

# District of Stewart

Canada's Most Northerly Ice-Free Port

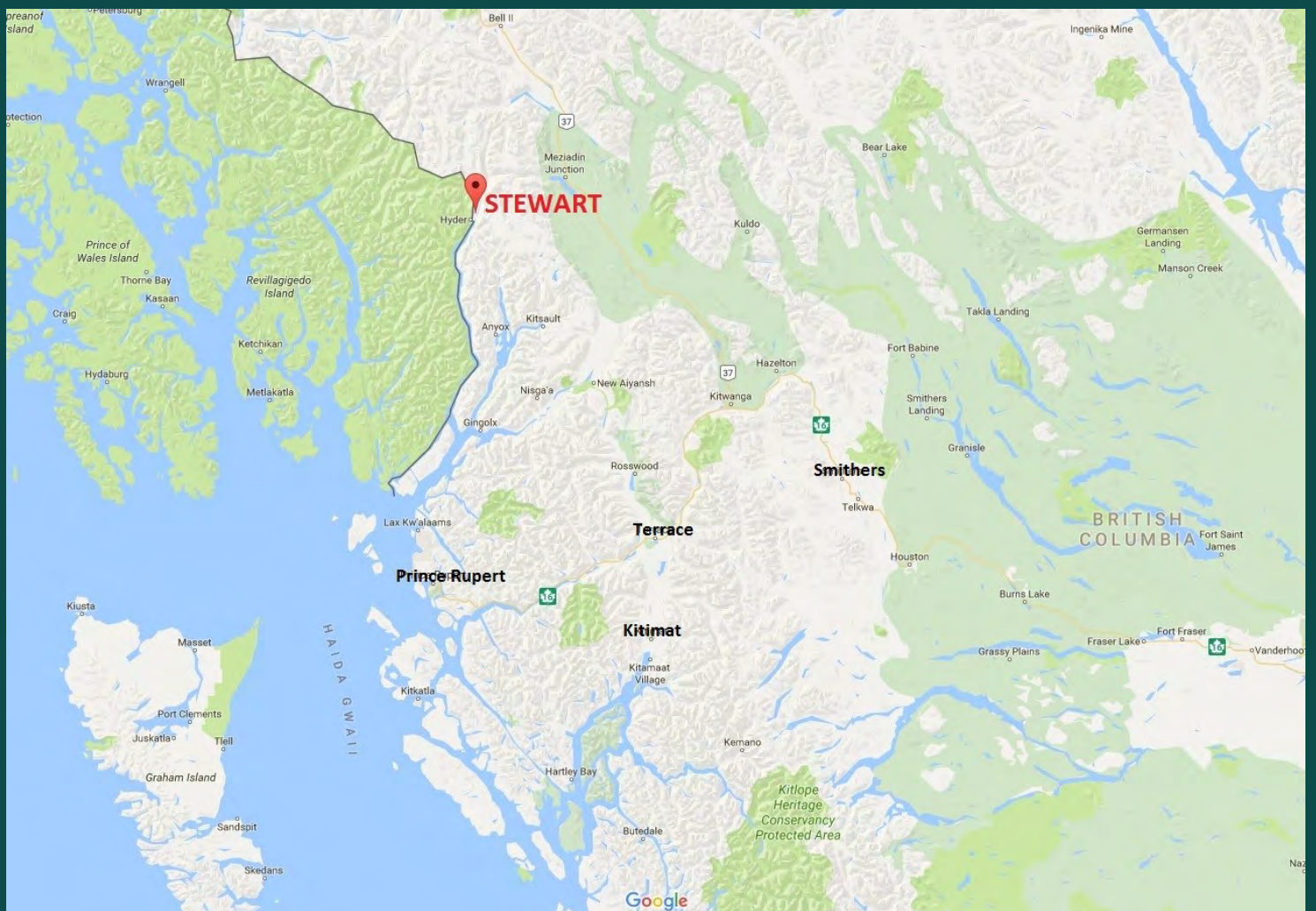


## 2018 Annual Report





Welcome to Stewart



# Stewart

Situated across from Alaska's Misty Fiords National Park and at the end of the Portland Canal, Stewart, BC is a unique border town attracting tourists from every corner of the world.

Stewart was established in 1905 and named after the Stewart brothers who were early prospectors in the area. Stewart's boom happened in 1910 with the illusions of gold, furs and riches.

The economy of Stewart is supported by a varied range of industries including logging, mining and mining exploration and is destined to become a major port for distribution of ore and logs. Stewart offers a paved highway to major transportation routes, a salt water port which supports a barge terminal and bulk commodity loader.

The Portland Canal is a mere 80-90 miles from the Pacific Ocean allowing ships of all kinds to come from all over the world.



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# Municipal Council — 2018 to 2022



Mayor Gina McKay (front row, center)

## Councillors

(front row) Eike Riemann, Maureen Tarrant

(back row) Neal Rowe, Jason Hill, Jim  
Hyslop, Steve Howe

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.

