



DISTRICT OF STEWART

ANNUAL REPORT 2012



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MUNICIPAL COUNCIL 2012 – 2014

Mayor: Galina Durant

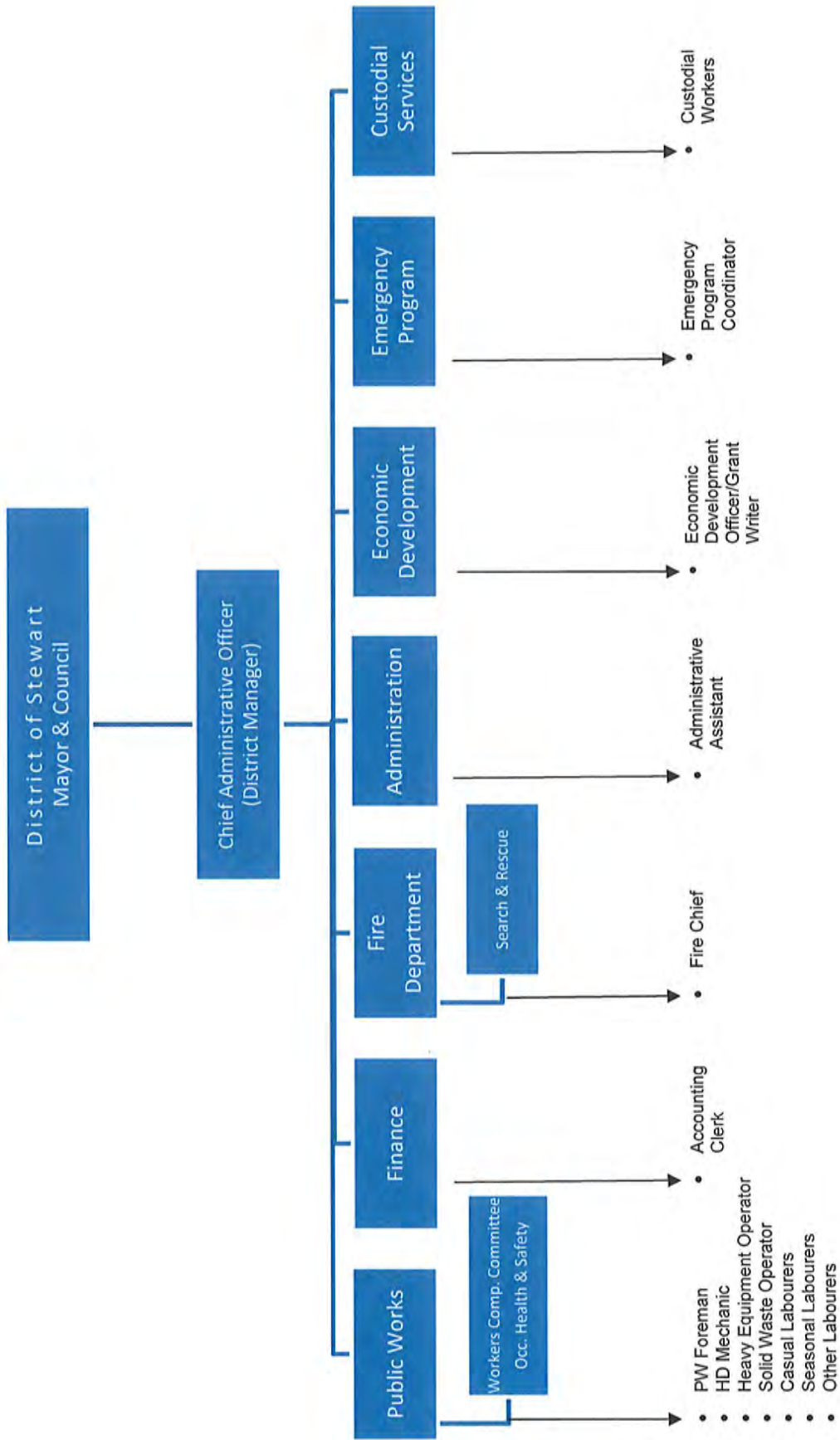
Councillors: Billie Ann Belcher
Patricia Lynn
Scott Hopkins
Ron McFadzen
Chad McKay
Maria Ryder

