



DISTRICT OF STEWART

ANNUAL REPORT 2013



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MUNICIPAL COUNCIL 2012 – 2014

Mayor: Galina Durant

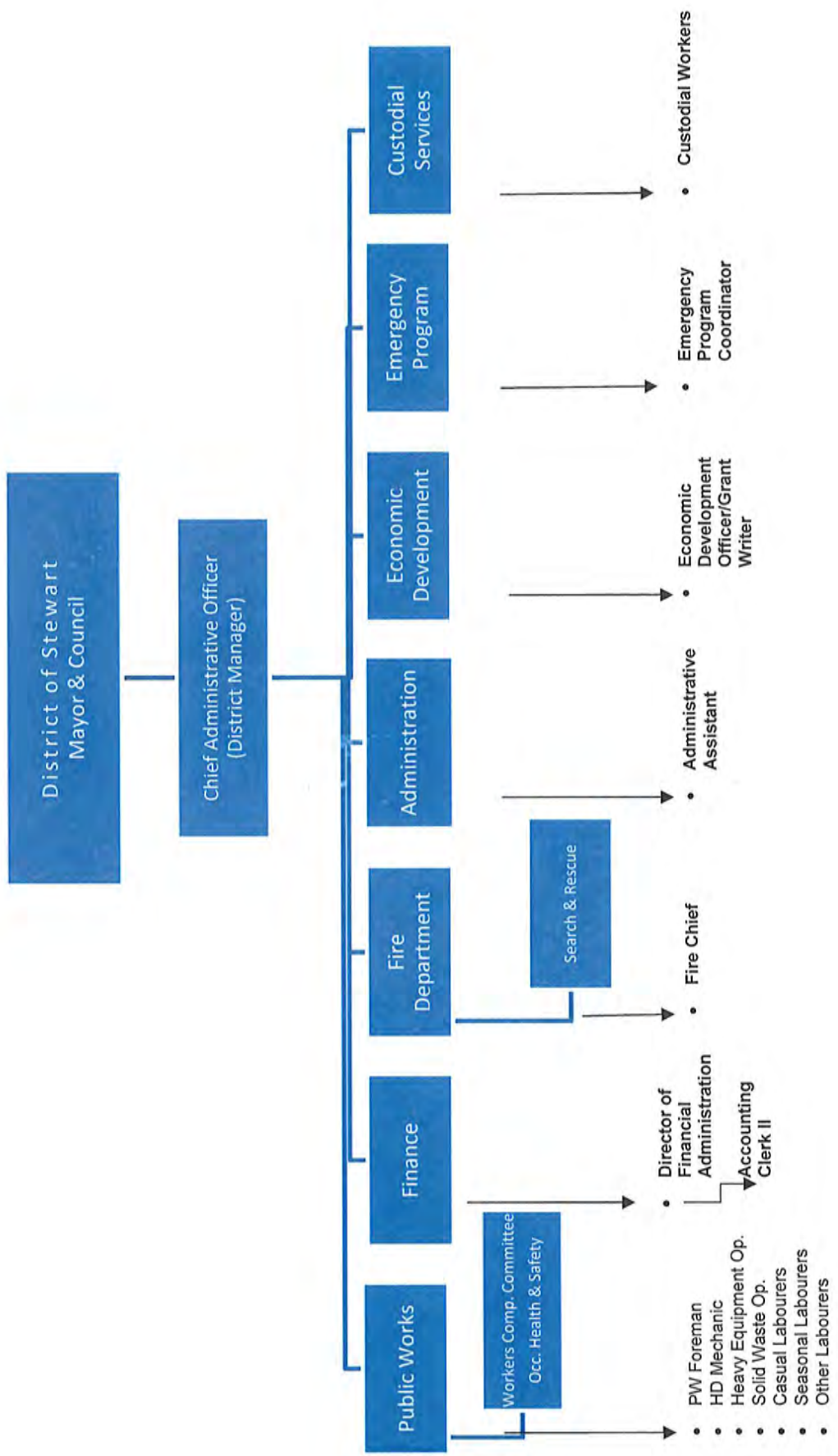
Councillors: Billie Ann Belcher
Patricia Lynn
Scott Hopkins
Ron McFadzen
Chad McKay
Maria Ryder

- 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 –2013



REPORT ON MUNICIPAL SERVICES & OPERATIONS 2013

1. **Fire Department:**
 - a) Recruiting of new members ongoing.

