

Consolidated Financial Statements of



DISTRICT OF TAYLOR

And Independent Auditor's Report thereon

Year ended December 31, 2025



DISTRICT OF TAYLOR

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December 31, 2025, with comparative information for 2024

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DISTRICT OF TAYLOR

Box 300, Taylor, BC V0C 2K0
DISTRICT OFFICE
Phone (250) 789-3392
Fax (250) 789-3543

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the District of Taylor (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.

Lisa Ford
Interim Director of Corporate Services

Ryan Galay
Chief Administrative Officer



KPMG LLP

177 Victoria Street, Suite 400
Prince George, BC V2L 5R8
Canada
Telephone 250 563 7151
Fax 250 563 5693

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of District of Taylor

Opinion

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

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes 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 financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2025, 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.

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 to cease to continue as a going concern.



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- 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.

KPMG LLP

Chartered Professional Accountants

Prince George, Canada

May 6, 2026



DISTRICT OF TAYLOR

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 9,062,813	\$ 6,143,207
Accounts receivable (note 3)	2,390,050	851,228
Municipal Finance Authority debt reserve fund	36,901	35,443
Inventory - golf course (note 4)	229,586	226,686
Investments (note 5)	6,227,829	9,478,107
	<u>17,947,179</u>	<u>16,734,671</u>
Financial Liabilities:		
Accounts payable and accrued liabilities (note 6)	1,148,745	892,798
Deferred revenue (note 7)	317,514	430,101
Asset retirement obligation (note 8)	622,548	644,959
Debt (note 9)	3,418,988	3,544,319
	<u>5,507,795</u>	<u>5,512,177</u>
Net financial assets	12,439,384	11,222,494
Non-financial assets:		
Prepaid expenses	84,943	86,965
Tangible capital assets (note 10)	41,790,204	39,803,913
	<u>41,875,147</u>	<u>39,890,878</u>
Commitments and contingencies (note 12)		
Accumulated surplus (note 11)	<u>\$ 54,314,531</u>	<u>\$ 51,113,372</u>

See accompanying notes to consolidated financial statements.



 Mayor



 Interim Director of Corporate Services



DISTRICT OF TAYLOR

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 16)	2025	2024
Revenue (note 15):			
Net taxation revenue (note 13)	\$ 4,545,008	\$ 4,584,579	\$ 4,616,355
Sale of services	538,357	703,683	683,352
Government transfers (note 14)	5,711,763	4,346,644	3,265,645
User fees	722,250	737,255	621,147
Interest and tax penalties	525,500	527,540	580,605
Licenses and permits	82,900	329,498	88,940
Golf course	1,560,600	1,901,403	1,708,421
Other income	35,500	122,726	236,059
Gain on disposal of assets	-	92,853	342,595
Total revenue	13,721,878	13,346,181	12,143,119
Expenses (note 15):			
General government	2,306,630	2,136,185	2,197,486
Protective services	821,856	779,598	661,486
Public works	1,227,899	1,038,763	1,045,751
Golf course	1,683,221	1,633,295	1,471,170
Community services and programs	775,148	697,918	661,845
Parks and recreation	1,749,292	1,645,688	1,667,202
Water and sanitary services	642,598	439,392	510,837
Amortization	2,016,000	1,774,183	2,012,629
Total expenses	11,222,644	10,145,022	10,228,406
Annual surplus	2,499,234	3,201,159	1,914,713
Accumulated surplus, beginning of year	51,113,372	51,113,372	49,198,659
Accumulated surplus, end of year	\$ 53,612,606	\$ 54,314,531	\$ 51,113,372

See accompanying notes to consolidated financial statements.



