4,929,958	7,139,232	7,730,809	10,160,432	1,354,556	2,949,335	34,264,322
Amortization	-	-	668,991	442,362	582,962	403,336	63,199	79,186	2,240,036
Disposals	-	-	(25,740)	(136,475)	(323,996)	(53,853)	(7,472)	-	(547,536)
Balance, end of year	-	-	5,573,209	7,445,119	7,989,775	10,509,915	1,410,283	3,028,521	35,956,822
Net book value, end of year	\$ 347,048	\$ 7,619,825	\$ 9,956,017	\$ 18,436,242	\$ 7,449,539	\$ 5,744,876	\$ 2,666,091	\$ 1,963,360	\$ 54,182,998

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

8. Tangible capital assets (continued):

2023	Assets under construction	Land and improvements	Building improvements equipment and IT	Building	Machinery equipment and vehicles	Drainage and transportation infrastructure	Water infrastructure	Sewer infrastructure	Total
Cost:									
Balance, beginning of year	\$ 6,556,148	\$ 7,619,825	\$ 10,911,202	\$ 19,759,182	\$ 11,865,207	\$ 14,260,721	\$ 3,451,691	\$ 4,991,881	\$ 79,415,857
Additions	601,453	-	1,286,396	342,819	2,192,438	415,817	197,822	-	5,036,745
Disposal	(1,102,306)	-	-	(92,172)	(929,570)	-	(7,625)	-	(2,131,673)
Balance, end of year	6,055,295	7,619,825	12,197,598	20,009,829	13,128,075	14,676,538	3,641,888	4,991,881	82,320,929
Balance, beginning of year	-	-	4,369,414	6,801,184	8,161,152	9,778,684	1,302,981	2,870,150	33,283,565
Amortization	-	-	560,544	385,806	480,776	381,748	55,235	79,185	1,943,294
Disposals	-	-	-	(47,758)	(911,119)	-	(3,660)	-	(962,537)
Balance, end of year	-	-	4,929,958	7,139,232	7,730,809	10,160,432	1,354,556	2,949,335	34,264,322
Net book value, end of year	\$ 6,055,295	\$ 7,619,825	\$ 7,267,640	\$ 12,870,597	\$ 5,397,266	\$ 4,516,106	\$ 2,287,332	\$ 2,042,546	\$ 48,056,607

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

9. Assets held for sale:

Assets held for sale consists of the bell subdivision, airport subdivision, and other lands. In the year an impairment write-down of \$41,196 was recognized in the consolidated statement of operations as general government expense. In the prior year, the District gifted a lot and incurred a loss of \$46,047 which was recognized in the consolidated statement of operations as general government expense.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

10. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses and reserve funds as follows:

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 53,081,998	\$ 46,994,607
General fund	12,052,439	10,772,157
Water utility fund	162,341	149,704
Sewer utility fund	134,071	166,145
Library fund	132,259	123,496
Total surplus	65,563,108	58,206,109
Reserve funds set aside for specific purposes by Council:		
Parkland	46,052	43,634
Gas tax	36,966	1,325,702
Fire department vehicle/equipment replacement	836,902	647,531
Vehicle/equipment replacement	2,779,877	4,056,261
General capital	4,053,488	4,086,410
Climate action	122,831	83,051
Northern capital planning	980,853	1,511,924
Capital renewal	2,106,014	2,355,729
Financial stability	2,053,746	2,064,447
Water	1,426,414	1,704,499
Growing communities fund	1,864,377	1,766,474
Sewer	869,859	619,795
Library - operating	73,880	70,000
Library - relocation allowance	5,277	5,000
Library - contracts	11,820	20,000
Total reserve funds	17,268,356	20,360,457
	\$ 82,831,464	\$ 78,566,566

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

11. Net taxation revenue:

As disclosed in note 14(c), the District is required to collect taxes on behalf of and transfer these amounts to the government agencies below:

	2024	2023
Taxes collected:		
General purposes	\$ 5,876,538	\$ 5,427,519
Collection for other governments	2,454,010	2,293,099
	8,330,548	7,720,618
Transfers to other governments:		
Provincial government	1,527,229	1,424,512
Fraser-Fort George Regional Hospital District	529,060	497,922
Regional District of Fraser-Fort George	350,461	325,119
B.C. Assessment Authority	47,086	45,436
Municipal Finance Authority	144	136
	2,453,980	2,293,125
	\$ 5,876,568	\$ 5,427,493

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

12. Government transfers:

The government transfers reported on the consolidated statement of operations and accumulated surplus are:

	2024	2023
Provincial grants:		
Unconditional	\$ 619,241	\$ 533,311
Conditional	171,275	2,092,405
Grants in lieu	12,198	11,523
BC Hydro	2,569,086	2,693,510
Subtotal provincial grants	3,371,800	5,330,749
Federal grants:		
Conditional	2,417,272	142,424
Grants in lieu	9,783	9,072
Subtotal federal grants	2,427,055	151,496
Other grants:		
Conditional	865,606	630,720
Unconditional	427,492	23,016
Fortis BC	34,342	27,062
Miscellaneous	178,728	786,888
Subtotal other grants	1,506,168	1,467,686
Total government transfers	\$ 7,305,023	\$ 6,949,931

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

13. Segmented information:

Segmented information has been identified based upon lines of service provided by the District. District services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information are as follows:

(a) General Government:

The general government operations provides the functions of corporate administration and legislative services and any other functions categorized as non-departmental in the District. It also administers economic development projects and provides grants to various community groups that provide recreational opportunities in the District.

(b) Protective Services:

Protective services is comprised of emergency management and regulatory services.

(c) Transportation Services:

Transportation services is responsible for a wide variety of services including the development and maintenance of the District's roadway systems through the Public Works department, snow removal and street lighting.

(d) Environmental and Public Health:

Environmental and public health provides the dental centre, mosquito control and maintenance of the cemetery to the residents of the District.

(e) Garbage and Waste Collection:

Garbage and waste collection provides garbage collection and disposal services to residents and businesses in the District.

(f) Community Services:

Community services is responsible for the construction and maintenance of the District's parks and green spaces. It provides for the operation of the community centre, library and recreation centre.

(g) Water Utility:

The water utility installs and maintains water wells, pump stations and the water reservoir. The treatment and distribution of water in the District through Public Works is included in this segment.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

13. Segmented information (continued):

(h) Sewer System:

The sewer system installs and maintains sewer mains, lift stations and the sewage lagoon. The collection and treatment of sewage in the District through Public Works is included in this segment.

The following statement provides additional information for the foregoing functions. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

13. Segmented information (continued):

2024	General Government	Protective Services	Transportation Services	Environmental and Public Health	Garbage and Waste Collection	Community Services	Water Utility	Sewer System	Total
Revenue:									
Taxation	\$ 5,876,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,876,568
User fees and licenses and permits	-	-	77,816	-	482,628	96,754	790,622	570,317	2,018,137
Sales of services	186,415	-	58,394	-	-	291,642	-	-	536,451
Government transfers	6,936,746	184,187	2,782	107,393	-	73,915	-	-	7,305,023
Other revenues	158,497	-	45,711	1,453	-	123,674	-	-	329,335
Income from investments in government business enterprises and partnerships	502,681	-	-	-	-	-	-	-	502,681
Investments and penalties	1,647,403	-	-	-	-	-	-	-	1,647,403
Total revenue	15,308,310	184,187	184,703	108,846	482,628	585,985	790,622	570,317	18,215,598
Expenses:									
Operating	1,525,130	589,189	1,039,849	26,717	-	840,166	397,460	216,244	4,634,755
Salaries, wages & employee benefits	1,333,901	538,511	1,350,964	23,693	144,676	2,609,535	178,935	114,035	6,294,250
Legislature	171,132	-	-	-	-	-	-	-	171,132
Amortization	79,183	291,234	737,876	72,027	-	883,702	88,240	87,774	2,240,036
Interest	4,883	-	-	-	-	-	-	-	4,883
Insurance	58,055	30,477	90,524	148	-	85,768	12,675	13,460	291,107
Professional services	163,131	314	-	-	-	10,220	-	-	173,665
Garbage disposal	-	-	-	-	140,872	-	-	-	140,872
Total expenses	3,335,415	1,449,725	3,219,213	122,585	285,548	4,429,391	677,310	431,513	13,950,700
Annual surplus (deficit)	\$ 11,972,895	\$ (1,265,538)	\$ (3,034,510)	\$ (13,739)	\$ 197,080	\$ (3,843,406)	\$ 113,312	\$ 138,804	\$ 4,264,898