2. **Emergency Services:**
 - a) Installed new Emergency Sirens at 2 locations in town

3. **Transportation:**
 - a) Carried out further improvements to Roads; grading and addition of top dressing to gravel roads

4. **Development Services:**
 - a) Continued working on the Asia Pacific Log Skid Contribution Agreement
 - b) Signed a lease agreement with Border Town Recycling for 5 years on the Old Pool Building, for the new Recycling Depot.

5. **Recreation & Culture:**
 - a) Installed water and septic at the Outdoor Kitchen in Memorial Park.
 - b) Installed gate at Memorial Park to keep vehicles out.
 - c) Installed new sign for Ian McLeod Memorial Playground and held a dedication.
 - d) Acquired Youth Crime Prevention Grant and hired a Youth Worker to implement programs.

6. **Administration**
 - a) Purchased new Printer and document center for the office

7. **Public Works**
 - a) Purchased 2013 GMC 4x4 Truck for Public Works operations
 - b) Purchased a 1984 Vactor Truck for Sewer line maintenance

8. **Waste Management**
 - a) Installed trailer at landfill for office and shelter for attendant
 - b) Ongoing cleaning and organizing at the landfill

Water Fund: Managing Small Water System Training completed;
Celebrated Water Week by hosting a tour of Pump house #3 and gave everyone water bottles and a chance to enter a draw for a water saving shower head.

PROGRESS REPORT 2013

Objective	Measure	Outcome
Port Development	<ul style="list-style-type: none"> • Finalize agreement with Port Operator 	<ul style="list-style-type: none"> • Agreement Signed with Stewart World Port
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) 	<ul style="list-style-type: none"> • Road Grading took place with addition of top dressing on gravel roads • Sidewalks repaired • Brushing project underway at airport, lines painted • Agreement signed with Border Town Recycling for use of their building for Salt/Sand Shed
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 	<ul style="list-style-type: none"> • Urban Systems contracted to carry out OCP Process • Recording of Council Meetings Policy • Environmental Assessment Participation Policy • Fees & Charges Bylaw • Business License Bylaw • Water & Sewer Connection Bylaws • The Delegation of FOIPPA Authority Bylaw
Emergency	<ul style="list-style-type: none"> • Disaster siren - installation at location where there is a generator (lift station or pump house) • Town Hall Meeting to inform Public • Update evacuation plan • Install emergency signage 	<ul style="list-style-type: none"> • New Sirens Installed-require further testing • 2 Town Hall Meetings held in 2013 • Emergency Signage Installed
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 • 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 	<ul style="list-style-type: none"> • New Vac Truck Purchased • New Pickup for Public Works • New Photocopier/Printer/Fax/Scanner purchased • Research started regarding phone system
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 	<ul style="list-style-type: none"> • Arena Façade is expected to be complete 2015 • 5 Year lease signed with Border Town Recycling on Pool Building
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.) 	<ul style="list-style-type: none"> • Waterline & septic tank installed to Picnic Shelter • Letter sent to non-compliant resident (personal assets on DOS property)