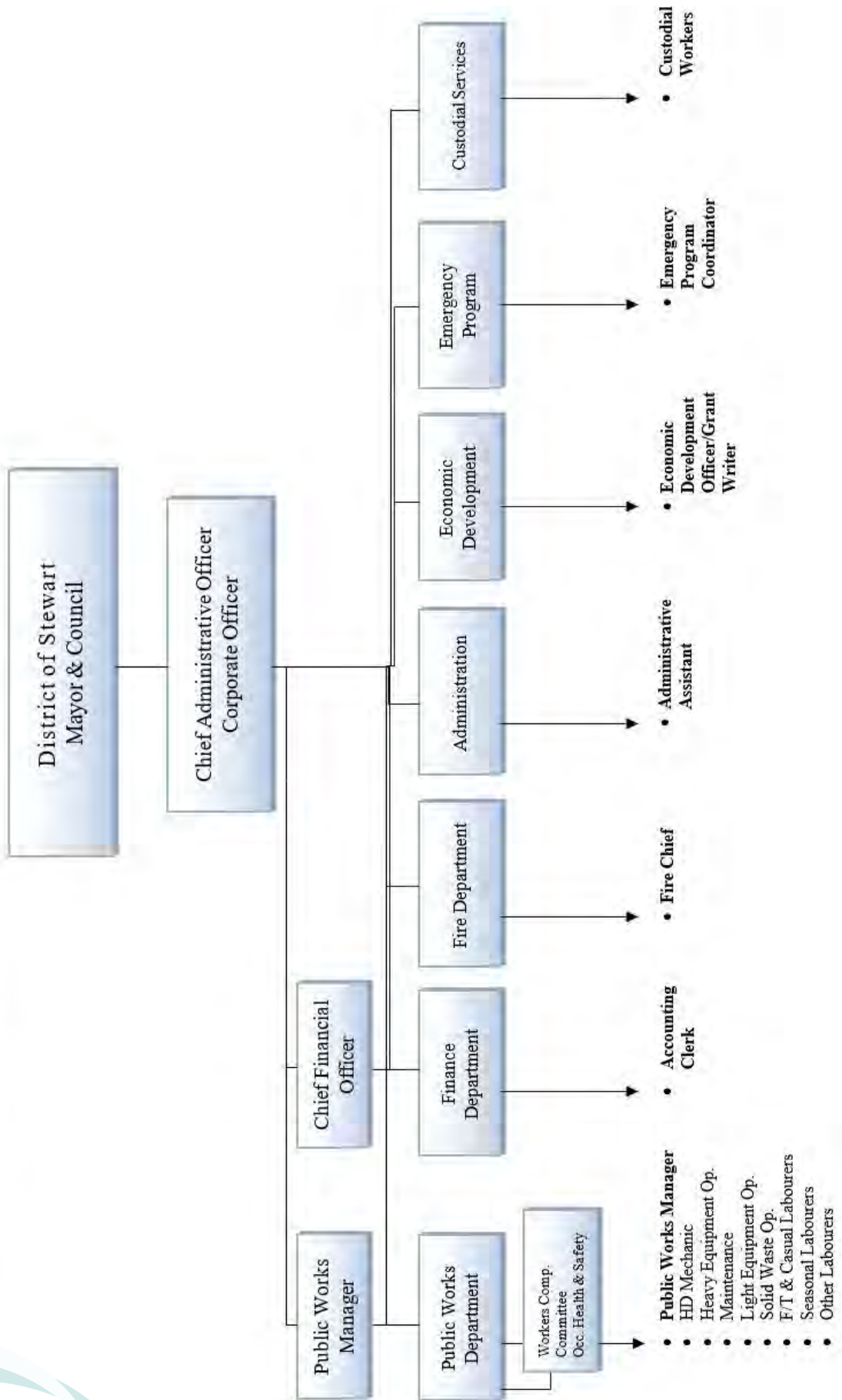
Public delegations and input are always welcome at Council Meetings – please contact the District office at (250) 636-2251 to schedule a delegation time in advance.

For more information on local government and the District of Stewart, visit the municipal website:

[www.districtofstewart.com](http://www.districtofstewart.com)

# DISTRICT OF STEWART

Organizational Chart –2018



## ACTIVITY LIST for 2018

PRIORITY/DESIRED OUTCOMES	Tasks/Action Plan	Outcomes
<b>#1) Infrastructure</b>		
1. Renew and Maintain Infrastructure <ul style="list-style-type: none"> <li>▪ Water</li> <li>▪ Sewer</li> <li>▪ Roads</li> <li>▪ Drainage</li> </ul>	<ul style="list-style-type: none"> <li>▪ complete energy consumption audit/climate action charter</li> <li>▪ Include in 2018 – 2022 Financial Plan adequate funding for all assets identified in Asset Management Plan that requires replacement in these years</li> <li>▪ apply for infrastructure grants when available to match the District's Asset Management Plan</li> </ul>	
2. Flood Mitigation	<ul style="list-style-type: none"> <li>▪ complete mitigation work in Bear River as determined by application to Federal/provincial govts. (Bear River Structural Mitigation Grant)</li> </ul>	
3. Airport Development	<ul style="list-style-type: none"> <li>▪ assess current condition and investigate opportunity for airport expansion</li> </ul>	
<b>#2) ECONOMIC DEVELOPMENT</b>		
1. Pursue Intermodal Port Development	<ul style="list-style-type: none"> <li>• The District will support industrial parks and facilities to provide for intermodal port facilities</li> </ul>	
2. Create Proactive Business Climate	<ul style="list-style-type: none"> <li>• Develop a strategy to create a proactive business climate</li> <li>• Implement community partnerships to establish a proactive business climate</li> </ul>	
3. Tourism	<ul style="list-style-type: none"> <li>• Develop a tourism promotion policy with the Regional District</li> </ul>	
<b>#3) ADMINISTRATIVE</b>		
1. Council Orientation	<ul style="list-style-type: none"> <li>• Hire Consultant to put on seminar for new Council elected in November 2018</li> </ul>	George Cuff Seminar – Complete
2. Streamline Procedures	<ul style="list-style-type: none"> <li>▪ Establish a Policy and Procedures Committee to review all policies, and bylaws</li> <li>▪ Institute efficient financial procedures with a goal of reducing costs by 5%</li> </ul>	
3. Emergency Plan	<ul style="list-style-type: none"> <li>▪ Complete emergency plan updates</li> <li>▪ Conduct tabletop exercises</li> </ul>	





# MUNICIPAL OBJECTIVES 2019

PRIORITY/DESIRED OUTCOMES	Tasks/Action Plan
<b>#1) Infrastructure</b>	
1. Boat Launch & Public Parking	▪ Construct parking
2. Sewer/Water/etc. Infrastructure	▪ Continue upgrades
3. Street Paving Programme	▪ Report to Council with options
4. Campground	▪ Operation and Continue Upgrades
5. Old Fire Hall	▪ Determine Use and Complete Rehabilitation
6. Boardwalk	▪ Upgrade
7. Sidewalks	▪ Maintain and Clear- Develop Work Plan
8. District Hall	▪ Upgrade-Develop plan
9. Pool Building	▪ Determine Use
10. Long Lake	▪ Power switch
11. Walking Track	▪ Improve
<b>#2) Social &amp; Recreation</b>	
1. Main Street Task Force	▪ Prepare improvement option for submission to Council
2. Memorial Park	▪ Upgrade washrooms & kitchen
3. Arena	▪ Upgrade- Options to Council
4. Recreation Programming Improvements	▪ Recreation Director
5. Ski Hill	▪ Improve access, brushing
6. Tennis courts	▪ Repair and maintain
<b>#3) Economic Development</b>	
1. Trail Brushing	▪ Walking, bicycle, snowmobile, ski hill (Rangers)
2. Little Canyon on Hwy 37A & Bear Glacier	▪ Improve access / trails Investigate
3. Granduc Road	▪ Increase maintenance Report on costs
4. Economic Development Programme	▪ Review programme
5. Branding and Promotional Signage	▪ Develop Plan
6. Improve Meziadin Junction signage	▪ Options report to Council
<b>#4) Administrative</b>	
1. Street Sweeper	▪ Report on Cost
2. Derelict & Untidy Premises	▪
3. Bylaw Officer	▪
4. Bylaw Updates	▪ Prepare bylaw amendments
5. Solid Waste	▪ Progress report to Council
6. Energy Efficient Buildings	▪ Develop options
7. Sewage Lagoons Upgrade	▪ Grant application Submitted
8. Bear River Gravel Extraction	▪ Long term licence
9. Programmes which benefit our residents	▪ Collaborate with Northern Health & School Board
10. Increase Log Dump Maintenance	▪

