

NORTH COAST REGIONAL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2025



NORTH COAST
REGIONAL DISTRICT

NORTH COAST REGIONAL DISTRICT
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DECEMBER 31, 2025

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Independent auditor's report

To the Board of Directors of North Coast Regional District

Opinion

We have audited the financial statements of North Coast Regional District ("the District"), which comprise the statement of financial position as at December 31, 2025, and the statements of financial activities, cash flows, changes in net financial assets and remeasurement gains and losses for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North Coast Regional District as at December 31, 2025, and the results of operations, its changes in cash flows, its net financial assets and remeasurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other matter – previous auditor

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unqualified opinion on May 09, 2025.

Responsibilities of Management and Those Charged with Governance 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 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 a going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Doane Grant Thornton LLP

Chartered Professional Accountants

Prince Rupert, Canada
June 12, 2026

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31
STATEMENT A**

	2025 \$	2024 \$
FINANCIAL ASSETS		
Cash and cash equivalents	1,784,365	984,246
Investments (note 2)	11,005,271	9,056,039
Trade and other receivables (note 3)	841,102	1,220,452
MFA deposit (note 4)	647,563	590,737
Due from Municipalities (note 9)	<u>42,339,169</u>	<u>27,122,777</u>
	<u>56,617,470</u>	<u>38,974,251</u>
LIABILITIES		
Accounts payable and accruals (note 5)	560,854	535,782
Deferred revenue (note 7)	6,163,256	3,671,117
MFA debt reserve (note 4)	647,563	590,737
MFA loan and debenture debt for Regional District (note 8)	590,814	632,699
Debentures issued for Municipalities (note 9)	42,339,169	27,122,777
Asset retirement obligations (note 6)	<u>1,887,770</u>	<u>1,312,492</u>
	<u>52,189,426</u>	<u>33,865,604</u>
NET FINANCIAL ASSETS	<u>4,428,044</u>	<u>5,108,647</u>
NON- FINANCIAL ASSETS		
Tangible capital assets (schedule 5)	7,272,458	6,032,381
Prepaid expenses	<u>74,288</u>	<u>55,336</u>
	<u>7,346,746</u>	<u>6,087,717</u>
NET ASSETS (note 11)	<u>11,774,790</u>	<u>11,196,364</u>

APPROVED BY THE BOARD

 Chair
 Treasurer

The accompany notes and schedules are an integral part of these financial statements.

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31
STATEMENT B**

	Budget 2025 (note 13) \$	Actual 2025 \$	Actual 2024 \$
REVENUE			
Sales, fees and other	2,451,069	2,730,984	2,537,640
Taxation	2,536,975	2,550,031	2,419,381
Municipal debt payments	2,456,967	2,456,967	2,375,357
Provincial, federal and other grants	1,681,130	1,422,007	2,323,740
Grants in lieu	104,210	132,666	127,773
	<u>9,230,351</u>	<u>9,292,655</u>	<u>9,783,891</u>
EXPENDITURE			
General Government	1,969,540	1,600,890	1,156,033
Municipal debt payments	2,456,967	2,456,967	2,375,357
Protective Services	625,400	364,160	211,555
Environmental Services	2,443,283	2,770,170	2,528,212
Planning and Development	494,840	408,528	318,233
Recreation and Cultural Services	1,304,500	892,286	941,143
Utility Services	173,070	203,805	271,858
Communications	15,550	16,423	22,043
Projects	30,000	1,000	17,310
	<u>9,513,150</u>	<u>8,714,229</u>	<u>7,841,744</u>
ANNUAL SURPLUS (DEFICIT)	(282,799)	578,426	1,942,147
NET ASSETS, BEGINNING OF YEAR	<u>11,196,364</u>	<u>11,196,364</u>	<u>9,254,217</u>
NET ASSETS, END OF YEAR	<u>10,913,565</u>	<u>11,774,790</u>	<u>11,196,364</u>

The accompany notes and schedules are an integral part of these financial statements.