- Council conducts its Regular Meetings on the second and fourth Monday of every month at 7 p.m. in Council Chambers located at the Municipal Hall, 705 Brightwell Street.
- Public delegations and input are always welcome at Council Meetings – please contact the District office at (250) 636-2251 to schedule a delegation time in advance.
- For more information on local government and the District of Stewart, visit the municipal website:

www.districtofstewart.com

DISTRICT OF STEWART

Organizational Chart – 2012



REPORT ON MUNICIPAL SERVICES & OPERATIONS 2012

1. **Fire Department:**
 - a) Avalanche Safety & Rescue training –ongoing
2. **Emergency Services:**
 - a) Completed Bear River Gravel extraction project (7,000m)
3. **Transportation:**
 - a) Carried out further improvements to Roads; substantial Paving project to Railway, Brightwell, Columbia and 11th Avenue, Patching/Grading
4. **Development Services:**
 - a) Completed Phase 1 of the Storm Water Project (Towns For Tomorrow Grant)
 - b) Completed replacement of Log Storage Dolphins
5. **Recreation & Culture:**
 - a) Decommissioned aging boiler and installed electric heaters in the Arena Foyer
6. **Administration**
 - a) Purchased Records Management Software
7. **Public Works**
 - a) Purchased 2012 Peterbilt Plow Truck
 - b) Purchase New Husqvarna ride-on mower
8. **Waste Management**
 - a) Total cost for landfill closure determined
9. **Council**
 - a) 2 Councillors, Scott Hopkins and Maria Ryder, were elected to fill Council vacancies during the by-election in October 2012.
 - b) Council Chamber renovation and furniture purchase;
 - c) New office furniture for the Mayor's office

Water Fund: Managing Small Water System Training completed
Sewer Fund: Water and Waste Water operations Training completed

PROGRESS REPORT 2012

Objective	Measure	Outcome
Port Development	<ul style="list-style-type: none"> • Dredging of the Bear River • Log Facility Upgrade • Purchase of Port Lands (Tercon & Bonilee Sites) • Obtain Environmental Studies (Galore Creek) • Enter into agreement with Port Operator 	<ul style="list-style-type: none"> • Increase in log throughput activity-currently at 2 companies; • Ongoing negotiations with Port Developer • Environmental Studies received (G.C.) • Flood Protection Grant application was approved and dredging of 7000m³ of gravel proceeded
Revenue Generation	<ul style="list-style-type: none"> • Granduc Road Usage • District Property Review / Sales • Airport • Port Authority (Harbour Fee) • Commercial Road Throughput 	<ul style="list-style-type: none"> • Agreements signed with various user groups although no revenue was generated these users maintained the road
Infrastructure	<ul style="list-style-type: none"> • Water & Sewer • Road • Building Inventory & Maintenance 	<ul style="list-style-type: none"> • Phase I of Stormwater project complete • Substantial Paving Project completed
Policy Development	<p><u>Review & Develop Bylaws & Policies</u></p> <ul style="list-style-type: none"> • Snow Removal Policy; Medical Travel (Policy Review); Admin. Truck Use Policy; Signage Policy; Street Washing & Dust Control Procedure • Procedure Bylaw (Council) • Fee Schedule Bylaw • Garbage Bylaw • Job Descriptions • Airport 	<ul style="list-style-type: none"> • Snow Removal Policy adopted • Procedure Bylaw updated • New Fee Schedule adopted • Garbage Bylaw under review • Admin Truck transferred to Public Works dept.
Economic Development	<ul style="list-style-type: none"> • Identify marketable land and buildings • Internet & Cell service • Tourism • Website 	<ul style="list-style-type: none"> • Lawn planted at Spirit Square • New website project initiated
Town Beautification	<ul style="list-style-type: none"> • Complete Memorial Park • Unsightly Premises Enforcement • Community Entrance Upgrades (remove "Expo" sign) • Signage Updates of all District of Stewart signs 	<ul style="list-style-type: none"> • Community Entrance upgraded; secured Tree Canada Grant and planted trees;
Recreation	<ul style="list-style-type: none"> • Pool • Arena - Operation Model • Youth Centre - Operation Model • Boardwalk & Nature Trail • Tennis Courts Revitalization 	<ul style="list-style-type: none"> • Arena operations taken over by the DOS • Youth operations taken over by the DOS and new coordinator contracted by the DOS