# Permissive Tax Exemptions—2018

The following land, being an area surrounding a building set apart and in use for public worship, is exempt from taxation for the year 2016 under section 224(2)(f) of the *Community Charter*:

Lands and improvements registered under the name of North American Baptist Conference – Association of BC Churches, as follows: Roll 196.000, Lot 8-9, Block 18, D.L. 466, Plan 1191 PID: 012-979-457 & 012-979-465

Lands and improvements registered under the name of North American Baptist Conference – Association of BC Churches, as follows: Roll 194.100, Lot 6-7, Block 18, D.L. 466, Plan 1191 PID: 012-981-303 & 012-981-281

Lands and improvements registered under the name of Roman Catholic Episcopal Corp of Prince Rupert as follows: Roll 202.005, Lot 21, Block 19, D.L. 466, Plan 1191 PID: 012-966-665

Lands and improvements registered under the name of Anglican Synod Diocese of Caledonia as follows: Roll 374.010, Parcel B, Block 25, D.L. 469, Plan 958 PID: 014-236-575

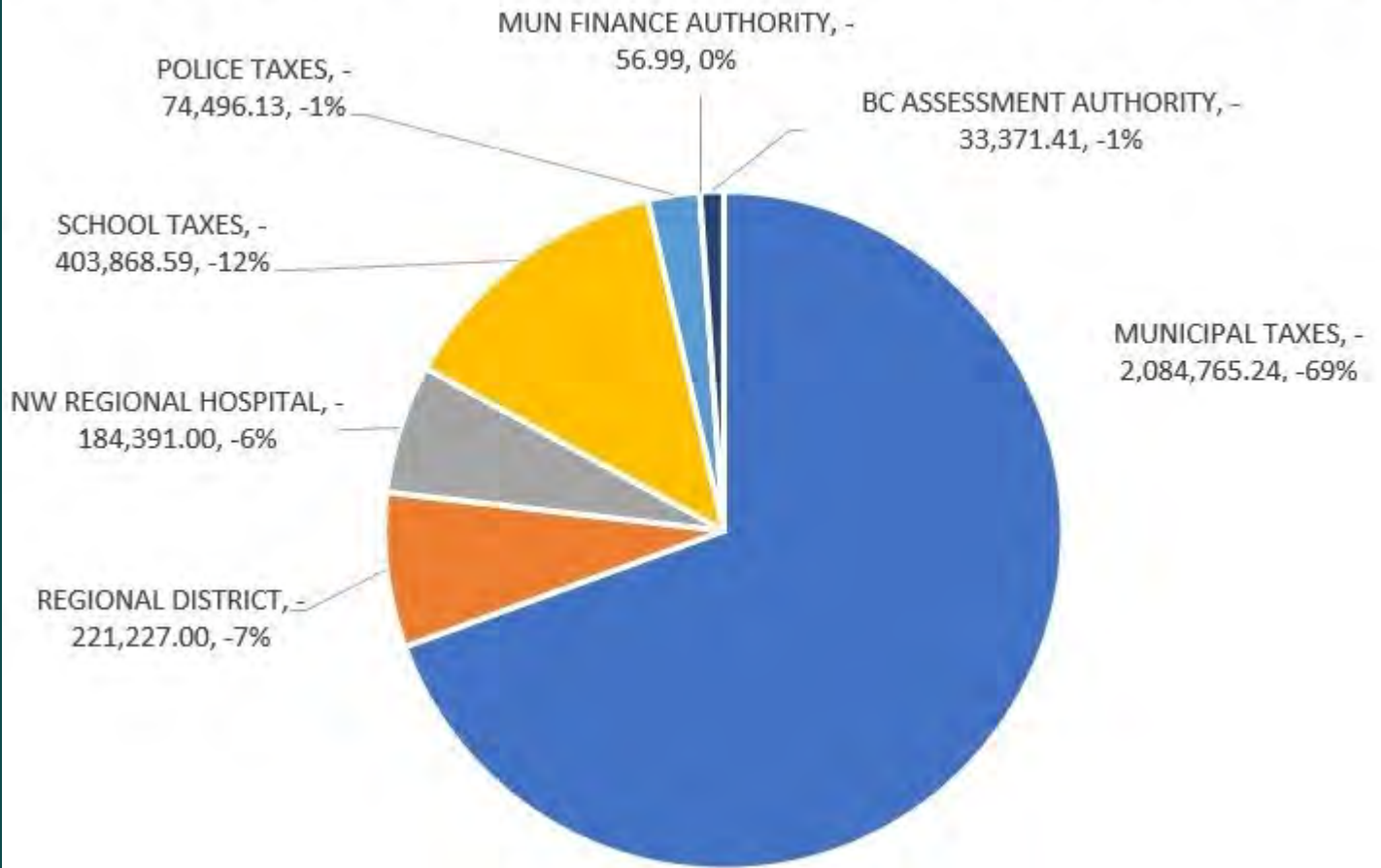


## Permissive Tax Exemptions 2018

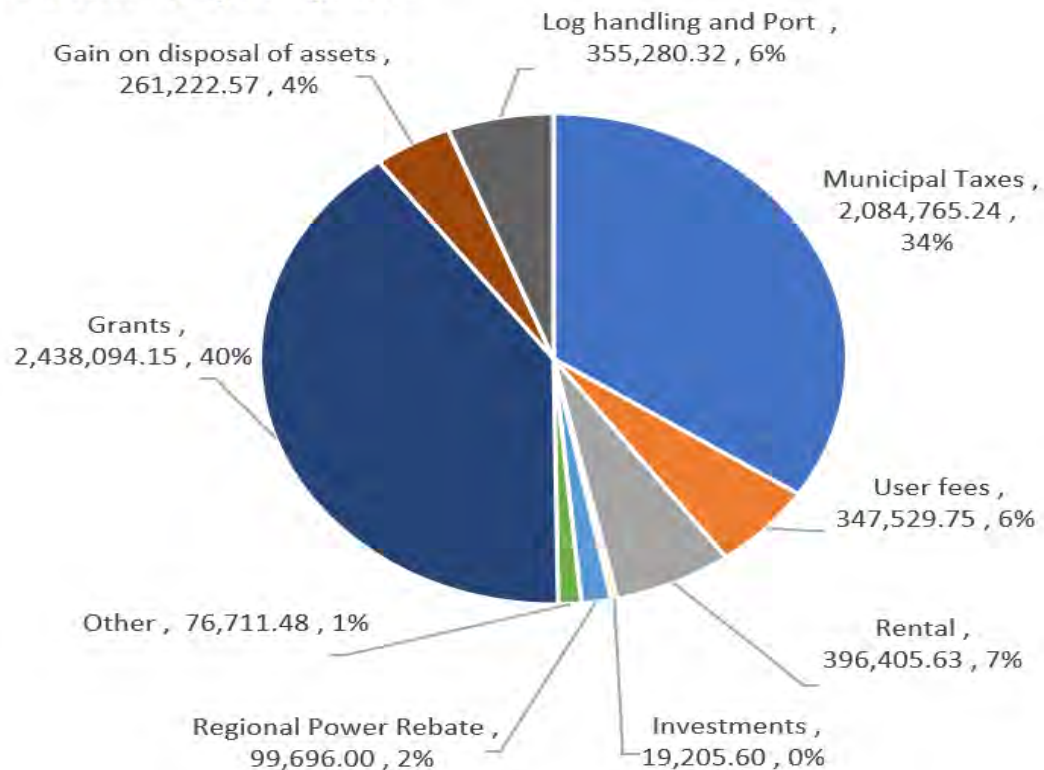