DISTRICT OF TAYLOR

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 16)	2025	2024
Annual surplus	\$ 2,499,234	\$ 3,201,159	\$ 1,914,713
Acquisition of tangible capital assets	(6,385,764)	(3,796,211)	(1,780,620)
Amortization of tangible capital assets	2,016,000	1,774,183	2,012,629
Gain on disposal of tangible capital assets	-	(92,853)	(342,595)
Proceeds on disposal of tangible capital assets	-	128,590	544,826
	(4,369,764)	(1,986,291)	434,240
Purchase of prepaid expenses	-	(93,234)	(86,965)
Use of prepaid expenses	-	95,256	73,963
	-	2,022	(13,002)
Change in net financial assets	(1,870,530)	1,216,890	2,335,951
Net financial assets, beginning of year	11,222,494	11,222,494	8,886,543
Net financial assets, end of year	\$ 9,351,964	\$ 12,439,384	\$ 11,222,494

The accompanying notes are an integral part of these consolidated financial statements.



DISTRICT OF TAYLOR

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,201,159	\$ 1,914,713
Items not involving cash:		
Amortization of tangible capital assets	1,774,183	2,012,629
Gain on disposal of tangible capital assets	(92,853)	(342,595)
	<u>4,882,489</u>	<u>3,584,747</u>
Changes in non-cash operating working capital:		
Accounts receivable	(1,538,822)	128,429
Municipal finance authority debt reserve fund	(1,458)	(35,443)
Inventory - golf course	(2,900)	(46,719)
Prepaid expenses	2,022	(13,002)
Accounts payable and accrued liabilities	255,947	231,930
Deferred revenue	(112,587)	264,096
Asset retirement obligations	(22,411)	(12,566)
	<u>3,462,280</u>	<u>4,101,472</u>
Investing activities:		
Investments	3,250,278	(269,943)
Acquisition of tangible capital assets	(3,796,211)	(1,780,620)
Proceeds on disposal of tangible capital assets	128,590	544,826
	<u>(417,343)</u>	<u>(1,505,737)</u>
Financing activities:		
Repayment of debt	(125,331)	(3,724,899)
Proceeds on long-term debt	-	3,544,319
	<u>(125,331)</u>	<u>(180,580)</u>
Increase in cash and cash equivalents	2,919,606	2,415,155
Cash and cash equivalents, beginning of year	6,143,207	3,728,052
Cash and cash equivalents, end of year	<u>\$ 9,062,813</u>	<u>\$ 6,143,207</u>

See accompanying notes to consolidated financial statements.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements

Year ended December 31, 2025

Nature of operations:

District of Taylor (the "District") is a municipality that was created in 1958 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, sanitary sewer and fiscal services.

1. Significant accounting policies:

These consolidated financial statements of the District 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 District. The District 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.

(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 Board are not reflected in these consolidated financial statements.

(iii) Trust funds:

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



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(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 or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

The District recognizes revenue 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 golf course, sales of services and user fees, as well as other income, are recorded as revenue when the performance obligations are met.

Government transfers, which include legislative grants, are recognized as revenue in the 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 statements of operations as the stipulations for liabilities are settled.

Revenue unearned in the current period is reported on the consolidated statement of financial position as deferred revenue, and as unearned revenue in the accounts payable and accrued liabilities.

(d) 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.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(e) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Inventory - golf course:

Inventory on hand at the financial statement date consists of items purchased for re-sale and is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(g) 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 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 estimated useful lives as follows:

Asset	Useful life - years
Building and building improvements	10 - 75
Machinery and equipment	3 - 20
Roads infrastructure	10 - 75
Vehicles	5 - 20
Water and sanitary sewer infrastructure	10 - 75

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.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(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 asset.

(h) Use of estimates:

The preparation of 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 includes the carrying value of tangible capital assets and inventory, collectibility of accounts receivable, accrued liabilities, and asset retirement obligation. Actual results could differ from these estimates.

(i) 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:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the organization is directly responsible or accepts responsibility for the contamination;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the liability can be made.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) Asset retirement obligations:

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

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

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities.

If the tangible capital asset is in productive use, the estimated obligation is recorded as a liability and increase to the related tangible capital asset. The increase to the tangible capital asset is amortized in accordance with the amortization accounting policy outlined in note 1(g). The carrying value of the liability is reviewed at each financial reporting date with changes to the amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and related tangible capital asset.