MUNICIPAL OBJECTIVES 2013

Objective	Measurement
1. Port Development	<ul style="list-style-type: none"> • Finalize agreement with Port Operator
2. Infrastructure & Buildings	<ul style="list-style-type: none"> • Paving Project • Pending grant application – Phase II Stormwater project • Road management plan: road repair, paving, sidewalks and below ground infrastructure replacement • Northland Dock (investigate solution) • Airport – tree clearing and surface repair (investigate solution) • Replacement of Sand Shed (future)
3. Administration	<ul style="list-style-type: none"> • Official Community Plan Update • Policy Development: Airport Policy, Street washing & Dust Control Policy • Bylaw review & update • Granduc Road – investigate solution
4. Emergency	<ul style="list-style-type: none"> • Disaster siren – installation at location where there is a generator (lift station or pumphouse) • Town Hall Meeting to inform Public • Update evacuation plan • Install emergency signage
5. Capital Equipment	<ul style="list-style-type: none"> • New Rescue truck / P.W. Service Truck – investigate the share between Public Works and Fire Dept. (cab/chasse) • New Vac truck • Replace manholes • Elementary school purchase possibility • Purchase of 2 new computers • Purchase of new Telephone system for office • Electronic Agenda & Meeting devices for Council • Purchase new Photocopier/Scanner/Printer
6. Recreation	<ul style="list-style-type: none"> • Tennis Courts revitalization • Arena (repair front of building) => match the color and paint the cladding • Revitalize Nature Trails • Pool – prepare for a public meeting to gather opinion and provide options ie: Open pool = raise taxes or Close pool, and give building to Recycling Centre
7. Town Beautification	<ul style="list-style-type: none"> • Memorial Park – install waterline to Picnic Shelter • Road signage Policy • Landscape designer – hire to provide landscaping plan for the community • Unsightly Premises – enforce (also: have public meeting to provide public awareness and options) • Storage of vehicles on District Property – enforcement of a policy (send out note to community) • DOS land that could be designated for rental space (for people to store boats/trailers, etc.)

PERMISSIVE TAX EXEMPTIONS 2012

The following land, being an area surrounding a building set apart and in use for public worship, is exempt from taxation for the year 2012 under section 224(2)(f) of the *Community Charter*:

1. Lands and improvements registered under the name of North American Baptist Conference – Association of BC Churches, as follows:
 Lot 8-9, Block 18, D.L. 466, Plan 1191
 PID: 012-979-457
 012-979-465
2. Lands and improvements registered under the name of North American Baptist Conference – Association of BC Churches, as follows:
 Lot 6-7, Block 18, D.L. 466, Plan 1191
 PID: 012-981-303
 012-981-281
3. Lands and improvements registered under the name of Roman Catholic Episcopal Corp of Prince Rupert as follows:
 Lot 21, Block 19, D.L. 466, Plan 1191
 PID: 012-966-665
4. Lands and improvements registered under the name of Anglican Synod Diocese of Caledonia as follows:
 Parcel B, Block 25, D.L. 469, Plan 958
 PID: 014-236-575

Organization	Property	Foregone Tax Revenue <small>(not including frontage fees)</small>
North American Baptist Conference	615-6 th Ave.	\$ 247.52
North American Baptist Conference	613-6 th Ave.	\$1159.86
Roman Catholic Episcopal Corp of Prince Rupert	418-8 th Ave.	\$ 224.52
Anglican Synod Diocese of Caledonia	403-9 th Ave.	\$ 290.24

AUDITED FINANCIAL STATEMENTS 2012

(As per attached)
Prepared by McAlpine & Co



DISTRICT OF STEWART
Consolidated Financial Statements
As at December 31, 2012

McAlpine
& Co. CA¹¹

CHARTERED ACCOUNTANTS

**DISTRICT OF STEWART
COUNCIL - 2012**

MAYOR
Galina Durant

COUNCILLORS

Billie Ann Belcher
Ron McFadzen
Maria Ryder

Patty Lynn
Chad McKay
Scott Hopkins

DISTRICT OF STEWART

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the District of Stewart is responsible for the integrity of the accompanying consolidated financial statements. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as outlined under "Significant Accounting Policies". The preparation of the consolidated financial statements necessarily includes some amounts which are based on management's best estimates and careful judgment.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of McAlpine & Co. Chartered Accountants. Their report to the Mayor and Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Council meets with management on a scheduled basis to review their activities and discuss auditing, internal control, accounting policy and financial reporting matters. McAlpine & Co. Chartered Accountants has unrestricted access to the District and to Council. Council approves the consolidated financial statements and reviews the recommendations of the independent auditors for improvements to controls as well as the actions of management to implement such recommendations.



Jim Kincaid
Acting Chief Administrative Officer



Maureen Tarrant
Director of Financial Administration

September 23, 2013

INDEPENDENT AUDITOR'S REPORT

To Her Worship the Mayor and Members of Council of the District of Stewart

We have audited the accompanying consolidated financial statements of the District of Stewart, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, change in net financial assets (net debt) and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District of Stewart as at December 31, 2012, and the results of its operations and its consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, B.C.
September 23, 2013

McAlpine & Co.