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
STATEMENT C**

	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	578,426	1,942,147
Items not affecting cash		
(Gain) on disposal of tangible capital assets	-	(22,421)
Amortization	343,181	383,962
Accretion adjustment	109,156	4,067
	<u>1,030,763</u>	<u>2,307,755</u>
Changes in non-cash working items		
Increase in tangible capital assets due to asset retirement obligations	-	(65,423)
Accounts payables and accruals	25,072	(160,164)
Trade and other receivables	379,350	(534,218)
Deferred revenue	2,492,139	548,610
Prepaid expenses	(18,952)	(5,861)
	<u>3,908,372</u>	<u>2,090,699</u>
FINANCING ACTIVITIES		
Loan repayments	(41,885)	(36,634)
INVESTING ACTIVITIES		
Purchase of investments	(1,949,232)	(564,223)
Purchase of tangible capital assets	(1,117,136)	(1,348,245)
Proceeds on sale of tangible capital assets	-	34,233
	<u>(3,066,368)</u>	<u>(1,878,235)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	800,119	175,830
OPENING CASH AND CASH EQUIVALENTS	<u>984,246</u>	<u>808,416</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>1,784,365</u>	<u>984,246</u>

The accompany notes and schedules are an integral part of these financial statements.

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31
STATEMENT D**

	2025 \$	2024 \$
Annual Surplus	578,426	1,942,147
Amortization	343,181	383,962
Purchase of tangible capital assets	(1,117,136)	(1,348,245)
Increase in tangible capital assets due to asset retirement obligations	(466,122)	(65,423)
Disposal of tangible capital assets at net book value	-	11,812
Accretion adjustment	(109,156)	-
Prepaid expenses	<u>(18,952)</u>	<u>(5,861)</u>
 Increase (decrease) in net financial assets	 (680,603)	 918,392
 Opening net financial assets	 <u>5,108,647</u>	 <u>4,190,255</u>
 Closing net financial assets	 <u>4,428,044</u>	 <u>5,108,647</u>

The accompany notes and schedules are an integral part of these financial statements.

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
YEAR ENDED DECEMBER 31
STATEMENT E**

	2025 \$	2024 \$
ACCUMULATED REMEASUREMENT LOSS, BEGINNING OF YEAR	(120,005)	(172,789)
Unrealized gain attributable to investments	<u>15,096</u>	<u>52,784</u>
ACCUMULATED REMEASUREMENT LOSS, END OF YEAR	<u>(104,909)</u>	<u>(120,005)</u>

The accompany notes and schedules are an integral part of these financial statements.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

The North Coast Regional District (the "Regional District") was incorporated in 1967 under the laws of the Province of British Columbia and operates under the provisions of the Community Charter and the Local Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The financial statements of the Regional District have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") and are presented on the accrual basis of accounting.

The Regional District maintains the following funds that are combined in the financial statements:

- Operating fund reports the general activities of the Regional District.
- Capital fund reports the tangible capital assets of the Regional District together with the related financing.
- Reserve fund reports the activities of the funds established by bylaw for specific purposes.
- All inter-fund balances have been eliminated.

b. Revenue recognition

Taxation revenues are recognized when requisitioned from the Province of British Columbia and member Municipalities. Sale of services and user fee revenues are recognized when the service or product is provided by the Regional District. Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be made.

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the Regional District if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

Revenues received in advance of expenses that will be incurred in a later period are deferred or transferred to the appropriate reserves until they are matched against those expenses.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized measurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

The Regional District's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

d. Cash and cash equivalents

Cash and cash equivalents include short-term investments with maturity dates within 90 days of acquisition and liquid pooled funds administered by Municipal Finance Authority of British Columbia. Cash and cash equivalents are reported at amortized cost.

e. Investments

Investments are comprised of money market instruments, term deposits, banker's acceptances and corporate, federal and provincial bonds with maturity dates greater than 90 days after acquisition. Investments are carried at fair value if quoted in an active market, and other investments are carried at amortized cost.



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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization, and are amortized using the straight-line method as follows:

Buildings	40 years
Automotive	10 years
Equipment	10, 15 and 20 years
Infrastructure	
Water	40 years
Communications	40 years
Landfill	Based on life
Charging stations	10 years

Contributed tangible capital assets are reported at fair value at the time of donation and are also recorded as revenue.

g. Equity in Tangible capital assets

Equity in tangible capital assets reports the accumulated funded historical cost of tangible capital assets less accumulated amortization.

h. Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the amounts reported. Estimates include the life of tangible capital assets, asset retirement obligations and retirement liabilities. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

i. Segmented information

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Regional District has provided definitions of the Regional District's segments in Note 12. A detailed summary of the 2025 revenues and expenditures can be found in Schedule 6.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital assets;
- 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 liability is measured at the Regional District's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized straight-line over the estimated useful remaining life of the underlying asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.