If the tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed. The carrying value of the liability is reviewed at each financial reporting date with changes to the amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligations liability and expense.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and debt. Cash and cash equivalents include cash, high-interest savings accounts and short-term highly liquid investments that are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Investments are comprised of redeemable and non-redeemable guaranteed investment certificates and Municipal Funding Authority ("MFA") pooled funds and bonds issued by Canadian government entities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives 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 financial instrument at fair value. The District has elected to carry any 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, 2025, and 2024 as the District does not hold any equity instruments quoted in an active market nor any derivatives. 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 subsequently measured 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.

Sales and purchases of investments are recorded on the trade date.

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 TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) Financial instruments (continued):

Fair value measurements are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

2. Changes to significant accounting policies:

(a) Future accounting pronouncements:

These standards and amendments were not effective for the year ended December 31, 2025, 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 (the District's December 31, 2027 year end).
- 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 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 (the District's December 31, 2027 year end).



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

2. Changes to significant accounting policies (continued):

(a) Future accounting pronouncements (continued):

- 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.

3. Accounts receivable:

	2025	2024
Interest	\$ 83,178	\$ 92,403
Grants receivable	1,785,826	126,310
Sales taxes	98,267	183,858
Taxes	116,887	110,451
Trade accounts	53,302	55,361
User fees	95,400	98,672
Other	157,190	184,173
	\$ 2,390,050	\$ 851,228

4. Inventory - golf course:

	2025	2024
Beginning balance	\$ 226,686	\$ 179,967
Purchases	295,077	306,462
Cost of good sold	(292,177)	(259,743)
	\$ 229,586	\$ 226,686

Inventory comprises of clothing, golf equipment and other items for resale in the District's Pro Shop.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

5. Investments:

	2025	2024
MFA bond funds	\$ 227,829	\$ 219,207
Term deposits	6,000,000	9,258,900
	\$ 6,227,829	\$ 9,478,107

Investments are recorded at fair value. As at December 31, 2025, the cost of the investments is \$6,233,173 (2024 - \$9,483,791). The term deposits have maturity dates ranging from March 2026 to October 2026. As at December 31, 2025, accrued interest receivable on the term deposits is \$83,178. The investments are classified as level 2 information to determine the fair value measurement.

6. Accounts payable and accrued liabilities:

	2025	2024
Accrued interest on long-term debt	\$ 35,624	\$ 35,624
Due to other governments - grants in-lieu of taxes	-	24,944
Government remittances	13,070	26,212
Holdbacks	216,236	-
Lease payable	46,870	69,362
Other accrued liabilities	138,958	151,407
Trade accounts	305,020	255,273
Wages and related costs	251,947	212,313
Unearned revenue	141,020	117,663
	\$ 1,148,745	\$ 892,798



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Deferred revenue:

	Balance, beginning of year	Contributions received	Contributions brought into revenue	Balance, end of the year
Annual Library Grants	\$ 15,966	\$ 15,607	\$ (15,966)	\$ 15,607
EMCR Indigenous Engagement Grant	40,000	42,000	(11,119)	70,881
Economic Development Office Grant	-	100,000	-	100,000
Local Government Housing Initiatives Grant	106,802	-	(106,802)	-
Local Government - Climate Adaptation Grant	27,245	-	(27,245)	-
Local Government - Climate Action Grant	155,534	-	(33,612)	121,922
Public Library Enhancement Funding	60,554	8,131	(60,554)	8,131
UBCM Next Gen 911 Grant	22,500	-	(22,500)	-
Others	1,500	-	(527)	973
	\$ 430,101	\$ 165,738	\$ (278,325)	\$ 317,514

8. Asset retirement obligation:

The District owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal obligation to remove it. Other end of life obligations exist for the removal of hazardous materials in land adjacent to a former landfill owned by an external third party. As at December 31, 2025, the liability has an outstanding balance of \$622,548.

	2025	2024
Asset retirement obligation, beginning of year	\$ 644,959	\$ 657,525
Liability settled	(22,411)	(12,566)
Asset retirement obligation, end of year	\$ 622,548	\$ 644,959



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

9. Debt:

According to the Parcel Z Residential Subdivision (Jarvis Subdivision) Loan Authorization Bylaw No. 823, 2018, approved on June 4, 2018, the District is authorized to borrow upon the credit of Municipality a sum not exceeding \$4,224,285.