CHARTERED ACCOUNTANTS

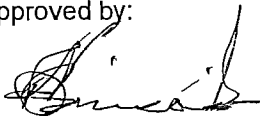
DISTRICT OF STEWART

Consolidated Statement of Financial Position
As At December 31, 2012

	2012	2011
Financial assets		
Cash and short-term investments - (Note 2)	\$ 526,436	\$ 1,048,577
Taxes receivable - (Note 3)	293,699	286,405
Accounts receivable - (Note 4)	471,338	691,441
	1,291,473	2,026,423
Liabilities		
Accounts payable and accrued liabilities	267,734	339,371
Long term debt - (Note 5)	131,689	47,047
Environmental deposits	18,000	8,000
Landfill closure liability (Note 6)	1,130,897	27,000
Deferred revenue - (Note 7)	308,654	411,639
	1,856,974	833,057
Net financial assets (net debt)	(565,501)	1,193,366
Non-financial assets		
Tangible capital assets - (Note 8)	8,074,616	6,923,090
Prepaid expenses	19,471	17,118
	8,094,087	6,940,208
Accumulated surplus	\$ 7,528,586	\$ 8,133,574
Accumulated surplus comprised of:		
Operating fund	\$ (789,939)	\$ 896,639
Reserves fund (Schedule 3)	375,595	360,890
Equity in tangible capital assets - (Note 9)	7,942,930	6,876,045
	\$ 7,528,586	\$ 8,133,574

Commitments and contingent liabilities - (Note 12)

Approved by:



Jim Kincaid
Acting Chief Administrative Officer

DISTRICT OF STEWART

Consolidated Statement of Operations Year Ended December 31, 2012

	2012	Budget	2011
Revenues			
Taxes for municipal purposes - (Note 10)	\$ 937,826	\$ 955,370	\$ 930,829
Government grants and transfers - (Note 11)	1,197,867	1,028,462	1,092,014
Log handling revenues	174,388	250,000	211,531
Rental	178,972	154,000	152,923
User fees and sale of goods and services	55,718	33,882	228,410
Investment earnings	10,239	510	28,217
Other revenue	60,225	217,000	556,314
	2,615,235	2,639,224	3,200,238
Expenses			
Protective services	50,678	67,576	104,275
Transportation services	511,899	505,001	492,571
Recreation and cultural services	249,388	239,047	1,056,511
General government services	488,575	483,025	450,626
Development services	131,630	217,986	295,361
Health and social services		10,000	21,518
Interest	5,653	7,176	4,704
Taxation adjustment (Note 1 c))	64,926		
Waste management	1,259,666	132,908	99,910
Amortization	335,473	298,481	291,857
(Gain) loss on disposal of tangible capital assets	(6,368)		11,335
Sewer operations	76,262	77,360	96,696
Water operations	52,441	55,455	51,452
	3,220,223	2,094,015	2,976,816
Annual surplus (deficit)	(604,988)	545,209	223,422
Accumulated surplus - beginning of year	8,133,574	8,133,574	7,910,152
Accumulated surplus - end of year	\$ 7,528,586	\$ 8,678,783	\$ 8,133,574

DISTRICT OF STEWART

Consolidated Statement of Change in Net Financial Assets (Net Debt)
Year Ended December 31, 2012

	2012	Budget	2011
Annual surplus (deficit)	\$ (604,988)	\$ 545,209	\$ 223,422
Acquisition of tangible capital assets	(1,488,633)	(2,299,000)	(557,085)
Amortization of tangible capital assets	335,473	298,481	291,857
(Gain)/loss on disposal of tangible capital assets	(6,368)		11,335
Proceeds from sale of tangible capital assets	8,000		
Other adjustments	(2,351)		2,401
Increase (decrease) in net financial assets	(1,758,867)	(1,455,310)	(28,070)
Net financial assets - beginning of year	1,193,366	1,193,366	1,221,436
Net financial assets (net debt) - end of year	\$ (565,501)	\$ (261,944)	\$ 1,193,366