### FOREGONE TAX REVENUE

	Address	ROLL #	Assessed Value	Tax Rate	Municipal Taxes
North American Baptist Conference	615-6th Ave	196000	\$ 39,900	11.7096	\$ 467.21
North American Baptist Conference	613-6th Ave	194100	\$ 168,300	11.7096	\$ 1,970.73
Roman Catholic Episcopal Corp of PR	418-8th Ave	202005	\$ 92,400	11.7096	\$ 1,081.97
Anglican Synod Diocese of Caledonia	403 - 9th Ave	374010	\$ 72,100	11.7096	\$ 844.26
					<b>\$ 4,364.17</b>

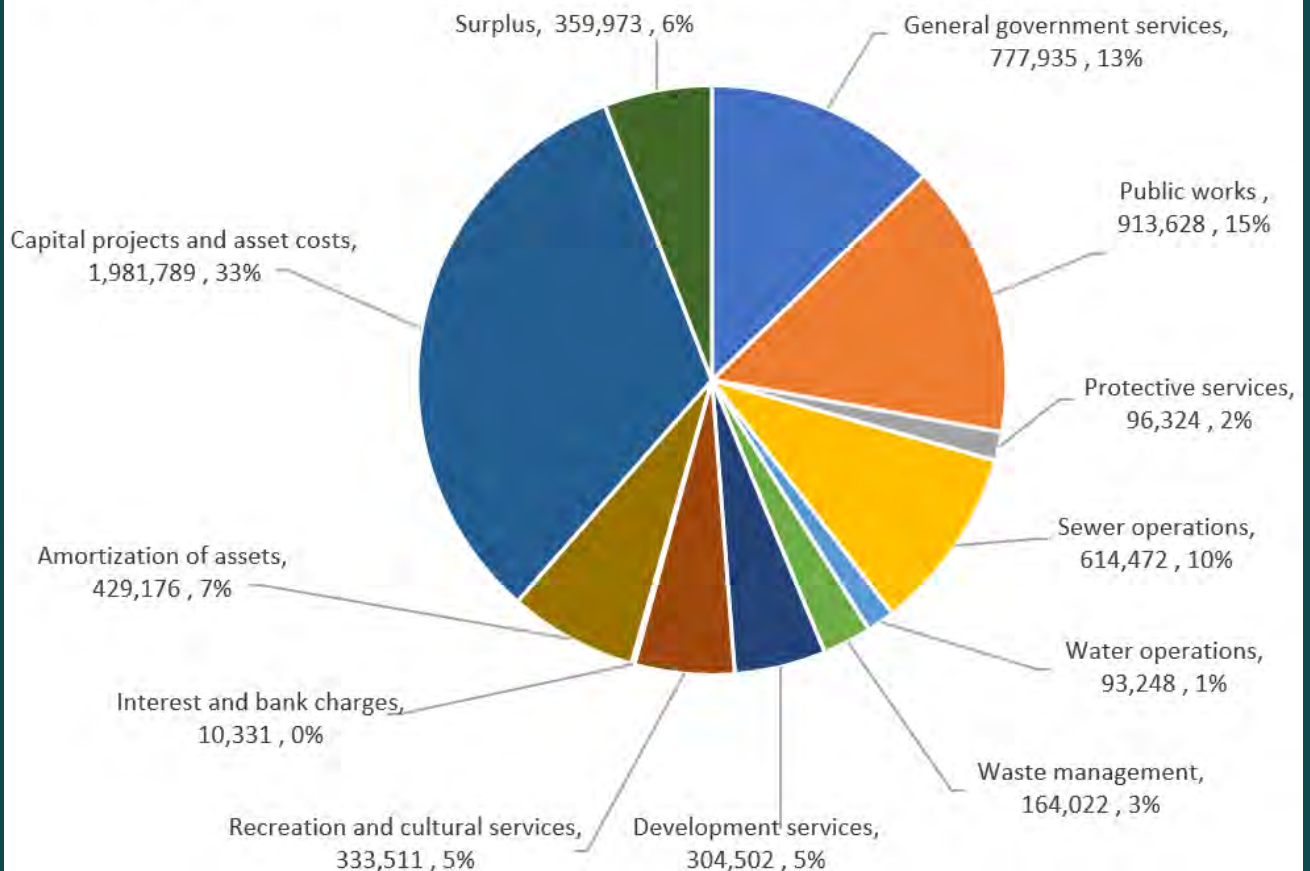
# Taxes Collected in 2018: \$3,000,176





## Municipal Revenue Sources Total: \$6,078,911








## Municipal Expenditures By Department - Total: \$6,078,911







# District of Stewart Grants 2018

Grant	Amount	Description	Photo
<b>Music Festival Grant</b>	\$7,500	<p>“Music in the Park”: Professional sound system and a group of musicians from Burns Lake and Smithers.</p>	
<b>UBCM</b>	\$14,618	<p><b>Age Friendly Grant</b> Seniors Centre set up in the upper level of Arena</p>	
<b>Landfill &amp; Transfer Station</b>	\$553,941	<p><b>Landfill Closure &amp; Transfer Station</b></p> 	
<b>Avalanche Risk Assessment</b>	\$58,300		