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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Municipal Pension Plan

The Regional District's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Regional 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 assets and administration of benefits. The plan is a multi-employer defined benefit plan.

l. Budget Presentation

Budget information is presented on a basis consistent with that used for actual results. The budget figures are based on the North Coast Regional District 2025-2029 Five-Year Financial Plan Bylaw No. 700, 2025 adopted by the board on March 21, 2025.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. INVESTMENTS

	2025 \$	2024 \$
Municipal Finance Authority ("MFA") investment funds	3,926,596	3,789,448
Guaranteed Investment Certificates ("GICs") and deposit notes	<u>7,078,675</u>	<u>5,266,591</u>
	<u>11,005,271</u>	<u>9,056,039</u>

MFA Investments are pooled investment funds by which municipalities in B.C. can access high-quality investments, while maintaining a high degree of security and liquidity. These investments are recorded at fair market value.

GICs and deposit notes include GICs and term deposits at interest rates of 3.4% - 5.7%, with maturity from 2026 to 2027, recorded at cost.

3. TRADE AND OTHER RECEIVABLES

	2025 \$	2024 \$
Provincial and federal governments	472,185	636,236
Trade receivables and other	248,518	282,485
Regional and local governments	176,605	302,206
Allowance for doubtful accounts	<u>(56,206)</u>	<u>(475)</u>
	<u>841,102</u>	<u>1,220,452</u>

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. MFA DEPOSIT AND DEBT RESERVE

A condition of MFA borrowings stipulates that a portion of the debenture proceeds be withheld as a security deposit and a debt reserve fund.

The Municipal Finance Authority of British Columbia ("MFA") provides capital financing for regional districts and their member municipalities. The MFA is required to establish a Debt Reserve Fund. The MFA must then use this fund if at any time there are insufficient funds to meet payments on its obligations.

Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the Debt Reserve Fund certain amounts set out in the financing agreements. The interest earned on the Debt Reserve Fund Cash Deposit, less administrative expenses, becomes an obligation of the MFA to the member municipalities through the regional districts. Upon the maturity of a debt issue, the unused portion of the Debt Reserve Fund established for that issue will be discharged to the municipality, including interest earned. Use of the Cash Deposit is restricted by legislation. The detail of the cash deposits and demand notes at year-end are as follows:

Local Government	Issue	Debt Reserve Fund	Demand Note
		\$	\$
Village of Daajing Giids	159	324	1,100
Village of Daajing Giids	156	2,564	6,455
Village of Daajing Giids	106	14,032	24,697
City of Prince Rupert	167	170,401	310,356
City of Prince Rupert	156	112,377	180,180
City of Prince Rupert	156	112,377	180,180
City of Prince Rupert	127	93,301	163,036
City of Prince Rupert	94	-	196,768
District of Port Edward	126	20,618	51,331
Village of Masset	103	20,526	31,570
Village of Masset	99	82,935	114,516
Vancouver Island Regional Library	145	18,108	36,537
Total		647,563	1,296,726

The cash portion of the debt reserve fund is recognized as a financial asset with an offsetting liability in the financial statements. The demand notes are contingent liabilities and are not recorded in the financial statements.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. ACCOUNTS PAYABLE AND ACCRUALS

	2025	2024
	\$	\$
Payroll and benefits payable	302,728	221,579
Trade payables and other	216,781	291,437
Provincial and federal governments	33,155	20,564
Regional and local governments	8,190	2,202
	<u>560,854</u>	<u>535,782</u>

6. ASSET RETIREMENT OBLIGATIONS

Landfill Closure

The total estimated cost for closure of the Islands Solid Waste ("ISW") Landfill Phase 5, which is expected to reach capacity in early 2027; Phase 6, which is expected to reach capacity in 2038; and post closure monitoring of Phases 1 to 3, closed in 2009; of Phase 5, to be closed in 2027 and Phase 6, to be closed in 2038 at December 31, 2025 is \$3,092,497 (2024 - \$1,361,640). The total landfill closure estimate presented is based on the present value of the closure and post closure costs using a discount rate of 4.92% and an inflation rate of 2.22%. As at December 31, 2025 the present value of the closure and monitoring costs is estimated at \$1,811,333 (2024 - \$1,246,534).