DISTRICT OF STEWART

Consolidated Statement of Cash Flow
Year Ended December 31, 2012

	2012	2011
Operating transactions		
Annual surplus (deficit)	\$ (604,988)	\$ 223,422
Non-cash items:		
Amortization	335,473	291,857
(Increase) decrease in prepaid expenses	(2,353)	2,401
Changes to financial assets/liabilities:		
Decreases (increase) in taxes receivable	(7,294)	(41,063)
Decrease (increase) in accounts receivable	220,103	(609,700)
Increase (decrease) in accounts payable	(71,635)	149,295
Increase (decrease) in environmental deposits	10,000	
Increase in landfill closure liability	1,103,897	1,000
Increase (decrease) in deferred revenue	(102,985)	(525,354)
Cash provided (used) by operating transactions	880,218	(508,142)
Capital transactions		
Acquisition of tangible capital assets	(1,488,633)	(557,085)
Proceeds from the disposal of tangible capital assets	8,000	
(Gain) loss on disposal of tangible capital assets	(6,368)	11,335
Cash applied to capital transactions	(1,487,001)	(545,750)
Financing and investing transactions		
Proceeds from debt issues	133,294	
Debt repayment	(48,652)	(28,001)
Cash provided by (used in) financing and investing transactions	84,642	(28,001)
Increase (decrease) in cash position	(522,141)	(1,081,893)
Cash and short term investments - beginning of year - (Note 2)	1,048,577	2,130,470
Cash and short term investments - end of year - (Note 2)	\$ 526,436	\$ 1,048,577

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

1. Significant accounting policies

The District of Stewart (the "District") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. The District provides municipal services such as fire, public works, planning, parks, recreation and other general government services. The consolidated financial statements of the District have been prepared in accordance with Canadian Public Sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

(a) Basis of accounting

The basis of accounting followed in these financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services were acquired and a liability was incurred.

(b) Tangible capital assets

Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put in to service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land improvements	12 to 60 years
Buildings	30 to 60 years
Furniture, equipment and technology	8 to 25 years
Motor vehicles	5 to 35 years
Transportation infrastructure	30 to 65 years
Storm sewer	60 years
Dyke	80 years
Water infrastructure	50 years
Sanitary sewer infrastructure	50 years

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(c) Revenue recognition

Taxation

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

Government transfers

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers received for which expenses have not yet been incurred are included in deferred revenue.

Investment Income

The District invests in pooled funds of the Municipal Finance Authority of British Columbia. Earnings of these funds are allocated to the members from time to time based on the market value of the pool. The District recognizes its share only of the realized earnings of the pool. This revenue is recorded as investment revenue and the amount is added to the cost of the units held.

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

1. Significant accounting policies (continued)

(c) Revenue recognition (continued)

Contributed tangible capital assets

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

(d) Reserves fund

The reserves fund has been established to hold assets for specific future purposes as approved by District Council. Allowable transfers to and from these funds are defined in reserve fund establishment bylaws.

(e) Basis of segmentation

Municipal services have been segmented by grouping services that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. It is reasonably possible that circumstances may arise that cause actual results to differ from management estimates, however, management does not believe it is likely that such differences will materially affect the District's financial position. Adjustments, if any, will be reflected in operations in the period of settlement.

Significant areas requiring the use of management estimates relate to the determination of landfill closure liability, useful lives of tangible capital assets, sick pay liability, and allowance for doubtful accounts receivable including property tax receivable and tax sale receivable.

(h) Financial instruments

The District's financial instruments consist of cash and short term investments, accounts receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise indicated, it is management's opinion that the District is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

(i) Budget figures

The budget figures used are based on the five year financial plan as adopted March 26, 2012.

(j) Cash and short term investments

Cash and short term investments are comprised of amounts held in the District's bank accounts and investments with an original maturity date of one year or less. Short term investments include investments in investment funds held with the Municipal Finance Authority of BC (note 2) which have interest payments linked to the performance of a set of equities or a financial index without stated or certain interest rates. For these investments, income is recognized as it is received. Included in interest earnings are gains on sales of investments before maturity.

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

1. Significant accounting policies (continued)

(k) Employee future benefits

The District and its employees make contributions to the Municipal Pension Plan, and the employees accrue benefits under this plan based on service. The District's contributions are expensed as incurred (note 12)

2. Cash and short-term investments

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

	2012	2011
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 62,144	\$ 66,361
- Short-term bond fund	463,015	847,033
	525,159	913,394
Cash (Cheques outstanding in excess of deposits)	(5,677)	128,291
Term deposit	6,954	6,892
Total cash and short term investments	\$ 526,436	\$ 1,048,577

The District has established an operating line of credit with its bank which carries a maximum credit limit of \$473,000 and bears interest at prime.