# District of Stewart Grants

Grant	Amount	Description & Photo	
<b>NDIT Business Façade Grants</b>	\$5,000 \$4,445	<b>Bitter Creek Café &amp; Bayview Hotel</b> 	<b>Oceanview Apartments</b> 
<b>Tree Canada Northern Health Imagine Grant</b>	\$2,500 \$7,500	<b>BC Hydro Regreening Grant</b> Trees planted by walking track:  <b>Walking Track</b>	
<b>BC Museums Association</b>	\$88,000	<b>Canada 150 Grant</b> Foundation for Old Firehall  	
<b>Community Emergency Preparedness Fund</b>	\$25,000	<b>Emergency Social Services Grant</b> <ul style="list-style-type: none"> <li>• Training, ESS Supplies, Laptop, Radios and mobile base station</li> </ul>	
<b>Community Emergency Preparedness Fund</b>	\$25,000	<b>Emergency Operations Centre Grant</b> <ul style="list-style-type: none"> <li>• EOC Supplies, laptop, 4 radios, 1 siren</li> </ul>	

# District of Stewart Grants

Grant	Amount	Description & Photos	
National Disaster Mitigation Project/ EMBC	\$900,318	<b>Improvements to Dike</b> 	
NDIT & BC Air Access Program	\$102,000	<b>Brushing</b> 	
Clean Water & Waste water Grant	\$560,649	Repairs to Sewer Lines, Upgrades to Lift Station 	
NDIT	\$8,000	<b>Grant Writer</b>	
NDIT	\$35,000	<b>Economic Development Grant:</b> EDO, Marketing, Business Walk, Auto Tour Guides	
NDIT	\$30,263	<b>Local Government Intern</b>	
Grants	\$108,158	<b>Other Miscellaneous Grants</b>	

# Annual Grants

Provincial per capita grant	\$ 248,981
Regional District Emergency Services grant	\$ 12,000
BC Hydro cost sharing - Street Lighting Grant	\$ 2,887
Community Works Gas Tax Funding	<u>\$ 76,953</u>
TOTAL:	<u>\$ 340,821</u>





# Corporate Donations

Ascot Resources (Emergency Services)

\$ 10,000.00



# AUDITED FINANCIAL STATEMENTS 2018

*(Attached at the end of this report)*



**Prepared by Jennifer Larson, Chief Financial Officer**  
***Audited by Carlyle Shepherd & Co.***



## DISTRICT OF STEWART

705 Brightwell Street  
P.O. Box 460  
Stewart, BC  
V0T 1W0

(250) 636-2251 (P)  
(250) 636-2417 (F)

Email: [info@districtofstewart.com](mailto:info@districtofstewart.com)  
Website: [www.districtofstewart.com](http://www.districtofstewart.com)

**DISTRICT OF STEWART**  
**Financial Statements**  
**As at December 31, 2018**

**DISTRICT OF STEWART  
COUNCIL - 2018**

**MAYOR**

Gina McKay

**COUNCILLORS**

Jason Hill  
Steve Howe  
Jim Hyslop

Eike Riemann  
Neal Rowe  
Maureen Tarrant

**APPOINTED OFFICIALS**

Chief Administrative Officer  
Chief Financial Officer

R. Gillis  
J. Larson

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## Management's Report

### Management's Responsibility for the Financial Statements

The 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 financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the 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 regular basis and external audited financial statements yearly.

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



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Ralph Gillis  
Acting Chief Administrative Officer

May 14, 2019



**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council  
District of Stewart

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of the District of Stewart as at December 31, 2018 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended and a summary of significant accounting policies.

**Management Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 financial statements.

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

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2018 and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District taken as a whole. The current year's supplementary information in Schedules 1 to 4 is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and is, in our opinion, fairly stated in all material respects, in relation to the financial statements taken as a whole.

Terrace, BC  
May 13, 2019



**DISTRICT OF STEWART**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018**

	2018	2017
<b>Financial Assets</b>		
Cash and short-term investments (Note 2)	\$ 2,452,266	\$ 2,872,758
Taxes receivable (Note 3)	354,660	298,228
Accounts receivable (Note 4)	1,009,774	189,085
	<b>3,816,700</b>	<b>3,360,071</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	473,022	427,056
Deferred revenue (Note 6)	187,514	373,361
Performance bonds and environmental deposits	148,251	150,489
Landfill closure liability (Note 7)	1,997,774	2,551,715
Long-term debt (Note 8)	249,671	326,052
	<b>3,056,232</b>	<b>3,828,673</b>
<b>Net financial assets (debt)</b>	<b>760,468</b>	<b>(468,602)</b>
<b>Non-financial assets</b>		
Tangible capital assets -Schedule 2	9,550,825	8,438,133
Prepaid expenses	21,926	21,926
	<b>9,572,751</b>	<b>8,460,059</b>
<b>Net financial position</b>	<b>10,333,219</b>	<b>7,991,457</b>
<b>Net financial position comprised of:</b>		
Operating fund surplus	699,690	339,717
Landfill closure deficit (Note 7)	(1,058,645)	(1,312,102)
Reserve funds - Schedule 3	1,391,021	953,865
Equity in tangible capital assets (Note 9)	9,301,153	8,009,977
	<b>\$ 10,333,219</b>	<b>\$ 7,991,457</b>

Commitments and contingent liabilities (Note 12)

Approved by:



Ralph Gillis  
 Acting Chief Administrative Officer



Gina McKay  
 Mayor

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

**DISTRICT OF STEWART**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2018**

	2018	Budget	2017
<b>Revenues</b>			
Taxes for municipal purposes <i>(Note 10)</i>	\$ 2,084,765	\$ 2,009,920	\$ 2,038,879
Government Grants and transfers <i>(Note 11)</i>	2,438,094	4,950,210	681,265
Log handling and port royalty revenues	355,280	310,000	353,559
Rental	396,406	240,000	276,956
User fees and sale of goods and services	347,530	37,879	95,117
Independent power producer rebate	99,696	100,000	100,707
Investments	19,206	-	7,974
Other	76,711	252,602	60,928
Gain (loss) on disposal of tangible capital assets	261,223	-	15,409
	<b>6,078,911</b>	<b>7,900,611</b>	<b>3,630,793</b>
<b>Expenses</b>			
General government services	777,935	759,531	660,307
Public works and transportation	913,628	928,368	860,512
Protective services	96,324	148,816	43,938
Waste management	164,022	137,106	171,642
Development services	304,502	249,972	155,772
Recreation and cultural services	333,511	469,422	365,506
Interest and bank charges	10,331	-	5,259
Water operations	93,248	113,800	164,551
Sewer operations	614,472	1,352,599	327,880
Amortization of tangible capital assets	429,176	-	377,585
	<b>3,737,149</b>	<b>4,159,614</b>	<b>3,132,952</b>
<b>Revenues in excess of expenses</b>	<b>2,341,762</b>	<b>3,740,997</b>	<b>497,841</b>
Net financial position - beginning of year	7,991,457	7,991,457	7,493,616
<b>Net financial position - end of year</b>	<b>\$ 10,333,219</b>	<b>\$ 11,732,454</b>	<b>\$ 7,991,457</b>