MUNICIPAL OBJECTIVES 2014

Objective	Measurement
1. Infrastructure & Buildings	<ul style="list-style-type: none"> • Road Mgt. Plan • Airport • Water & Waste water systems • DOS Office Roof • Pump House Generator
2. Administration	<ul style="list-style-type: none"> • CAO (Determine Salary) • CAO (head hunter for hire) • OCP • By-laws updates • Creation of Polices for Service Delivery • Land Sale policy
3. Port Development	<ul style="list-style-type: none"> • Purchase land (Tercon Site & Bonilee Site) • Sale Northland Dock
4. Emergency	<ul style="list-style-type: none"> • Call notification System • Update Evacuation Plan • Improve Essential Services
5. Recreation / Tourism	<ul style="list-style-type: none"> • Tennis Court is fine • Revitalize Nature Trail • Boardwalk • Arena Frontage • Auto-tour Brochures • Chamber/Info Centre
6. Capital Equipment	<ul style="list-style-type: none"> • (no) Rescue Truck • (no) School • Bobcat Sweeper • Computers (x2)
7. Landfill	<ul style="list-style-type: none"> • By-law • Tipping Fee
8. Town Beautification	<ul style="list-style-type: none"> • Chamber of Commerce (needs) • Enforcement of our Bylaws • Encourage Citizens • Unsightly Premises

PERMISSIVE TAX EXEMPTIONS 2013

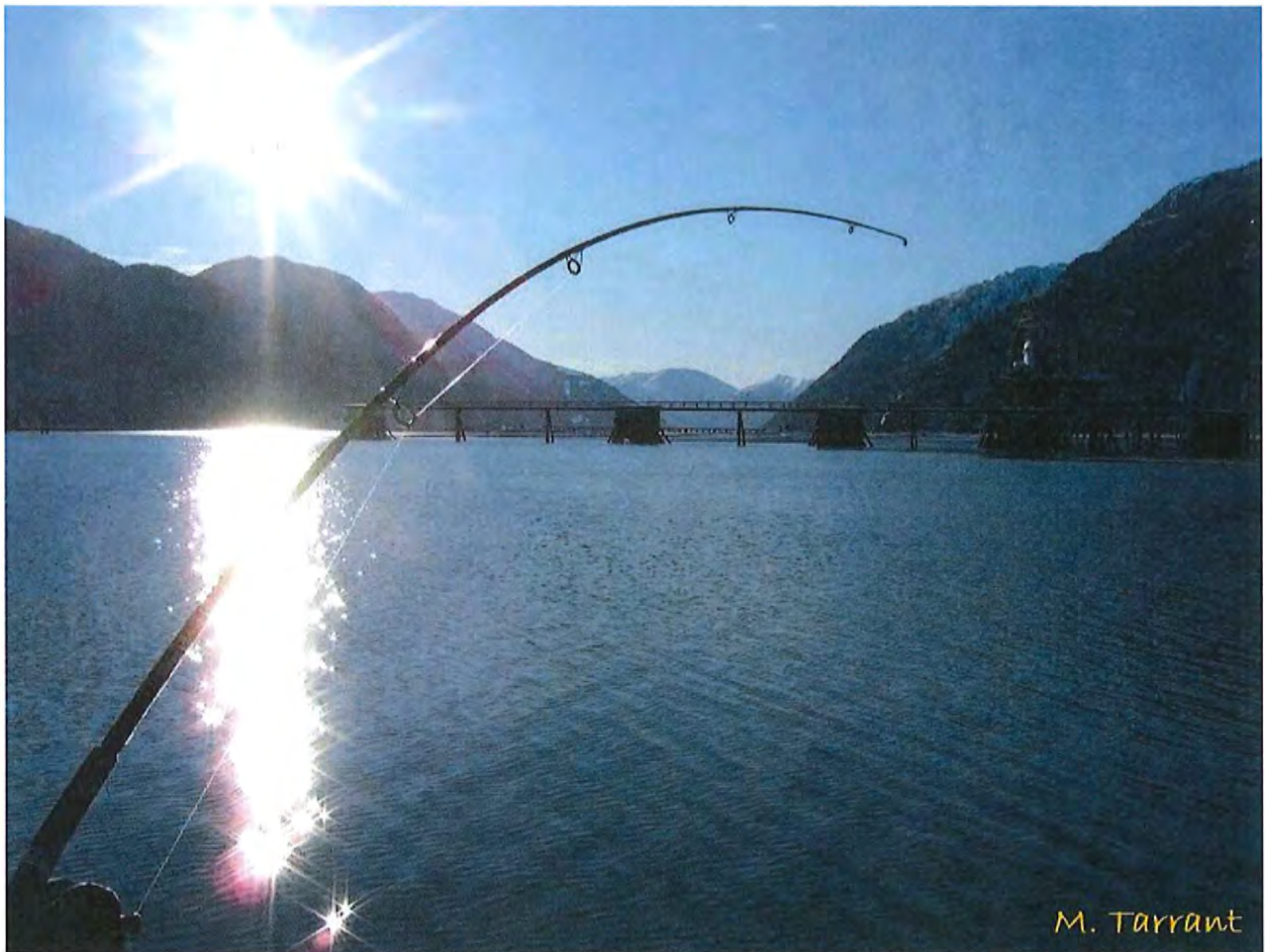
The following land, being an area surrounding a building set apart and in use for public worship, is exempt from taxation for the year 2013 under section 224(2)(f) of the *Community Charter*:

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 (not including frontage fees)
North American Baptist Conference	615-6 th Ave.	\$ 294.63
North American Baptist Conference	613-6 th Ave.	\$1210.37
Roman Catholic Episcopal Corp of Prince Rupert	418-8 th Ave.	\$ 236.61
Anglican Synod Diocese of Caledonia	403-9 th Ave.	\$ 304.87

AUDITED FINANCIAL STATEMENTS 2013

**(As per attached)
Prepared by McAlpine & Co**



M. Tarrant

DISTRICT OF STEWART
Consolidated Financial Statements
As at December 31, 2013

McAlpine
& Co. CA^{AB}

CHARTERED ACCOUNTANTS

**DISTRICT OF STEWART
COUNCIL - 2013**

MAYOR

Galina Durant

COUNCILLORS

Billie Ann Belcher
Ron McFadzen
Maria Ryder

Patricia Lynn
Chad McKay
Scott Hopkins

DISTRICT OF STEWART

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As at December 31, 2013**

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Management's Report

Management's Responsibility for the Consolidated Financial Statements

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

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

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

The external auditors, McAlpine & Co. Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to management and Council of the District of Stewart and meet when required.

Maureen Tarrant
Chief Administrative Officer

June 09, 2014

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, 2013, 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, 2013, and the results of its operations and its consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards.

McAlpine & Co.

Terrace, B.C.
June 9, 2014

CHARTERED ACCOUNTANTS

District of Stewart

Consolidated Statement of Financial Position As At December 31, 2013

	2013	2012
Financial assets		
Cash and short-term investments - (Note 2)	\$ 881,410	\$ 526,436
Taxes receivable - (Note 3)	233,062	293,699
Accounts receivable - (Note 4)	130,244	471,338
	1,244,716	1,291,473
Liabilities		
Accounts payable and accrued liabilities	398,229	267,735
Long term debt - (Note 5)	122,175	131,689
Environmental deposits	18,001	18,000
Landfill closure liability (Note 6)	1,058,774	1,130,897
Deferred revenue - (Note 7)	91,826	308,653
	1,689,005	1,856,974
Net financial assets (net debt)	(444,289)	(565,501)
Non-financial assets		
Tangible capital assets - (Schedule 2) (Note 8)	7,958,346	8,074,616
Prepaid expenses	20,846	19,471
	7,979,192	8,094,087
Accumulated surplus	\$ 7,534,903	\$ 7,528,586
Accumulated surplus comprised of:		
Operating fund	\$ (875,432)	\$ (789,939)
Reserves fund (Schedule 3)	574,163	375,595
Equity in tangible capital assets - (Note 9)	7,836,172	7,942,930
	\$ 7,534,903	\$ 7,528,586

Commitments and contingent liabilities - (Note 12)

Approved by:


Maureen Tarrant
Chief Administrative Officer

District of Stewart

Consolidated Statement of Operations Year Ended December 31, 2013

	2013	Budget	2012
Revenues			
Taxes for municipal purposes - (Note 10)	\$ 1,456,481	\$ 1,466,757	\$ 937,826
Government grants and transfers - (Note 11)	556,514	535,375	1,197,867
Log handling revenues	164,545	185,000	174,388
Rental	240,906	295,931	178,973
User fees and sale of goods and services	56,358	69,564	55,718
Investment earnings	8,567		10,239
Other revenue	13,963	24,120	60,225
Gain on disposal of tangible capital assets	31,679		6,368
	2,529,013	2,576,747	2,621,604
Expenses			
Protective services	31,131	60,410	50,679
Transportation services	638,332	598,675	511,899
Recreation and cultural services	230,944	261,955	249,388
General government services	780,959	512,831	488,574
Development services	167,682	207,681	131,630
Interest	8,128	3,050	5,653
Taxation adjustment (Note 1 c)	8,181		64,926
Waste management	145,191	166,450	1,259,666
Amortization	344,950	291,857	335,474
Sewer operations	87,759	82,950	76,262
Water operations	79,439	58,495	52,441
	2,522,696	2,244,354	3,226,592
Annual surplus (deficit)	6,317	332,393	(604,988)
Accumulated surplus - beginning of year	7,528,586	7,528,586	8,133,574
Accumulated surplus - end of year	\$ 7,534,903	\$ 7,860,979	\$ 7,528,586

District of Stewart

Consolidated Statement of Change in Net Financial Assets (Net Debt) Year Ended December 31, 2013

	2013	Budget	2012
Annual surplus (deficit)	\$ 6,317	\$ 332,393	\$ (604,988)
Acquisition of tangible capital assets	(286,922)	(1,149,446)	(1,488,633)
Amortization of tangible capital assets	344,950	291,857	335,473
Gain on disposal of tangible capital assets	(31,679)		(6,368)
Proceeds from sale of tangible capital assets	89,920		8,000
Other adjustments	(1,374)		(2,350)
Increase (decrease) in net financial assets	121,212	(525,196)	(1,758,866)
Net financial assets - beginning of year	(565,501)	(565,501)	1,193,365
Net financial assets (net debt) - end of year	\$ (444,289)	\$ (1,090,697)	\$ (565,501)

District of Stewart

Consolidated Statement of Cash Flow Year Ended December 31, 2013

	2013	2012
Operating transactions		
Annual surplus (deficit)	\$ 6,317	\$ (604,988)
Non-cash items:		
Amortization	344,950	335,473
(Increase) decrease in prepaid expenses	(1,375)	(2,353)
Changes to financial assets/liabilities:		
Decreases (increase) in taxes receivable	60,637	(7,294)
Decrease (increase) in accounts receivable	341,094	220,103
Increase (decrease) in accounts payable	130,493	(71,635)
Increase (decrease) in environmental deposits	1	10,000
Increase (decrease) in landfill closure liability	(72,123)	1,103,897
Increase (decrease) in deferred revenue	(216,827)	(102,985)
Cash provided (used) by operating transactions	593,167	880,218
Capital transactions		
Acquisition of tangible capital assets	(286,922)	(1,488,633)
Proceeds from the disposal of tangible capital assets	89,920	8,000
(Gain) loss on disposal of tangible capital assets	(31,679)	(6,368)
Cash applied to capital transactions	(228,681)	(1,487,001)
Financing and investing transactions		
Proceeds from debt issues	45,420	133,294
Debt repayment	(54,932)	(48,652)
Cash provided by (used in) financing and investing transactions	(9,512)	84,642
Increase (decrease) in cash position	354,974	(522,141)
Cash and short term investments - beginning of year - (Note 2)	526,436	1,048,577
Cash and short term investments - end of year - (Note 2)	\$ 881,410	\$ 526,436

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

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. Government transfers that give rise to an obligation that meet the definition of a liability are recorded as deferred revenue until settlement of the liability has occurred.

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, 2013

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.

Other revenue

Revenue from log handling and other goods and services are recognized as revenue when the good or service is provided. Revenue from property rentals is recognized in the period in which the property is occupied by the tenant or in accordance with the lease agreement.

(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 the 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 April 22, 2013.

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

1. Significant accounting policies (continued)

(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.