3. Taxes receivable

	2012	2011
Current	\$ 191,028	\$ 174,601
Arrears	49,122	105,968
Tax sales receivable	53,549	5,836
	\$ 293,699	\$ 286,405

4. Accounts receivable

	2012	2011
Government grants/reimbursements receivable		
- Provincial	\$ 400,000	\$ 503,397
- Northern Development Initiative Trust	7,500	32,542
Log handling revenues receivable	5,500	5,500
Rock quarry reclamation bond	5,000	5,000
Bonilee site security deposit	24,355	92,187
HST receivable (payable)	28,983	52,815
Insurance proceeds receivable		
Land rental and other receivables		
	\$ 471,338	\$ 691,441

DISTRICT OF STEWART

**Notes to Consolidated Financial Statements
Year Ended December 31, 2012**

5. Long term debt

	2012	2011
Capital lease obligations - MFA Leasing Corporation		
Payable at \$1,352 per month including interest at prime minus 1% and maturing June, 2013	\$ 8,073	\$ 23,973
Payable at \$2,336 per month including interest at prime minus 1% and maturing January, 2017	109,779	
Payable at \$146 per month including interest at prime minus 1% and maturing September, 2015	4,688	6,333
GMAC vehicle loan		
Payable at \$665 per month including interest at 2.90% and maturing February, 2014	9,149	16,741
	\$ 131,689	\$ 47,047

Minimum lease and vehicle loan payments net of estimated interest required to end of lease/loan terms are as follows:

2013	\$ 43,578
2014	29,612
2015	28,542
2016	27,689
2017	2,268
	<u>\$ 131,689</u>

6. Landfill closure liability

The District has commenced the closure of its existing landfill site in accordance with BC Ministry of Environment's (MOE) requirements and will be constructing a new waste transfer station that will enable the District to transport its' waste to the Regional District of Kitimat-Stikine's Meziadin Junction Landfill. In May, 2012 the District received a report from an engineering firm, Associated Engineering BC Ltd. which was commissioned by the District to examine the requirements for landfill closure and post closure care of its existing landfill site and to provide an estimate of the related costs. The District's Director of Engineering and Public Works used the Associated Engineering report and further refined the engineering firm's landfill closure and post closure care cost estimate utilizing other sources including a prior landfill study report prepared by another engineering firm previously commissioned by the District and consultation with management and on site reviews of other municipal and regional district landfill operations.

On this basis, the District estimated landfill closure cost in the amount of \$1,056,000 which includes the cost of preparing the site for the placement of a geosynthetic clay liner which capping material is to be placed upon, the placement of screened 25mm sandy-loam capping material to a depth of 0.6m, perimeter trenching and drainage control and engineering and monitoring of the closure activity. In addition, District management has estimated post closure care costs over a 25 year period in the amount of \$75,000 which will include final cover and settlement monitoring and ground water monitoring with such costs to be incurred equally over the 25 year period (i.e. \$3,000 per year).

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

6. Landfill closure liability (continued)

As indicated above, the District has commenced closure of its existing landfill site. As such, the full amount of the estimated closure and post closure costs have been recorded as a liability in these financial statements. Waste from District residents continues to be placed in the existing landfill until the waste transfer station is constructed and the landfill arrangement with the Regional District of Kitimat-Stikine is finalized which District management anticipates will occur within the next fiscal year.

7. Deferred revenue

Deferred revenue includes the following (see Note 1):	2012	2011
UBCM Federal Gas Tax Agreement Community Works Fund	\$	\$ 265,520
Ministry of Community Development - Unconditional	269,294	127,992
Jack Varlow Memorial Swimming Pool Trust	7,735	7,735
A.H. Burton Memorial Fund	6,954	6,892
Other	24,671	3,500
	\$ 308,654	\$ 411,639

8. Tangible capital assets

	2012	2011
Land	\$ 681,586	\$ 681,872
Land improvements	1,314,056	967,923
Buildings	2,065,579	2,149,384
Motor vehicles	567,882	500,220
Furniture, equipment and technology	183,802	194,163
Transportation infrastructure	2,710,159	2,297,277
Water infrastructure	14,503	21,754
Sanitary sewer infrastructure	11,278	16,917
Storm sewer	525,771	37,666
	\$ 8,074,616	\$ 6,867,176
Assets under construction		\$ 55,914
	\$ 8,074,616	\$ 6,923,090

Leased physical assets (note 5) in the amount of \$240,494 are included in machinery and shop equipment above. For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 2).