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

**DISTRICT OF STEWART**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)**  
**For the Year Ended December 31, 2018**

	<b>2018</b>	Budget	2017
<b>Annual Surplus (deficit)</b>	<b>\$ 2,341,762</b>	\$ 3,740,997	\$ 497,841
Acquisition of tangible capital assets	<b>(1,593,216)</b>	(4,402,584)	(624,012)
Amortization of tangible capital assets	<b>429,176</b>		377,585
Loss (gain) on disposal of tangible capital assets	<b>(261,223)</b>		(15,359)
Proceeds on sale of tangible capital asset	<b>312,571</b>		16,851
Other adjustments	-		(43)
<b>Increase (decrease) in net financial assets</b>	<b>1,229,069</b>	(661,587)	252,863
<b>Net financial assets (debt) - beginning of year</b>	<b>(468,602)</b>	(468,602)	(721,465)
<b>Net financial assets (debt) - end of year</b>	<b>\$ 760,468</b>	\$ (1,130,189)	\$ (468,602)

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

**DISTRICT OF STEWART**  
**STATEMENT OF CASH FLOW**  
**For the Year Ended December 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 2,341,762	\$ 497,841
Non-Cash items:		
Amortization	429,176	377,585
(Gain) loss on disposal of tangible capital assets	(261,223)	(15,359)
(Increase) decrease in prepaid expenses	-	(43)
Changes to financial assets / liabilities:		
Decrease (increase) in taxes receivable	(56,432)	(15,007)
Decrease (increase) in accounts receivable	(820,689)	305,844
Increase (decrease) in accounts payable	45,966	59,349
Increase (decrease) in performance bonds	(2,238)	(27,385)
Increase (decrease) in landfill closure liability	(553,941)	(8,014)
Increase (decrease) in deferred revenue	(185,847)	156,872
<b>Cash provided (used) by operating transactions</b>	<b>936,534</b>	<b>1,331,683</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,593,216)	(611,612)
Proceeds from the disposal of tangible capital assets	312,570	4,451
<b>Cash provided (used) by capital transactions</b>	<b>(1,280,646)</b>	<b>(607,161)</b>
<b>Financing and investing transactions</b>		
Proceeds from debt issues	-	253,000
Debt repayment	(76,381)	(30,719)
<b>Cash provided (used) by financial and investing transactions</b>	<b>(76,381)</b>	<b>222,281</b>
<b>Increase (decrease) in cash position</b>	<b>(420,493)</b>	<b>946,803</b>
<b>Cash and short term investments - beginning of year (Note 2)</b>	<b>2,872,758</b>	<b>1,925,955</b>
<b>Cash and short term investments - end of year (Note 2)</b>	<b>\$ 2,452,266</b>	<b>\$ 2,872,758</b>

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

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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The District of Stewart (the "District") is a municipality in the Province of British Columbia and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The District provides municipal services such as public works, protective services, planning, parks, recreation and other general government services to the residents of the District.

**1. Significant Accounting Policies:**

**a) Basis of presentation:**

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principals for local governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The financial statements reflect the assets, liabilities, revenues and expenses of the District's activities and funds. The District does not control any external entities and accordingly no entities have been consolidated into the financial statements.

**b) Revenue recognition**

The District follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

**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 Assessment appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes levied are recognized at the time they are reasonably anticipated.

**Government transfers**

Government transfers are recognized 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 the reasonable estimates of the amounts can be made.

**Investment income**

Investment income is recognized when earned. Income generated on reserve funds held in separate investment accounts is allocated to the reserve fund on which it was earned.

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**1. Significant Accounting Policies (continued):**

**b) Revenue recognition (continued)**

Other revenue

Revenue from the sale of services or user fees is recognized when the service or product is rendered by the District. Revenue from property rentals is recognized as revenue in the period in which the property is occupied by the tenant or in accordance with the lease agreement.

**c) Short-term Investments**

Short-term Investments are recorded at market value.

**d) 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 into service. Donated tangible capital assets are reported at fair value at the time of donation. Estimated useful lives are as follows:

Land improvements	12-60 years
Buildings	25-60 years
Furniture, equipment and technology	5-25 years
Motor vehicles	5-35 years
Transportation infrastructure	30-65 years
Storm sewer	60 years
Dyke	40 years
Water infrastructure	50 years
Sanitary sewer infrastructure	50 years

**e) Deferred revenue:**

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired, thereby extinguishing the related liability.

**1. Significant Accounting Policies (continued):**

**f) Fund accounting**

The operating fund, consisting of the general, water, and sewer operating funds comprises the operating costs of the services provided by the District.

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

**g) Segmented information**

The District of Stewart is a municipal government that provides a wide range of services to its residents and taxpayers. The District operations and activities are organized and reported by segments in Schedule 1. Property taxation revenue which funds many of the operations is not allocated to a specific segment and is reported as unallocated.

**Protective Services**

Protective services includes fire protection, first responders and emergency planning and management.

**Recreation and Cultural Services**

The District operates and maintains the arena, parks, trails, open spaces and leisure services. Support for the Raine Creek Municipal Campground, Stewart Public Library, and Stewart Museum are also reported under this segment.

**Transportation Services**

The public works department provides transportation services including street maintenance, snow removal, building maintenance, street lighting, fleet maintenance, airport maintenance, dyke maintenance, and storm sewers.

**Development Services**

Economic development activities including planning and land management, as well as revenues and related expenditures from commercial services are reported in this segment.

**General Government Services**

General government operations include legislative services, general administration, finance and information technology functions.

**1. Significant Accounting Policies (continued):**

**g) Segmented information continued:**

**Waste Management**

Waste management services are provided by the Public Works department and include the collection and treatment/disposal of solid waste, yard waste and recyclables.

**Water Operations**

This segment includes all operating activities related to pumping, testing and distributing water throughout the District and operates under the Public Works Department.

**Sewer Operations**

This segment includes all operating activities related to collection and treatment of wastewater throughout the District and operates under the Public Works Department.

**h) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**i) Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 and post-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.

**j) 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.



**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**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.

**l) Contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the District:
  - is directly responsible; or
  - accepts responsibility; and
- a reasonable estimate of the amount can be made

Management has not identified any contaminated sites at this time and therefore no liability is recognized in these financial statements.

**2. Cash and short-term investments**

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

	<b>2018</b>	<b>2017</b>
Municipal Finance Authority of B.C. Investments		
- Money market fund	\$ 66,267	\$ 65,192
- Short-term bond fund	515,035	506,127
	<b>581,302</b>	571,319
Cash	1,870,964	2,301,439
	<b>\$ 2,452,266</b>	<b>\$ 2,872,758</b>

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.