Total interest paid and expensed in the statement of operations in the current year is \$135,747 (2024 - \$196,699).

	2025	2024
Municipal Finance Authority (MFA) long-term loan bearing interest at 3.83% per annum, annual principal payment of \$125,331, semi-annual interest of \$67,874, and due September 2044.	\$ 3,418,988	\$ 3,544,319

Principal repayments and estimated actuarial earnings are as follows:

	Principal repayments	Estimated actuarial earnings	Total
2026	\$ 125,331	\$ 4,386	\$ 129,717
2027	125,331	8,927	134,258
2028	125,331	13,626	138,957
2029	125,331	18,489	143,820
2030	125,331	23,523	148,854
Thereafter	1,754,633	968,749	2,723,382
	\$ 2,381,288	\$ 1,037,700	\$ 3,418,988

Principal repayments are deposited by MFA in a fund and earns income called actuarial earnings which, together with principal repayments, are expected to be sufficient to retire the debt at maturity. An actuarial adjustment is associated with each principal payment and is a non-cash reduction in the debt balance based on expected actuarial earnings.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

10. Tangible capital assets:

	2025							
	Construction in progress	Land	Buildings and building improvements	Vehicles, machinery and equipment	Roads infrastructure	Water infrastructure	Sanitary sewer infrastructure	Total
Cost:								
Balance, beginning of year	\$ 951,984	\$ 2,304,355	\$ 24,043,376	\$ 9,761,909	\$ 19,168,163	\$ 8,977,233	\$ 6,917,334	\$ 72,124,354
Additions	2,587,938	-	142,185	979,945	-	46,227	39,916	3,796,211
Disposals	-	(3,749)	-	(388,904)	-	-	-	(392,653)
Transfers	(639,572)	-	639,572	-	-	-	-	-
Balance, end of year	2,900,350	2,300,606	24,825,133	10,352,950	19,168,163	9,023,460	6,957,250	75,527,912
Accumulated amortization:								
Balance, beginning of year	-	-	11,475,825	5,474,805	9,832,888	3,809,514	1,727,409	32,320,441
Amortization	-	-	557,568	505,225	412,235	188,106	111,049	1,774,183
Disposals	-	-	-	(356,916)	-	-	-	(356,916)
Balance, end of year	-	-	12,033,393	5,623,114	10,245,123	3,997,620	1,838,458	33,737,708
Net book value	\$ 2,900,350	\$ 2,300,606	\$ 12,791,740	\$ 4,729,836	\$ 8,923,040	\$ 5,025,840	\$ 5,118,792	\$ 41,790,204



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

10. Tangible capital assets (continued):

	2024							
	Construction in progress	Land	Building and building improvements	Vehicles, machinery and equipment	Roads infrastructure	Water infrastructure	Sanitary sewer infrastructure	Total
Cost:								
Balance, beginning of year	\$ 77,129	\$ 2,466,794	\$ 23,674,309	\$ 9,614,891	\$ 19,168,163	\$ 8,953,296	\$ 6,917,334	\$ 70,871,916
Additions	874,855	-	391,067	490,761	-	23,937	-	1,780,620
Disposals	-	(162,439)	(22,000)	(343,743)	-	-	-	(528,182)
Balance, end of year	951,984	2,304,355	24,043,376	9,761,909	19,168,163	8,977,233	6,917,334	72,124,354
Accumulated amortization:								
Balance, beginning of year	-	-	10,750,085	5,149,562	9,375,016	3,681,269	1,677,831	30,633,763
Amortization	-	-	726,840	650,094	457,872	128,245	49,578	2,012,629
Disposals	-	-	(1,100)	(324,851)	-	-	-	(325,951)
Balance, end of year	-	-	11,475,825	5,474,805	9,832,888	3,809,514	1,727,409	32,320,441
Net book value	\$ 951,984	\$ 2,304,355	\$ 12,567,551	\$ 4,287,104	\$ 9,335,275	\$ 5,167,719	\$ 5,189,925	\$ 39,803,913

Construction in progress is not amortized until the asset is available for productive use.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