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

9. Equity in tangible capital assets

Equity in tangible capital assets represents the net book value of total capital assets less long term obligations assumed to acquire those assets. The change in consolidated equity in tangible capital assets is as follows:

	2012	2011
Increases:		
Capital expenditures	\$ 1,544,547	\$ 557,085
Retirement of debt - principal repayment	48,651	28,001
Decreases:		
Proceeds from issue of debt	(133,294)	
Amortization	(335,473)	(291,857)
Dispositions at net book value	(57,546)	(11,335)
Change in equity in tangible capital assets	1,066,885	281,894
Equity in tangible capital assets - beginning of year	6,876,045	6,594,151
Equity in tangible capital assets - end of year	\$ 7,942,930	\$ 6,876,045

10. Taxes for municipal purposes

	2012	2011
Taxes:		
Property	\$ 849,956	\$ 785,532
Frontage	334,068	333,899
Revenue in lieu of taxes	30,777	33,521
Penalties and interest on taxes	34,420	31,259
	1,249,221	1,184,211
Less taxes on behalf of:		
School	217,237	176,202
Regional Hospital District	50,083	35,970
Regional District of Kitimat-Stikine	15,953	16,573
Police tax	23,148	20,539
B.C. Assessment Authority	4,962	4,089
Other	12	9
	311,395	253,382
	\$ 937,826	\$ 930,829

DISTRICT OF STEWART

Notes to Consolidated Financial Statements Year Ended December 31, 2012

11. Government grants and transfers

	2012	2011
Capital project grants		
- Provincial	\$ 400,000	\$ 9,099
- Other	46,362	55,779
	446,362	64,878
Operating grants and transfers		
- Provincial	434,555	966,449
- Other	316,950	60,687
	751,505	1,027,136
	\$ 1,197,867	\$ 1,092,014

12. Commitments and contingencies

Capital requirements

District Council has approved a 2012 - 2016 capital expenditure financial plan of \$1,493,000. The 2013 requirement of \$75,000 is to be funded as follows:

Operating funds	<u>\$ 75,000</u>
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Pension plan

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2009 indicated a \$1,024 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The District of Stewart paid \$29,173 for employer contributions to the plan in fiscal 2012 (\$33,300 in 2011).

Third Party Claims

The District is involved in certain legal actions, the outcome of which is uncertain at this time. It is the opinion of management that final determination of these claims will not materially affect the financial position of the District. Accordingly, no provision has been made in the accounts for these actions. Any ultimate settlements will be recorded in the year the settlements occur.

DISTRICT OF STEWART

Consolidated Schedule of Segmented Revenue and Expenses

(Schedule 1)

Year Ended December 31, 2012

	2012									2012	2011	2012 Budget (Unaudited)	
	Protective services	Recreation and cultural services	Transportation services	Development services	General government services	Waste management	Water operations	Sewer operations	Unallocated				
Revenue													
Net taxes available for municipal purposes	\$	\$	\$	\$	\$	\$	\$	\$	\$	937,826	937,826	930,829	955,370
User fees and sale of goods and services		6,979	3,479	6,187	3,251	17,139	10,262	8,421		55,718	228,410	33,882	
Government grants and transfers	104,858	1,892	2,005	7,500	339,692	295,558		446,362		1,197,867	1,092,014	1,028,462	
Investment income									10,239	10,239	28,217	510	
Log handling revenues				174,388						174,388	211,531	250,000	
Rental				178,972						178,972	152,923	154,000	
Other revenue		1,581							58,644	60,225	556,314	217,000	
	104,858	10,452	5,484	367,047	342,943	312,697	10,262	454,783	1,006,709	2,615,235	3,200,238	2,639,224	
Expenses													
Salaries, wages and benefits	919	41,895	214,994	15,812	262,530	116,798	19,132	32,808		704,888	648,634	768,195	
Goods and services	49,760	207,493	296,905	115,818	290,970	1,142,868	33,309	43,454		2,180,577	2,020,287	1,020,163	
Interest and bank charges	278				5,375					5,653	4,703	7,176	
Amortization									335,473	335,473	291,857	298,481	
Loss from disposal of tangible capital assets									(6,368)	(6,368)	11,335		
	50,957	249,388	511,899	131,630	558,875	1,259,666	52,441	76,262	329,105	3,220,223	2,976,816	2,094,015	
Excess (deficiency) of revenue over expenses	\$ 53,901	\$ (238,936)	\$ (506,415)	\$ 235,417	\$ (215,932)	\$ (946,969)	\$ (42,179)	\$ 378,521	\$ 677,604	\$ (604,988)	\$ 223,422	\$ 545,209	

DISTRICT OF STEWART
 Schedule of Tangible Capital Assets
 Year Ended December 31, 2012

(Schedule 2)