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**3. Taxes receivable**

	<b>2018</b>	2017
Current	\$ 251,620	\$ 174,415
Arrears	48,670	121,068
Tax sales receivable	54,370	2,745
	<b>\$ 354,660</b>	<b>\$ 298,228</b>

**4. Accounts receivable**

	<b>2018</b>	2017
Government grants/reimbursements receivable		
- Federal	\$ 353,155	\$ -
- Provincial	357,855	-
- Northern Development Initiative Trust	57,826	47,718
Rock quarry reclamation bond	4,000	4,000
GST receivable (payable)	103,084	52,797
Log throughput receivable	46,997	57,819
Other receivables	86,857	26,751
	<b>\$ 1,009,774</b>	<b>\$ 189,085</b>

**5. Accounts payable and accrued liabilities**

	<b>2018</b>	2017
Trade accounts payable	\$ 383,375	\$ 322,952
Other government agencies	17,826	43,742
Accrued salary, wages and employee benefits	37,580	57,112
Tax sale proceeds held for redemption	34,241	3,249
	<b>\$ 473,022</b>	<b>\$ 427,056</b>

**6. Deferred revenue**

	<b>2018</b>	2017
Federal Gas Tax - Community Works Fund	\$ 122,697	\$ 220,483
Grant funds	29,700	134,401
Rent received in advance	4,045	4,045
Carbon Action Plan fund	8,945	4,432
Emergency Services fund	-	10,000
Old Firehall fund	22,126	-
	<b>\$ 187,514</b>	<b>\$ 373,361</b>

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**7. Landfill closure liability**

	<b>2018</b>	2017
Landfill closure (estimated)	\$ 1,938,153	\$ 1,938,153
Prior year expenditures	(8,013)	-
Current year expenditures	(553,941)	(8,013)
Post-closure costs (estimated at \$24,863 yr for 25 years)	621,575	621,575
<b>Landfill closure liability</b>	<b>\$ 1,997,774</b>	<b>\$ 2,551,715</b>
Less: funded from operations	965,528	1,239,613
<b>Landfill closure deficit - funded from grant</b>	<b>\$ 1,032,246</b>	<b>\$ 1,312,102</b>

In 2013, District management commenced negotiations with the Regional District of Kitimat-Stikine for the construction of a new waste transfer station and closure of the existing landfill and related post-closure care. This process led to a report being prepared by Sperling Hansen Associates for a conceptual design of the landfill closure and waste transfer station plan and related cost estimate. The Sperling report estimated a 25 year period for post-closure activity. The cost estimates from this report were used as a basis for the recording of the closure and post-closure cost liability in the prior year financial statements.

In 2015, the District received approval for funding of 2/3 of the cost of the landfill closure to a maximum of \$1,312,000 under the New Building Canada Fund - Small Communities Fund of the Ministry of Community, Sport and Cultural Development. This funding covers the landfill closure deficit with the balance of the closure costs and the estimated \$620,000 in post-closure costs (approximately \$25,000 per year over the 25 year estimated post-closure activity period) having already been funded through operations.

In 2018 the first phase of the landfill closure was completed along with a temporary transfer station with the expectation that the project would be completed in the summer of 2019. The District received approval to extend the deadline for completion of the project to March 31, 2020.

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**8. Long term debt**

	2018	2017
Capital demand loan obligations - Municipal Finance Authority		
Payable at \$2,492 per month including interest at a current rate of 1.92% and maturing May 2020, secured by equipment with a net book value of \$101,396.	44,547	73,052
Capital demand loan obligations - Municipal Finance Authority		
Payable at \$4,412 per month including interest at a current rate of 1.92% and maturing Nov 2022, secured by equipment with a net book value of \$228,476.	205,125	253,000
	<b>\$ 249,671</b>	<b>\$ 326,052</b>

Minimum demand loan payments net of estimated interest required to end of loan terms are as follows:

2019	\$ 83,339
2020	62,332
2021	50,681
2022	53,319
	<u>\$ 249,671</u>

**9. Equity in tangible capital assets**

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

	2018	2017
Increases:		
Capital acquisitions	\$ 1,593,216	\$ 624,012
Retirement of debt - principal repayment	178,484	90,009
Decreases:		
Amortization	(429,176)	(377,585)
Proceeds from issue of long-term debt	-	(253,000)
Dispositions, at net book value	(51,348)	(1,492)
Change in equity in tangible capital assets	<b>1,291,176</b>	<b>81,944</b>
Equity in tangible capital assets - beginning of year	<b>8,009,977</b>	7,928,033
Equity in tangible capital assets - end of year	<b>\$ 9,301,153</b>	<b>\$ 8,009,977</b>

**DISTRICT OF STEWART**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**10. Taxes for municipal purposes**

	<b>2018</b>	<b>2017</b>
<b>Taxes collected:</b>		
Property taxes	\$ 2,566,764	\$ 2,543,753
Frontage assessments	388,970	377,883
Grants in lieu of taxes	44,425	38,662
	<b>3,000,159</b>	<b>2,960,298</b>
<b>Less transfers to other governments:</b>		
School District	402,547	397,972
Regional District of Kitimat-Stikine	221,227	222,584
Regional Hospital District	184,391	192,035
Police Tax	73,802	75,379
BC Assessment Authority	33,369	33,393
Other	57	56
	<b>915,393</b>	<b>921,419</b>
<b>Net taxes available for municipal purposes</b>	<b>\$ 2,084,765</b>	<b>\$ 2,038,879</b>

**11. Government grants and transfers**

		<b>2018</b>	<b>2017</b>
Federal:	Conditional transfers	\$ 641,314	\$ 24,224
	Unconditional transfers	-	-
		<b>641,314</b>	<b>24,224</b>
Provincial:	Conditional transfers	1,121,836	317,631
	Unconditional transfers	248,982	248,331
		<b>1,370,817</b>	<b>565,962</b>
Regional Other	Conditional transfers	393,963	79,079
	Unconditional transfers	32,000	12,000
		<b>425,963</b>	<b>91,079</b>
		<b>\$ 2,438,094</b>	<b>\$ 681,265</b>

**12. Commitments and contingencies**

Capital requirements

District Council has approved a 2018 - 2022 capital expenditure financial plan which includes expenditures of \$12,570,334 for 2018 - 2022. This is to be funded through government grants and transfers of \$9,909,960, reserves of \$1,514,374, financing of \$900,000 and the balance of \$246,000 from operating funds.

Third party claims

Management is not aware of any third party claims against the District.