Buildings and Land

The Regional District owns and operates several assets that are known to have asbestos, which represents a health hazard upon demolition or renovation of assets. There is a legal obligation to remove and dispose of the hazardous materials.

Estimated costs totalling \$109,525 (2024 - \$104,616) have been discounted using a present value calculation with a discount rate of 4.92%.

	2025	2024
	\$	\$
Landfill closure estimate:		
Phase 5	676,235	820,293
Phase 1 – 3 monitoring costs	242,226	426,241
Phase 6 closure costs	614,565	-
Phase 5 monitoring costs	36,522	-
Phase 6 monitoring costs	236,785	-
Buildings and land remediation	<u>76,437</u>	<u>65,958</u>
	<u>1,887,770</u>	<u>1,312,492</u>

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. ASSET RETIREMENT OBLIGATIONS (continued)

Undiscounted expected expenditures for the next 5 years and thereafter:

	\$
2026	17,762
2027	818,908
2028	18,561
2029	18,973
2030	49,195
2031 and thereafter	<u>2,278,623</u>
	<u>3,202,022</u>

7. DEFERRED REVENUE

	2025 \$	2024 \$
Community Works Funding	3,270,672	3,048,750
Resource benefits alliance prepayment	2,591,637	124,392
Other	<u>300,947</u>	<u>497,975</u>
	<u>6,163,256</u>	<u>3,671,117</u>

Community Works Funding is a component of the federal government's "Investing in Canada Program" which allocates a portion of gas tax revenues to local governments to address infrastructure deficits. Interest income has been allocated to gas tax and reserve funds based on the relative equity.

The North Coast Regional District received \$836,706 of Resource Benefits Alliance Funding in August 2024. \$712,314 of these funds were allocated to various services in 2024 and \$124,392 of these funds were reserved for administration costs. The \$124,392 was allocated in 2025.

During the year, the Regional District received \$2,510,118 as their 2025 to 2027 fiscal year allocation under the Northwest B.C. Regional Funding Agreement with the Province of British Columbia. The agreement states that a Regional District must put annual payments into existing (or new) reserve funds that have been established for each of the services that will be allocated the annual payments. These amounts can be deferred for up to 24 months, until the deposit of that portion of the payment has been made into the reserve funds for any of these services. Should the reserve funds not be set-up and funds allocated by the end of the 24 months, the Province of British Columbia may require the Regional District to repay some or all the previous annual payments received.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

7. DEFERRED REVENUE (continued)

All Regional District services are separate and distinct and must be funded as such. Given that the Regional District had not received budgetary approval to allocate \$2,591,637 of the funding received to date to new or established reserve funds by December 31, 2025, the Regional District has recognized the unallocated portion of the grant as deferred revenue until such as time as that approval is obtained and new reserve funds established by bylaw (if required).

8. MFA LOAN AND DEBENTURE DEBT FOR REGIONAL DISTRICT

Debt is recorded and payable in Canadian dollars. It is the current policy of the Municipal Finance Authority to secure debt repayable only in Canadian dollars.

FUNCTION	ISSUE	LOAN AUTHORIZATION BYLAW	MATURITY DATE	INTEREST RATE	ORIGINAL VALUE \$	2025 \$	2024 \$
Regional Recycling Depot	152	626	Oct, 2040	0.91%	500,000	390,765	413,377
Island Solid Waste	Equipment Financing	NA	Oct, 2032	4.94%	250,000	200,049	219,322
						<u>590,814</u>	<u>632,699</u>

Payments of principal on issued debt of the Regional District, not including member municipalities, for the next five years are:

2026	2027	2028	2029	2030	Total
\$	\$	\$	\$	\$	\$
42,054	42,610	42,610	42,610	42,610	212,494

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

9. DEBENTURES ISSUED FOR MUNICIPALITIES

When a member municipality within the Regional District wishes to issue debenture debt through the Municipal Finance Authority of BC ("MFA"), the borrowing is done through the Regional District.

The Regional District is therefore responsible for repayment of the debt to MFA. When payments (principal and interest) are made on this debt, the Regional District pays MFA and is reimbursed by the municipality.

The Regional District reports the outstanding debt borrowed on behalf of the member municipalities as both a financial asset and financial liability. Municipal debt payments are shown as revenue and offsetting expenditure.