11. Accumulated surplus:

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

	2025	2024
Surplus:		
Invested in tangible capital assets	\$ 37,748,668	\$ 35,614,635
General fund	4,742,688	3,908,473
Water utility fund	1,335,514	1,055,441
Sanitary sewer fund	974,425	901,940
Total surplus	44,801,295	41,480,489
Reserves set aside by Council:		
General operating	49,888	178,578
Total reserves	49,888	178,578
Reserve funds set aside for specific purposes by Council:		
Assessment appeal	133,257	128,215
Building replacement	2,411,604	2,340,176
Climate action	129,522	203,961
Debt retirement	160,726	91,045
Equipment replacement	2,242,567	2,215,839
Sale of land	1,532,980	1,409,945
Water infrastructure	1,107,668	880,785
Sanitary sewer infrastructure	567,429	550,623
General capital	461,462	588,342
Growing Community Fund	716,133	1,045,374
Total reserve funds	9,463,348	9,454,305
	\$ 54,314,531	\$ 51,113,372



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Commitments and contingencies:

- (a) The District is responsible, as a member of the Peace River Regional District, for its portion of any operating deficits or capital debt related to functions in which it participates. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.
- (b) The District has established a \$1,000,000 revolving demand loan which bears interest at prime plus 0.25%, to provide interim financing in respect of certain operating expenditures as authorized by the Community Charter. This demand loan is secured by a charge over the taxation and general revenue of the District in an amount sufficient to cover all credit facilities. As at December 31, 2025, the District had no borrowing against the revolving demand loan.

In addition, the District has two outstanding and undrawn letters of credit totaling \$10,000. The letters of credit are available to the District and are subject to the same interest terms as the revolving demand loan.

- (c) 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, 2024, the plan has 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 Municipal Pension 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.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Commitments and contingencies (continued):

(c) (continued):

The District paid \$221,429 (2024 - \$236,353) for employer contributions 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 individual employers participating in the plan.

(d) The District is obligated to collect and transmit property taxes levied on District of Taylor taxpayers in respect of the following bodies:

Ministry of Education and Child Care, Province of British Columbia
Peace River Regional District
British Columbia Assessment Authority
Municipal Finance Authority
Peace River Regional Hospital District
Royal Canadian Mounted Police

(e) The District is a participant in the Municipal Insurance Association of British Columbia (the "Association"). 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.

(f) 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, 2025, there is a claim outstanding that management has determined the outcome to be undeterminable and thus no accrual has been recorded. It is considered that the potential claim would not materially affect the District's financial statements and any amounts ultimately settled will be recorded in the period in which the claim is resolved.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Commitments and contingencies (continued):

- (g) Under borrowing arrangements with the MFA, the District is required to lodge security by means of a demand note and an interest-bearing cash deposit based on the amount of the borrowing. As a condition of the borrowing, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. This deposit is included in the District's financial assets and is held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposit is refunded to the District. At December 31, 2025, there was a contingent demand note of \$95,096 which was not included in the financial statements of the District.

13. Net taxation revenue:

The District is required to collect taxes on behalf of and transfer these amounts to the government agencies below:

	2025	2024
Taxes collected:		
General purposes	\$ 4,169,604	\$ 4,182,445
Grants in lieu of taxes	298,724	317,660
Collection for other governments	1,499,515	1,458,657
Frontage tax	116,250	116,250
	6,084,093	6,075,012
Transfers to other governments:		
Provincial government	838,050	783,478
Peace River Regional Hospital District	268,599	267,581
Peace River Regional District	228,890	242,772
B.C. Assessment Authority	34,509	38,015
Municipal Finance Authority	95	95
Royal Canadian Mounted Police	129,371	126,716
	1,499,514	1,458,657
	\$ 4,584,579	\$ 4,616,355



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Government transfers:

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

	2025	2024
Provincial grants:		
Capital	\$ 1,934,597	\$ 2,015,358
Conditional	541,374	368,677
Unconditional	369,000	408,000
Subtotal provincial grants	2,844,971	2,792,035
Federal grants:		
Capital	1,174,696	212,031
Conditional	27,718	2,436
Subtotal federal grants	1,202,414	214,467
Other government and agencies:		
Capital	50,000	50,000
Conditional	209,729	209,143
Unconditional	39,530	-
Subtotal other government and agencies	299,259	259,143
Total government transfers	\$ 4,346,644	\$ 3,265,645