	Land	Land improvements	Buildings	Motor vehicles	Furniture, equipment and technology	Transportation infrastructure	Water infrastructure	Sanitary sewer infrastructure	Storm sewer	Assets under construction	2012 Total	2011 Total
Cost												
Opening balance	\$ 681,872	\$ 1,718,681	\$ 4,074,867	\$ 1,310,685	\$ 395,431	\$ 3,586,778	\$ 362,558	\$ 281,921	\$ 95,715	\$ 55,914	\$ 12,564,422	\$ 12,033,586
Additions	1,346	408,232		138,903	17,950	475,858			502,258		1,544,547	557,085
Disposals	(1,632)									(55,914)	(57,546)	(26,249)
Ending balance	681,586	2,126,913	4,074,867	1,449,588	413,381	4,062,636	362,558	281,921	597,973		14,051,423	12,564,422
Accumulated Amortization												
Opening balance		750,758	1,925,483	810,465	201,268	1,289,501	340,804	265,005	58,050		5,641,334	5,364,389
Amortization		62,099	83,805	71,241	28,311	62,976	7,251	5,638	14,152		335,473	291,857
Acc. amortization on disposals												(14,914)
Ending balance		812,857	2,009,288	881,706	229,579	1,352,477	348,055	270,643	72,202		5,976,807	5,641,332
Net book value December 31, 2012	\$ 681,586	\$ 1,314,056	\$ 2,065,579	\$ 567,882	\$ 183,802	\$ 2,710,159	\$ 14,503	\$ 11,278	\$ 525,771		\$ 8,074,616	\$ 6,923,090
Net book value December 31, 2011	\$ 681,872	\$ 967,923	\$ 2,149,384	\$ 500,220	\$ 194,163	\$ 2,297,277	\$ 21,754	\$ 16,916	\$ 37,666	\$ 55,914		\$ 6,923,090

(Schedule 4)

DISTRICT OF STEWART

Schedule of Expenses
Year Ended December 31, 2012

	2012	Budget	2011
Protective services:			
Fire department	\$ 24,337	\$ 45,401	\$ 32,356
Emergency vehicle service	8,652	10,012	2,822
Provincial emergency program	17,475	11,883	68,889
Animal control	214	280	208
	\$ 50,678	\$ 67,576	\$ 104,275
Transportation services:			
Roads and streets	\$ 285,320	\$ 341,400	\$ 283,844
Shop and general	77,569	74,751	70,282
Street lighting	34,613	35,000	34,421
Airport	20,169	25,400	19,620
Arrow dock/ferry ramp	1,115	7,750	6,124
Dyke and gravel extraction	87,666	1,600	67,081
Granduc maintenance	5,446	19,100	11,199
	\$ 511,898	\$ 505,001	\$ 492,571
Recreation and cultural services:			
Arena	\$ 117,247	\$ 93,800	\$ 939,581
Pool	17,038	23,362	2,141
Library	50,343	50,345	40,343
Parks	32,404	26,975	24,381
Museum	17,006	26,100	15,742
Youth centre and youth program	6,832	10,000	28,170
Grants in aid	752	3,000	2,200
Rainey Creek Park campground	6,167	3,125	2,415
Boardwalk	1,599	2,340	1,538
	\$ 249,388	\$ 239,047	\$ 1,056,511
General government services:			
Administration	\$ 393,844	\$ 407,525	\$ 364,266
Council	94,730	75,500	86,360
	\$ 488,574	\$ 483,025	\$ 450,626
Development services:			
Log handling	\$ 19,309	\$ 19,650	\$ 73,794
Cemetery	1,886	3,100	2,040
Community development	3,515	2,750	104,565
Courthouse	35,411	39,960	35,384
Northland Dock	11,846	11,480	914
Planning and zoning	35,843	81,546	19,680
Promotional	10,235	17,000	10,037
Economic development	13,585	42,500	41,911
Community adjustment fund			7,036
	\$ 131,630	\$ 217,986	\$ 295,361

(Schedule 3)

DISTRICT OF STEWART

Reserves Fund
Year Ended December 31, 2012

	2012	Budget	2011
Revenues			
Investment income	\$ 8,337	\$	\$ 10,584
Gain on disposal of tangible capital assets	6,368		(311)
Excess of revenues over expenses	14,705		10,273
Change in reserve fund for the year	14,705		10,273
Reserve fund balance - beginning of year	360,890	360,890	350,617
Reserve fund balance - end of year	\$ 375,595	\$ 360,890	\$ 360,890
Reserve fund balance represented by:			
		2012	2011
Capital works reserve fund	\$	221,614	\$ 216,610
Land and building reserve fund		153,981	144,280
	\$ 375,595	\$ 360,890	