AREA	ISSUE	BYLAW NUMBER	MATURITY DATE	INTEREST RATE	ORIGINAL VALUE \$	2025 \$	2024 \$
Village of Daajing Giids							
	159	130-2020	Jun, 2038	4.15%	30,000	26,836	28,445
	156	130-2020	Sep, 2036	1.98%	228,150	174,549	188,400
	106	23-2008	Oct, 2029	4.10%	900,000	240,385	294,816
					<u>1,158,150</u>	<u>441,770</u>	<u>511,661</u>
City of Prince Rupert							
	167	3484	Oct, 2055	3.73%	17,000,000	17,000,000	-
	156	3454	Sep, 2046	2.58%	10,000,000	8,749,126	9,072,358
	156	3453	Sep, 2046	2.58%	10,000,000	8,749,126	9,072,358
	127	3333	Apr, 2034	4.52%	7,000,000	3,821,585	4,177,697
	94	3201	Oct, 2025	0.905%	7,000,000	-	241,288
					<u>51,000,000</u>	<u>38,319,837</u>	<u>22,563,701</u>
District of Port Edward							
	126	513	Sep, 2028	4.52%	1,500,000	372,680	488,601
Village of Masset							
	103	578	Oct, 2032	3.79%	1,250,000	538,720	594,938
	99	578	Oct, 2031	1.53%	4,750,000	1,593,908	1,824,966
					<u>6,000,000</u>	<u>2,132,628</u>	<u>2,419,904</u>
Vancouver Island Regional Library							
	145	615	Apr, 2038	3.15%	1,500,000	1,072,254	1,138,910
Total					<u>61,158,150</u>	<u>42,339,169</u>	<u>27,122,777</u>



NORTH COAST
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NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

10. PENSION INFORMATION

The Regional District and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusted 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, 2024, the Plan had about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for 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 Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

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

The Regional District paid \$122,537 (2024 - \$124,680) for employer contributions while employees contributed \$113,325 (2024 - \$115,306) to the plan in fiscal 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 the individual employers participating in the plan.

11. NET ASSETS

	2025 \$	2024 \$
Statement of Operating Surplus (Deficit) (Schedule 1)	1,245,946	1,025,798
General Reserve Funds (Schedule 2)	1,068,291	1,148,282
Capital and Planning Reserve Funds (Schedule 3)	3,929,346	4,197,761
Equity in Tangible capital assets (Schedule 4)	5,531,207	4,824,523
	<u>11,774,790</u>	<u>11,196,364</u>



NORTH COAST
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NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

12. SEGMENTED INFORMATION

The North Coast Regional District is a partnership of four electoral areas and five municipalities that provide local government services to approximately 20,000 residents living on the North Coast of British Columbia and Haida Gwaii.

The Regional District administers services ranging from solid waste management and recycling to land use planning, water supply and public safety. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocation of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenditures represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and department accountabilities. The following is a description of the types of services included in each of the main service segments of the Regional District's financial statement. A detailed summary of the 2025 revenue and expenses can be found in Schedule 6.

General Government

General government is comprised of member municipality and electoral area governance, general administration which includes legislative services, finance, and human resources, community services, cemetery administration and grants in aid.

Municipal Debt Payments

Municipal debt payments provides for debenture interest and principal repayment on debt taken out by member municipalities.

Protective Services

Protective services includes volunteer fire departments and emergency programs.

Environmental Services

Environmental services includes regional solid waste management and regional recycling programs.

Planning and Development

Planning and development includes regional land use planning and economic development services.

NORTH COAST REGIONAL DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

12. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services

Recreation and cultural services includes recreation facilities and programs, community halls and contributions towards libraries, archives and the North Pacific Cannery.

Utility Services

Utility services includes regional water services.

Communications

Communications include regional broadband services.

Projects

Projects includes feasibility studies.

13. BUDGET RECONCILIATION

The following reconciles the budgeted surplus as shown on the consolidated statement of operations to the original budget as presented in bylaw 700, 2025 adopted March 21, 2025.

	2025
	\$
Budget surplus (deficit) as presented	(282,799)
Transfers to reserves	1,718,531
Transfer from accumulated surplus	578,315
Addback debt principal payments	(35,507)
Addback capital asset purchases	(1,978,540)
	<u>-</u>

14. COMPARATIVES

Certain comparatives have been restated to conform with current year presentation.