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, are responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 valuation of the Municipal Pension Plan as at December 31, 2015 indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The District of Stewart paid \$ 67,008 (2017 - \$60,335) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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

**DISTRICT OF STEWART**  
**Schedule of Segmented Revenue and Expenses**  
**For the Year Ended December 31, 2018**

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	Unallocated	2018	2018 Unaudited Budget	2017
<b>Revenue</b>												
Net taxes available for municipal purposes	363,425	738,467	148,816	137,106	179,972	319,922	98,991	98,066		2,084,765	2,009,920	2,038,879
User fees and sale of goods and services	3,318	149		250,373	69,487	12,506	6,049	5,648		347,530	37,879	95,117
Government grants and transfers	332,003	372,181	862,320	184,647	87,031	37,118	2,144	560,649		2,438,094	4,950,210	681,264
Investment income	9,774								9,432	19,206	-	7,974
Log handling and port royalty revenues					355,280					355,280	310,000	353,559
Rental revenues					396,406					396,406	240,000	276,956
Other revenue				158,094	18,314					176,408	352,602	161,635
Gain on disposal of tangible capital assets					261,223					261,223	-	15,409
	708,519	1,110,797	1,011,136	730,220	1,367,713	369,546	107,185	664,362	9,432	6,078,910	7,900,611	3,630,793
<b>Expenses</b>												
Salaries, wages and benefits	286,443	487,481	1,222	126,676	36,672	86,373	37,848	43,961		1,106,676	1,200,664	1,049,509
Goods and services	491,492	426,147	95,103	37,346	267,829	247,137	55,400	570,511		2,190,965	3,488,409	1,700,599
Interest and bank charges	3,854	6,477								10,331	-	5,259
Amortization	11,179	217,407	32,281	1,305	1,375	61,874	21,089	82,665		429,176	-	377,585
	792,969	1,137,512	128,605	165,327	305,877	395,385	114,337	697,137		3,737,149	4,689,073	3,132,952
<b>Excess (deficiency) of revenue over expenses</b>	<b>(84,449)</b>	<b>(26,715)</b>	<b>882,531</b>	<b>564,893</b>	<b>1,061,836</b>	<b>(25,839)</b>	<b>(7,153)</b>	<b>(32,775)</b>	<b>9,432</b>	<b>2,341,761</b>	<b>3,211,538</b>	<b>497,841</b>

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

DISTRICT OF STEWART  
 Schedule of Tangible Capital Assets  
 For the Year Ended December 31, 2018

	Land		Land Improvements	Buildings	Motor Vehicles	Furniture, Equipment and Technology		Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Storm Sewer	Work in Progress	2017	
	Land	Improvements				Total	Total							
<b>Cost</b>														
Opening Balance	\$ 1,208,326	\$ 2,197,837	\$ 4,611,580	\$ 1,870,822	\$ 663,475	\$ 4,087,872	\$ 372,674	\$ 303,057	\$ 602,404	\$ 15,918,048	\$ 15,312,664			
Additions			88,535	318,354	209,034	900,318						76,976		624,012
Disposals	(16,314)		(43,792)											(18,628)
Closing balance	1,192,012	2,197,837	4,700,115	2,145,383	872,509	4,988,190	372,674	303,057	602,404	17,451,158	15,918,048			
<b>Accumulated Amortization</b>														
Opening Balance	-	1,025,531	2,369,640	1,169,248	398,834	1,716,321	365,929	290,357	144,055	7,479,915	7,119,466			
Amortization		43,440	92,816	116,415	61,405	97,774	843	2,114	14,369	429,176	377,585			
Effects of disposals and write downs			(8,758)							(8,758)	(17,136)			
Closing balance	-	1,068,971	2,462,456	1,276,905	460,239	1,814,095	366,772	292,471	158,424	7,900,333	7,479,915			
<b>Net book value, December 31, 2018</b>	\$ 1,192,012	\$ 1,128,866	\$ 2,237,659	\$ 868,478	\$ 412,269	\$ 3,174,095	\$ 5,902	\$ 10,587	\$ 443,980	\$ 9,550,825	\$ 76,976			
<b>Net book value, December 31, 2017</b>	\$ 1,208,326	\$ 1,172,306	\$ 2,241,941	\$ 701,574	\$ 264,640	\$ 2,371,551	\$ 6,745	\$ 12,701	\$ 458,349	\$ 8,438,133				

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



DISTRICT OF STEWART  
 Schedule of Reserve Fund Activities  
 For the Year Ended December 31, 2018

Schedule 3

	Land and Building	Capital Works	Conservancy	2018 Total	2017 Total
Balance, beginning of the year	\$ 68,203	\$ 855,755	\$ 29,907	\$ 953,865	\$ 844,743
Transfers in	255,606	161,087	8,430	425,123	338,190
Investment income	880	11,045	107	12,032	3,265
Transfers out	-	-	-	-	(232,334)
<b>Balance, end of the year</b>	<b>\$ 324,690</b>	<b>\$ 1,027,887</b>	<b>\$ 38,444</b>	<b>\$ 1,391,021</b>	<b>\$ 953,864</b>

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

**DISTRICT OF STEWART**  
**Schedule of Expenses**  
**For the Year Ended December 31, 2018**

**Schedule 4**

	2018	2017
<b>General Government Services</b>		
Administration	\$ 680,923	\$ 562,185
Legislative services	97,012	98,122
	<b>\$ 777,935</b>	<b>\$ 660,307</b>
<b>Public Works and Transportation Services</b>		
Roads and streets	\$ 528,408	\$ 606,477
Shop and general	214,976	174,115
Street lighting	43,581	40,583
Dyke and gravel extraction	4,763	17,493
Other	121,900	21,844
	<b>\$ 913,628</b>	<b>\$ 860,512</b>
<b>Protective Services</b>		
Fire department	\$ 41,612	\$ 28,854
First responders / rescue truck	12,430	2,901
Emergency management	42,282	12,184
	<b>\$ 96,324</b>	<b>\$ 43,938</b>
<b>Development Services</b>		
Planning and zoning	\$ 131,212	\$ 54,907
Economic and community development	27,395	5,183
Leased buildings	65,602	42,910
Log handling facilities	75,887	49,078
Other	4,406	3,694
	<b>\$ 304,502</b>	<b>\$ 155,772</b>
<b>Recreation and Cultural Services</b>		
Arena	\$ 103,271	\$ 121,743
Library	46,107	65,334
Parks and boardwalk	86,899	129,553
Museum	40,872	12,851
Other	56,362	36,025
	<b>\$ 333,511</b>	<b>\$ 365,506</b>
Waste Management	\$ 164,022	\$ 171,642
Sewer Operations	614,472	327,880
Water Operations	93,248	164,551
Amortization and interest	439,508	382,844
	<b>\$ 1,311,250</b>	<b>\$ 1,046,917</b>
	<b>\$ 3,737,149</b>	<b>\$ 3,132,952</b>

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