(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:

	2013	2012
Municipal Finance Authority of B.C. investments:		
- Money market fund	\$ 62,827	\$ 62,144
- Short-term bond fund	470,899	463,015
	533,726	525,159
Cash (Cheques outstanding in excess of deposits)	340,666	(5,677)
Term deposit	7,018	6,954
Total cash and short term investments	\$ 881,410	\$ 526,436

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

	2013	2012
Current	\$ 139,028	\$ 191,028
Arrears	94,034	49,122
Tax sales receivable		53,549
	\$ 233,062	\$ 293,699

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

4. Accounts receivable

	2013	2012
Government grants/reimbursements receivable		
- Provincial	\$ 20,115	\$ 400,000
- Northern Development Initiative Trust	10,627	7,500
School tax receivable	10,047	5,500
Rock quarry reclamation bond	5,000	5,000
Bonilee site security deposit	(3,131)	24,355
GST receivable (payable)	87,586	28,983
Land sale and other receivables		
	\$ 130,244	\$ 471,338

5. Long term debt

	2013	2012
Capital lease obligations - MFA Leasing Corporation		
Payable at \$1,352 per month including interest at prime minus 1.00%. \$		\$ 8,073
Payable at \$2,336 per month including interest at prime minus 1.00% and maturing January, 2017 secured by a vehicle with a net book of \$108,216.	83,700	109,779
Payable at \$146 per month including interest at prime minus 1.00% and maturing September, 2015 secured by equipment with a net book value of \$5,867.	3,011	4,688
GMAC vehicle loan		
Payable at \$665 per month including interest at 2.90% and maturing February, 2014 secured by a vehicle with a net book value of \$21,008.	1,335	9,149
Roynat equipment lease		
Payable at \$1,293 per month including interest at 2.00% and maturing June, 2016 secured by equipment with a net book value of \$41,016.	34,129	
	\$ 122,175	\$ 131,689

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

2014	\$ 44,627
2015	43,718
2016	31,567
2017	2,263
	<u>\$ 122,175</u>

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

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 the landfill closure cost 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).

In 2013, District management commenced negotiating with the Regional District of Kitimat-Stikine for the construction of the new waste transfer station and closure of the existing landfill and related post closure care versus performing the landfill closure in-house. District management believes that the costs of landfill closure as performed by the Regional District of Kitimat-Stikine will approximate the estimated in-house costs.

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):	2013	2012
UBCM Federal Gas Tax Agreement Community Works Fund	\$ 58,721	\$ 269,294
Ministry of Community Development - Unconditional	10,000	
Ministry of Community Development - Infrastructure planning	8,352	24,670
Rent received in advance	7,735	7,735
Jack Varlow Memorial Swimming Pool Trust	7,018	6,954
A.H. Burton Memorial Fund		
	\$ 91,826	\$ 308,653

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

8. Tangible capital assets

	2013	2012
Land	\$ 681,586	\$ 681,586
Land improvements	1,283,370	1,314,056
Buildings	1,975,638	2,065,579
Motor vehicles	548,990	569,207
Furniture, equipment and technology	236,742	183,802
Transportation infrastructure	2,665,124	2,710,159
Water infrastructure	5,927	13,178
Sanitary sewer infrastructure	15,072	11,278
Storm sewer	515,829	525,771
	\$ 7,928,278	\$ 8,074,616
Assets under construction	30,068	
	\$ 7,958,346	\$ 8,074,616

Leased physical assets (note 5) with net book values of \$155,100 are included in motor vehicles and furniture and equipment above. For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 2).

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:

	2013	2012
Increases:		
Capital expenditures	\$ 286,922	\$ 1,544,547
Retirement of debt - principal repayment	54,932	48,651
Decreases:		
Proceeds from issue of debt	(45,420)	(133,294)
Amortization	(344,950)	(335,473)
Dispositions at net book value	(58,242)	(57,546)
Change in equity in tangible capital assets	(106,758)	1,066,885
Equity in tangible capital assets - beginning of year	7,942,930	6,876,045
Equity in tangible capital assets - end of year	\$ 7,836,172	\$ 7,942,930