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF OPERATING SURPLUS (DEFICIT)
YEAR ENDED DECEMBER 31
SCHEDULE 1**

	2025	2024
	\$	\$
General Government	598,450	471,973
Protective Services	98,420	100,802
Environmental Services	216,407	53,120
Planning and Development	187,207	231,273
Recreation and Cultural Services	120,710	107,660
Utility Services	(3,898)	38,022
Communications	14,058	12,601
Projects	14,592	10,347
	<u>1,245,946</u>	<u>1,025,798</u>

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF GENERAL RESERVE FUNDS
YEAR ENDED DECEMBER 31
SCHEDULE 2**

	2025 \$	2024 \$
Opening balance	1,148,282	1,158,647
Transfers (to) from Operating Fund	(113,160)	(62,423)
COVID-19 Safe Restart Grant costs	(15,745)	(1,889)
Interest	<u>48,914</u>	<u>53,947</u>
Closing balance	<u>1,068,291</u>	<u>1,148,282</u>

Represented by the following reserve funds

General Government	206,204	193,694
Protective Services	108,614	104,130
Environmental Services	373,744	470,764
Planning and Development	239,804	229,904
Recreation and Cultural Services	11,439	10,967
Utility Services	70,985	83,695
Projects	<u>57,501</u>	<u>55,128</u>
	<u>1,068,291</u>	<u>1,148,282</u>

The "COVID-19 Safe Restart Grants for Local Governments" was provided by the Province of British Columbia to support the NCRD as it deals with increased operating costs and lower revenue due to COVID-19. The funds were to be fully allocated to services by December 31, 2021 and the NCRD must continue to annually report on the use of this grant money until the funds are drawn down. The ending balance of the COVID reserves was \$69,924 at December 31, 2025 (2024 - \$85,669).

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF CAPITAL AND PLANNING RESERVE FUNDS
YEAR ENDED DECEMBER 31
SCHEDULE 3**

	2025 \$	2024 \$
Opening balance	4,197,761	3,288,736
Contributions from Resource Benefits Alliance	-	711,706
Transfers (to) from Operating Fund	(444,640)	16,025
Interest	<u>176,225</u>	<u>181,294</u>
Closing balance	<u>3,929,346</u>	<u>4,197,761</u>
Represented by the following reserve funds		
General Government	62,082	341,515
Protective Services	742,348	719,415
Environmental Services	1,455,083	1,500,622
Planning and Development	14,781	17,272
Recreation and Cultural Services	1,316,028	1,293,909
Utility Services	<u>339,024</u>	<u>325,028</u>
	<u>3,929,346</u>	<u>4,197,761</u>

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 North Coast Regional District received \$1,162,000 in March 2023. \$51,224 of interest was earned on these funds in 2025 (2024 - \$55,032) and \$0 (2024 - \$63,422) was spent on Solid Waste Management Infrastructure in 2025.

The Province of British Columbia distributed conditional Resource Benefits Alliance (RBA) funding to Northwest communities in August 2024 to support planning and infrastructure such as roads, water, sewer and other community facilities needed to create liveable communities. The RBA has been given \$250 million over 5 years.

The North Coast Regional District received \$836,706 in August 2024. \$31,480 of interest was earned on these funds in 2025 (2024 - \$19,359). \$0 of the RBA has been spent in 2025 (2024 - \$0).

**NORTH COAST REGIONAL DISTRICT
STATEMENT OF CHANGES IN EQUITY IN TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31
SCHEDULE 4**

	2025 \$	2024 \$
Opening balance	<u>4,824,523</u>	<u>3,848,083</u>
Increase (decrease) in equity		
Purchase of tangible capital assets funded by operations	1,117,136	1,098,245
Accretion adjustment	(109,156)	65,423
Disposal of tangible capital assets at net book value	-	(11,812)
Amortization	(343,181)	(383,962)
Loan repayments	41,885	36,634
Asset retirement obligations funded by (returned) to operations	<u>-</u>	<u>171,912</u>
	<u>706,684</u>	<u>976,440</u>
Closing balance	<u>5,531,207</u>	<u>4,824,523</u>