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. 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, along with the services they provide, are as follows:

a) General Government:

The general government operations provides the functions of corporate administration, finance and legislative services and any other functions categorized as non-departmental in the District.

b) Protective Services:

Protective services is comprised of emergency management, fire department, health and safety services, bylaw services, building inspection and regulatory services.

c) Public Works:

Public works 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, street lighting, and solid waste.

d) Other Community Services and Programs:

Other community services and programs is responsible for the operation of community programming and events for the District's residents. It provides funding for the operation of the visitor information centre, and cemetery. It also administers economic development projects and provides grants to various community groups that provide recreation opportunities in the District.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Segmented information (continued):

e) Golf Course:

Golf course is responsible for the operations of the Lone Wolf Golf Club, which is owned and operated by the District.

f) Parks and Recreation:

Parks and recreation is responsible for the construction and maintenance of the District's parks, playgrounds and green spaces. It provides funding for the operation of the arena, pool, curling complex and community hall along with Peace Island Park.

g) Water Utility:

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

h) Sanitary Sewer Utility:

The sanitary sewer utility installs and maintains sewer mains, lift stations and the sewage treatment facility. 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 consolidated financial statements as disclosed in Note 1.



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Segmented information (continued):

	2025								Total
	General Government	Protective Services	Public Works	Community Services and Programs	Golf Course	Parks and Recreation	Water Utility	Sanitary Sewer Utility	
Revenues:									
Taxation	\$ 4,468,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,800	\$ 57,450	\$ 4,584,579
User fees	-	-	67,866	-	-	-	428,410	240,979	737,255
Government transfers	3,790,085	347,814	-	111,931	-	96,814	-	-	4,346,644
Interest and penalties	523,682	3,858	-	-	-	-	-	-	527,540
Sale of services	152,051	-	9,476	20,372	13,483	508,301	-	-	703,683
Golf course	-	-	-	-	1,901,403	-	-	-	1,901,403
Licences and permits	85,752	243,746	-	-	-	-	-	-	329,498
Other income	-	10,000	-	6,086	-	106,640	-	-	122,726
Gain on disposal of assets	91,620	-	1,233	-	-	-	-	-	92,853
Total revenues	9,111,519	605,418	78,575	138,389	1,914,886	711,755	487,210	298,429	13,346,181



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Segmented information (continued):

	2025								Total
	General Government	Protective Services	Public Works	Community Services and Programs	Golf Course	Parks and Recreation	Water Utility	Sanitary Sewer Utility	
Expenses:									
Salaries and benefits	949,619	462,105	613,235	414,278	771,417	879,320	87,510	81,169	4,258,653
PEP recoveries	-	(15,707)	-	-	-	-	-	-	(15,707)
Operating	445,615	316,864	299,107	273,062	835,831	688,596	132,635	74,331	3,066,041
Legislature	171,432	-	-	-	-	-	-	-	171,432
Amortization	1,483,751	-	-	-	-	-	180,547	109,885	1,774,183
Interest	510	-	84,163	-	-	-	25,792	25,792	136,257
Insurance	15,727	16,336	42,258	10,578	26,047	77,772	7,427	4,736	200,881
Professional services	553,282	-	-	-	-	-	-	-	553,282
Total expenses	3,619,936	779,598	1,038,763	697,918	1,633,295	1,645,688	433,911	295,913	10,145,022
Annual surplus (deficit)	\$ 5,491,583	\$ (174,180)	\$ (960,188)	\$ (559,529)	\$ 281,591	\$ (933,933)	\$ 53,299	\$ 2,516	\$ 3,201,159



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Segmented information (continued):