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

10. Taxes for municipal purposes

	2013	2012
Taxes:		
Property	\$ 1,744,738	\$ 866,187
Frontage	319,451	317,837
Revenue in lieu of taxes	28,314	30,777
Penalties and interest on taxes	35,433	34,420
	2,127,936	1,249,221
Less taxes on behalf of:		
School	487,497	217,237
Regional Hospital District	95,468	50,083
Regional District of Kitimat-Stikine	30,468	15,953
Police tax	42,964	23,148
B.C. Assessment Authority	15,031	4,962
Other	27	12
	671,455	311,395
	\$ 1,456,481	\$ 937,826

11. Government grants and transfers

	2013	2012
Capital project grants		
- Provincial	\$	\$ 400,000
		400,000
Operating grants and transfers		
- Provincial	511,635	434,554
- Other	44,879	363,313
	556,514	797,867
	\$ 556,514	\$ 1,197,867

District of Stewart

Notes to Consolidated Financial Statements Year Ended December 31, 2013

12. Commitments and contingencies

Capital requirements

District Council has approved a 2013 - 2017 capital expenditure financial plan of \$1,240,000. The 2014 requirement of \$390,000 is to be funded as follows:

Operating funds	<u>\$ 390,000</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 179,000 active members and approximately 71,000 retired members. Active members include approximately 35,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan. The District of Stewart paid \$44,114 (2012 - \$29,173) for employer contributions to the Plan in fiscal 2013.

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.

(Schedule 1)

DISTRICT OF STEWART
Consolidated Schedule of Segmented Revenue and Expenses
Year Ended December 31, 2013

	2013							2012	2013 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	\$ 12,000	\$ 15,741	\$ 3,005	\$ 6,477	\$ 3,247	\$ 10,390	\$ 63,076	\$ 70,385	\$ 1,323,020	\$ 937,826	\$ 1,466,757	
User fees and sale of goods and services		15,500	2,035	20,115	494,099		8,820	8,678		85,718	89,564	
Government grants and transfers							1,500	11,265		1,197,867	535,375	
Investment income									8,567	10,239		
Log handling revenues				164,545						174,388	185,000	
Rental				240,906						178,973	285,931	
Other revenue									13,963	60,225	24,120	
Gain on disposal of tangible capital assets									31,679	6,368		
	12,000	31,241	5,040	432,043	497,346	10,390	73,896	90,328	1,377,229	2,621,604	2,576,747	
Expenses												
Salaries, wages and benefits	2,399	46,529	344,536	15,045	498,145	116,716	35,532	28,081		705,230	841,115	
Goods and services	28,732	184,415	293,796	152,637	282,814	28,475	43,907	59,678		2,112,740	1,107,382	
Interest and bank charges					8,128			8,128		8,222	4,000	
Taxation adjustment					8,181			8,181		64,926		
Amortization									344,950	335,474	291,857	
	31,131	230,944	638,332	167,682	787,268	145,191	79,439	87,759	344,950	3,226,592	2,244,354	
Excess (deficiency) of revenue over expenses	\$ (19,131)	\$ (199,703)	\$ (633,292)	\$ 264,361	\$ (299,922)	\$ (134,801)	\$ (6,043)	\$ 2,569	\$ 1,032,279	\$ 6,317	\$ (604,988)	\$ 332,393

DISTRICT OF STEWART
 Schedule of Tangible Capital Assets
 Year Ended December 31, 2013