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

13. Segmented information (continued):

2023	General Government	Protective Services	Transportation Services	Environmental and Public Health	Garbage and Waste Collection	Community Services	Water Utility	Sewer System	Total
Revenue:									
Taxation	\$ 5,427,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,427,493
User fees and licenses and permits	-	-	93,559	-	455,785	69,424	760,940	551,588	1,931,296
Sales of services	113,351	-	55,625	-	-	390,786	-	-	559,762
Government transfers	4,266,132	847,688	(11,765)	1,795,973	-	51,903	-	-	6,949,931
Other revenues	103,840	-	42,928	1,161	-	75,692	-	-	223,621
Income from investments in government business enterprises and partnerships	989,769	-	-	-	-	-	-	-	989,769
Investments and penalties	1,302,976	-	-	-	-	-	-	-	1,302,976
Total revenue	12,203,561	847,688	180,347	1,797,134	455,785	587,805	760,940	551,588	17,384,848
Expenses:									
Operating	750,446	592,814	981,320	30,689	-	936,316	312,306	183,106	3,786,997
Salaries, wages & employee benefits	1,306,687	483,283	1,192,139	13,573	175,347	2,495,781	179,218	90,287	5,936,315
Legislature	186,963	-	-	-	-	-	-	-	186,963
Amortization	68,157	190,936	699,179	42,192	-	775,566	79,490	87,774	1,943,294
Interest	4,131	-	-	-	-	-	-	-	4,131
Insurance	53,238	23,410	77,622	185	-	69,154	9,970	12,783	246,362
Professional Services	142,537	10,564	-	-	-	5,500	-	-	158,601
Garbage disposal	-	-	-	-	139,349	-	-	-	139,349
Total expenses	2,512,159	1,301,007	2,950,260	86,639	314,696	4,282,317	580,984	373,950	12,402,012
Annual surplus (deficit)	\$ 9,691,402	\$ (453,319)	\$ (2,769,913)	\$ 1,710,495	\$ 141,089	\$ (3,694,512)	\$ 179,956	\$ 177,638	\$ 4,982,836

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

14. Commitments and contingencies:

- (a) The District is responsible, as a member of the Regional District of Fraser-Fort George, for its portion of any operating deficits or capital debt related to functions in which it participates.
- (b) The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$147,935 (2023 - \$361,114) for employer contributions to the Plan in fiscal 2024.

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

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

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

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Year ended December 31, 2024

14. Commitments and contingencies (continued):

- (c) The District is obligated to collect and transmit property taxes levied on District of Mackenzie taxpayers in respect of the following bodies:
- Ministry of Education, Province of British Columbia
 - Regional District of Fraser-Fort George
 - British Columbia Assessment Authority
 - Municipal Finance Authority
 - Fraser-Fort George Regional Hospital District
 - Royal Canadian Mounted Police
- (d) The District is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute towards the deficit. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.
- (e) The District may be involved from time to time in legal proceedings, claims and litigation that arise in the normal course of business. As at December 31, 2024, there are claims outstanding that management has determined the outcome to be undeterminable and thus no accrual has been recorded.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

15. Budget data:

The budget data presented in the consolidated financial statements is based upon the 2024 operating and capital budgets approved by Council on May 6, 2024. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget amount
Revenue:	
Operating budget	\$ 24,966,119
Less:	
Other capital revenue	(3,139,806)
Transfer from reserve funds	(6,061,601)
Transfer from accumulated surplus	(191,166)
Transfer from surplus funds	(199,213)
Transfer from invested in tangible capital assets	(1,885,036)
Total revenues	13,489,297
Expenses:	
Operating budget	24,966,119
Less:	
Transfers to reserve funds	(2,727,803)
Transfer to general fund	(354,578)
Transfer to accumulated surplus	(50,000)
Capital expenditures	(9,201,406)
Total expenses	12,632,332
Annual surplus	\$ 856,965

16. Significant taxpayers:

The District derives a significant portion of its taxation revenue from the major industry taxpayers. Any changes in this sector could have an impact on the ongoing operations of the District.

DISTRICT OF MACKENZIE

Notes to Consolidated Financial Statements (continued)

DRAFT

Year ended December 31, 2024

17. Financial risks and concentration of risk:

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 market, interest rate, currency or credit risks unless otherwise noted.

(a) Liquidity risk:

Liquidity risk is the risk that the District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The District manages its liquidity risk by monitoring its operating requirements. The District prepares budgets to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2023.

18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.

DISTRICT OF MACKENZIE

Schedule 1 - Northern Capital Planning Grant

DRAFT

Year ended December 31, 2024, with comparative information for 2023
(Unaudited)

In fiscal 2020, the District was the recipient of \$2,459,000 under the Northern Capital and Planning Grant (NCPG) program from the Province of British Columbia.

	2024	2023
Opening balance of reserve	\$ 1,511,924	\$ 1,780,730
Reserve used	(598,287)	(349,841)
Interest income	67,216	81,035
	\$ 980,853	\$ 1,511,924

DISTRICT OF MACKENZIE

Schedule 2 - Growing Communities Reserve Fund

DRAFT

Year ended December 31, 2024, with comparative information for 2023
(Unaudited)

The Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The District received \$1,723,000 of GCF funding in March 2023.

	2024	2023
Growing Communities Fund	\$ 1,766,474	\$ 1,723,000
Other:		
Interest income	97,903	43,474
	\$ 1,864,377	\$ 1,766,474