	2024								Total
	General Government	Protective Services	Public Works	Community Services and Programs	Golf Course	Parks and Recreation	Water Utility	Sanitary Sewer Utility	
Revenues:									
Taxation	\$ 4,500,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,800	\$ 57,450	\$ 4,616,355
User fees	-	-	68,731	-	-	-	335,561	216,855	621,147
Government transfers	2,909,380	275,800	-	80,465	-	-	-	-	3,265,645
Interest and penalties	579,463	1,142	-	-	-	-	-	-	580,605
Sale of services	182,320	-	8,568	20,943	17,476	452,240	1,755	50	683,352
Golf course	-	-	-	-	1,708,421	-	-	-	1,708,421
Licences and permits	85,013	3,927	-	-	-	-	-	-	88,940
Other income	142,000	-	-	8,824	-	85,235	-	-	236,059
Gain on disposal of assets	342,595	-	-	-	-	-	-	-	342,595
Total revenues	8,740,876	280,869	77,299	110,232	1,725,897	537,475	396,116	274,355	12,143,119



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Segmented information (continued):

	2024								
	General Government	Protective Services	Public Works	Community Services and Programs	Golf Course	Parks and Recreation	Water Utility	Sanitary Sewer Utility	Total
Expenses:									
Salaries and benefits	1,077,199	438,861	615,937	446,422	722,627	906,900	106,855	99,926	4,414,727
PEP recoveries	-	(42,727)	-	-	-	-	-	-	(42,727)
Operating	484,281	250,980	265,765	204,254	724,068	682,043	133,918	81,701	2,827,010
Legislature	152,453	-	-	-	-	-	-	-	152,453
Amortization	1,708,941	-	-	-	-	-	189,502	114,186	2,012,629
Interest	1,524	-	121,880	-	-	-	33,962	40,857	198,223
Insurance	15,692	14,312	38,231	10,033	24,475	78,259	7,503	6,115	194,620
Professional services	466,337	60	3,938	1,136	-	-	-	-	471,471
Total expenses	3,906,427	661,486	1,045,751	661,845	1,471,170	1,667,202	471,740	342,785	10,228,406
Annual surplus (deficit)	\$ 4,834,449	\$ (380,617)	\$ (968,452)	\$ (551,613)	\$ 254,727	\$ (1,129,727)	\$ (75,624)	\$ (68,430)	\$ 1,914,713



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets approved by Council via Bylaw No. 894 on April 7, 2025.

The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements:

	Budget amount
Revenue:	
Operating budget	\$ 10,431,828
Add:	
Capital revenue	3,290,050
Total revenue	13,721,878
Expenses:	
Operating budget	10,760,829
Less:	
Transfers to capital	(1,024,621)
Transfer to reserves	(529,564)
Add:	
Budgeted amortization	2,016,000
Total expenses	11,222,644
Annual surplus	\$ 2,499,234



DISTRICT OF TAYLOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

17. Trust fund:

The District maintains a cemetery perpetual care fund in accordance with the Cemeteries and Funeral Services Act. As at December 31, 2025, the trust fund balance for both the liability and its corresponding term deposit is \$30,596 (2024 - \$29,552).

18. 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.

19. Financial risks:

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, 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 2024.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. There has been no change to the risk exposures from 2024.

20. Comparative figures:

Certain 2024 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year. The changes had no impact on prior year annual surplus.



DISTRICT OF TAYLOR

Schedule 1 - Growing Communities Fund

DRAFT

Year ended December 31, 2025, with comparative information for 2024
(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 \$1,095,000 of GCF funding in March 2023.

	2025	2024
Growing Communities Fund carried forward	\$ 1,045,374	\$ 1,095,000
Interest	31,907	42,442
	1,077,281	1,137,442
Eligible expenditures:		
Command 1 Replacement	95,145	-
Complex Improvements	10,402	-
Dog Park	9,743	-
Fire hose and testing machine	-	5,995
Golf course - simulator	-	18,750
Golf course - renovation	-	10,211
Lift Station #2 Option Assessment	15,600	-
Peace Island Park Improvements	162,142	-
Potable water chlorine analyzer	-	23,937
PRV Vault Assessment	15,700	-
Seasonal pool improvements	-	20,000
Street light improvements	-	13,175
Tennis / pickleball court improvements	12,500	-
Wastewater treatment plant - reactor lids replacement	39,916	-
	361,148	92,068
	\$ 716,133	\$ 1,045,374