	Land	Land improvements	Buildings	Motor vehicles	Furniture, equipment and technology	Transportation infrastructure	Water infrastructure	Sanitary sewer infrastructure	Storm sewer	Assets under construction	2013 Total	2012 Total
Cost												
Opening balance	\$ 681,586	\$ 2,126,913	\$ 4,074,867	\$ 1,449,588	\$ 413,381	\$ 4,062,636	\$ 362,558	\$ 281,921	\$ 597,973	\$ 30,068	\$ 14,051,423	\$ 12,564,422
Additions	40,788	11,320	(21,710)	71,622	93,546	24,667		10,480	4,431		286,922	1,544,547
Disposals	(40,788)			(31,955)	(23,425)						(117,878)	(57,546)
Ending balance	681,586	2,138,233	4,053,157	1,489,255	483,502	4,087,303	362,558	292,401	602,404	30,068	14,220,467	14,051,423
Accumulated Amortization												
Opening balance		812,857	2,009,288	880,381	229,579	1,352,477	349,380	270,643	72,202		5,976,807	5,641,334
Amortization		42,006	89,941	77,314	37,677	68,702	7,251	6,686	14,373		344,950	335,473
Acc. amortization on disposals			(21,710)	(17,430)	(20,496)						(59,636)	
Ending balance		854,863	2,077,519	940,265	246,760	1,422,179	356,631	277,329	86,575		6,262,121	5,976,807
Net book value December 31, 2013	\$ 681,586	\$ 1,283,370	\$ 1,975,638	\$ 548,990	\$ 236,742	\$ 2,665,124	\$ 5,927	\$ 15,072	\$ 515,829	\$ 30,068	\$ 7,958,346	\$ 8,074,616
Net book value December 31, 2012	\$ 681,586	\$ 1,314,056	\$ 2,065,579	\$ 569,207	\$ 183,802	\$ 2,710,159	\$ 13,178	\$ 11,278	\$ 525,771		\$ 8,074,616	

District of Stewart

Reserves Fund
Year Ended December 31, 2013

	2013	Budget	2012
Revenues			
Investment income	\$ 8,568	\$	\$ 8,337
Gain on disposal of land	20,000		6,368
Excess of revenues over expenses	28,568		14,705
Transfer from general operating fund	170,000		
Change in reserve fund for the year	198,568		14,705
Reserve fund balance - beginning of year	375,595	375,595	360,890
Reserve fund balance - end of year	\$ 574,163	\$ 375,595	\$ 375,595

Reserve fund balance represented by:

	2013	2012
Land and building reserve fund	\$ 176,476	\$ 153,981
Rescue truck reserve fund	170,000	
Capital works reserve fund	227,687	221,614
	\$ 574,163	\$ 375,595

District of Stewart

Schedule of Expenses
Year Ended December 31, 2013

	2013	Budget	2012
Protective services:			
Fire department	\$ 25,096	\$ 48,405	\$ 24,337
Emergency vehicle service	2,488	5,100	8,652
Provincial emergency program	3,320	6,625	17,475
Animal control	226	280	214
	\$ 31,130	\$ 60,410	\$ 50,678
Transportation services:			
Roads and streets	\$ 401,164	\$ 404,400	\$ 285,320
Shop and general	142,007	83,950	77,569
Street lighting	36,525	35,700	34,613
Airport	24,217	24,125	20,169
Arrow dock/ferry ramp	28,639	25,000	1,115
Dyke and gravel extraction	4,168	6,000	87,666
Granduc maintenance	1,612	19,500	5,446
	\$ 638,332	\$ 598,675	\$ 511,898
Recreation and cultural services:			
Arena	\$ 90,751	\$ 113,600	\$ 117,247
Pool	18,265	15,030	17,038
Library	45,350	45,350	50,343
Parks	35,685	32,350	32,404
Museum	23,395	28,525	17,006
Youth centre and youth program	14,251	18,600	6,832
Grants in aid	741	1,000	752
Rainey Creek Park campground	949	5,900	6,167
Boardwalk	1,557	1,600	1,599
	\$ 230,944	\$ 261,955	\$ 249,388
General government services:			
Administration	\$ 682,703	\$ 417,050	\$ 393,844
Council	98,255	95,781	94,730
	\$ 780,958	\$ 512,831	\$ 488,574
Development services:			
Log handling	\$ 19,195	\$ 22,075	\$ 19,309
Cemetery	1,522	2,600	1,886
Community development	6,586	4,710	3,515
Courthouse	71,742	38,060	35,411
Northland Dock	1,838	1,690	11,846
Planning and zoning	54,682	81,546	35,843
Promotional	8,020	14,500	10,235
Economic development	4,098	42,500	13,585
	\$ 167,683	\$ 207,681	\$ 131,630