NORTH COAST REGIONAL DISTRICT
STATEMENT OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31
SCHEDULE 5

	LAND	BUILDINGS	AUTOMOTIVE	EQUIPMENT	INFRASTRUCTURE				2025	2024
					WATER	COMMUNICATIONS	LANDFILL	CHARGING STATIONS	\$	\$
Historical Cost										
Opening balance	529,748	2,502,092	603,853	1,525,229	1,829,571	505,828	1,246,533	10,000	8,752,854	7,504,429
Additions	-	931,458	69,079	100,551	16,048	-	-	-	1,117,136	1,348,245
Additions due to ARO recognition	-	2,759	-	-	-	-	463,363	-	466,122	65,423
Disposals	-	-	-	-	-	-	-	-	-	(165,243)
CLOSING BALANCE	529,748	3,436,309	672,932	1,625,780	1,845,619	505,828	1,709,896	10,000	10,336,112	8,752,854
Accumulated Amortization										
Opening balance	-	561,801	239,504	438,020	869,043	25,292	585,313	1,500	2,720,473	2,489,942
Amortization expense	-	78,367	44,912	70,471	45,940	12,646	69,845	1,000	343,181	383,962
Disposals	-	-	-	-	-	-	-	-	-	(153,431)
CLOSING BALANCE	-	640,168	284,416	508,491	914,983	37,938	675,158	2,500	3,063,654	2,720,473
NET BOOK VALUE	529,748	2,796,141	388,516	1,117,289	930,636	467,890	1,034,738	7,500	7,272,458	6,032,381

NORTH COAST REGIONAL DISTRICT
SCHEDULE 6 - SEGMENTED INFORMATION
YEAR ENDED DECEMBER 31, 2025

	General Government	Municipal Debt Payments	Protective Services	Environmental Services	Planning and Development	Recreation and Cultural Services	Utility Services	Communications	Projects	2025 Total
REVENUE										
Sales, fees and other	45,110	-	35,353	1,990,260	19,172	59,119	69,878	-	2,374	2,221,266
Sales, fees and other	553,312	-	35,353	1,991,776	19,172	59,119	69,878	-	2,374	2,730,884
Taxation	805,079	-	96,065	668,927	113,161	794,280	62,500	4,998	5,001	2,550,031
Municipal debt payments	-	2,456,967	-	-	-	-	-	-	-	2,456,967
Provincial, federal and other grants	346,738	-	246,718	591,314	232,969	4,268	-	-	-	1,422,007
Grants in lieu	39,310	-	5,979	33,663	5,549	46,783	901	236	245	132,666
	<u>1,744,439</u>	<u>2,456,967</u>	<u>384,115</u>	<u>3,285,680</u>	<u>370,871</u>	<u>904,450</u>	<u>133,279</u>	<u>5,234</u>	<u>7,620</u>	<u>9,282,655</u>
EXPENDITURE										
Salaries and wages	801,145	-	-	1,193,558	119,232	114,400	70	-	-	2,228,405
Amortization	25,633	-	5,079	229,497	1,000	23,386	45,940	12,646	-	343,181
Accretion expense	-	-	-	109,156	-	-	-	-	-	109,156
Director expenses	356,617	-	-	-	1,473	-	-	-	-	358,090
Municipal debt payments	-	2,456,967	-	-	-	-	-	-	-	2,456,967
Other	417,495	-	359,081	1,237,959	266,823	754,500	157,785	3,777	1,000	3,218,430
	<u>1,600,890</u>	<u>2,456,967</u>	<u>364,160</u>	<u>2,770,170</u>	<u>408,528</u>	<u>892,286</u>	<u>203,805</u>	<u>16,423</u>	<u>1,000</u>	<u>8,714,229</u>
ANNUAL SURPLUS (DEFICIT)	143,549	-	19,955	515,510	(37,657)	12,164	(70,526)	(11,189)	6,620	578,426
OPENING NET ASSETS	<u>1,894,655</u>	<u>-</u>	<u>966,670</u>	<u>5,946,578</u>	<u>486,949</u>	<u>1,262,934</u>	<u>80,834</u>	<u>493,137</u>	<u>64,607</u>	<u>11,196,364</u>
CLOSING NET ASSETS	<u>2,038,204</u>	<u>-</u>	<u>986,625</u>	<u>6,462,088</u>	<u>449,292</u>	<u>1,275,098</u>	<u>10,308</u>	<u>481,948</u>	<u>71,227</u>	<u>11,774,790</u>