

DISTRICT OF STEWART

STATEMENT OF FINANCIAL INFORMATION **For the year ended December 31, 2017**

General – Section One

See Appendix 1 - audited financial statement

Statement of Assets & Liabilities – Section Two

See Appendix 1 - audited financial statement

Operational Statement – Section Three

See Appendix 1 - audited financial statement

Statement of Debts – Section Four

See Appendix 1 - audited financial statement

Debts – Note 5

Reserves – Schedule 3

Schedule of Guarantee and Indemnity Agreements – Section Five

This municipality has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Schedule of Remuneration and Expenses – Section Six**1. Elected Officials**

Name	Position	Remuneration	Expenses
G. Durant	Mayor	11,893.77	9,431.61
P. Lynn	Councillor	7,650.00	1,034.54
B. Elliot	Councillor	7,650.00	-0-
S. Alderton	Councillor	7,650.00	2,071.72
E. Riemann	Councillor	7,650.00	518.05
G. McKay	Councillor	7,650.00	-0-
N. Rowe	Councillor	7,650.00	1,631.36
TOTAL		<u>57,793.77</u>	<u>14,687.28</u>

2. Employees (excluding those listed in Part 1 above)

Name	Remuneration	Expenses
(list all employees, alphabetically, with remuneration and expenses exceeding \$75,000, excluding those listed in Section 1 above) Jennifer Larson	86,313.89	-0-
Consolidated total of other employees with remuneration and expenses of \$75,000 or less	746,080.67	12,539.51
Total: Other Employees	<u>832,188.33</u>	<u>12,539.61</u>

3. Reconciliation

Total remuneration – elected officials, employees appointed by Cabinet and members of the Board of Directors	57,793.77
Total remuneration – other employees	832,394.56
Subtotal	890,188.33
Reconciling Items*	
Less: Council Remuneration	(57,793.77)
Plus:	
Medical Services Plan Premiums	16,139.00
Municipal Pension Plan Contrib.	63,745.87
Pacific Blue Cross Premiums	50,056.35
Receiver General Premiums	45,366.36
Workers Compensation	17,702.87
Other benefits	24,103.80
Total per Audited Statement of Revenue and Expenditure (Auditors' Note 12- does not include Council Remuneration)	<u>1,049,508.81</u>
Variance	\$ 0

Schedule of Suppliers of Goods and Services – Schedule Seven

1. Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier name	Aggregate amount paid to supplier
All West Trading Limited	34,098.12
BC Hydro	235,347.69
Capri Insurance Services Ltd	49,303.00
Frontier Power Products Ltd.	55,618.08
Frostbite Contracting	35,802.77
Gillis Consulting	56,377.17
Granmac Services	75,916.38
Howie, Gord	69,299.14
Industrial Drillers Ltd.	25,305.00
Kala Geosciences Ltd.	85,564.03
Lidstone & Company	34,711.55
M.J. Pawlowski & Associates	26,292.00
Ministry of Transportation	107,420.00
MTR Utility Maintenance	75,995.94
Northern Lites Technology Ltd.	80,189.36
Northwest Hydraulic Consultants Ltd.	67,380.74
Pacific Blue Cross	50,056.35
Premium Truck & Trailer Inc.	265,724.48
Raine Mountain Hardware Ltd.	30,095.42
Superior Propane Inc.	33,361.49
Three Point Electric	36,019.04
Urban Systems Ltd.	111,740.21
WW Contracting	33,029.45
Total aggregate amount paid to suppliers	1,618,270.24

2. Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less

	571,723
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3. Total of payments to suppliers for grants and contributions exceeding \$25,000

Consolidated total of grants exceeding \$25,000	\$ 137,076
Consolidated total of contributions \$25,000 or less	\$ 29,770
Consolidated total of all grants and contributions exceeding \$25,000	\$ 166,846

Schedule of Suppliers of Goods and Services – Schedule Seven - continued

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$1,618,270
Consolidated total of payments of \$25,000 or less paid to suppliers	\$ 571,723
Consolidated total of all grants and contributions exceeding \$25,000	\$ 137,076
Consolidated total of all grants and contributions less than \$25,000	\$ 29,770

Subtotal **\$2,384,656**

Reconciling items*

Plus:

Closing payables	\$ 427,055
Opening prepaids	21,883

Less:

GST	(\$ 95,919)
Decrease in landfill liability	(8,014)
Acquisition of TCA	(611,612)
Opening payables	(367,707)
Closing prepaids	(21,926)

\$1,700,599

Total per Audited Statement of Revenue and Expenditure
(Schedule 1 – Goods and Services) **\$ 1,700,599**

Variance \$ -0-

Inactive Corporations – Schedule Eight

Not Applicable

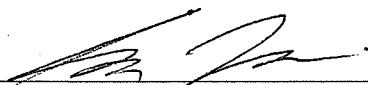
Approval of Financial Information – Schedule Nine

DISTRICT OF STEWART

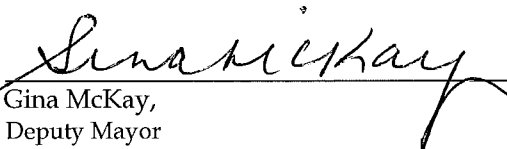
STATEMENT OF FINANCIAL INFORMATION APPROVAL*

The undersigned, as authorized by the *Financial Information Regulation, Schedule 1, subsection 9(2)*, approves all the statements and schedules included in this **Statement of Financial Information**, produced under the *Financial Information Act*.

Dated this _____ day of June 2018.



Gord Howie,
Chief Administrative Officer



Gina McKay,
Deputy Mayor

Access to the Financial Information – Schedule Ten**Reasonable Accommodation**

Reasonable accommodation will be provided to any individual who makes a request to examine the SOFI. Copies of the financial information will be kept for a minimum of three years following the fiscal year reported on.

Members of the public are not required to pay the fee if they are willing to view the SOFI on the premises of the corporation. If the individual requests copies by mail it will be mailed to them on payment of the fee.

Severing Information - FIR, Schedule 1, subsection 10(3)

Under this section, the corporation may supply only the part of the SOFI that the member of the public desires, if that person is satisfied with this. The charge for a part of the SOFI is determined, in part, by the duplication fees as stated in the Freedom of Information and Protection of Privacy Regulation. The fee will not exceed \$5, which is the current fee under the FIR.

For instance, a common request is for the remuneration and expenses of a particular person. A photocopied page is less expensive for the member of the public. Excerpts will be accompanied by the approval page from the SOFI.

Legislative Library - Minister of Finance Directive, section 3.3

SOFIs are to be forwarded to the Legislative Library by the ministry responsible

APPENDIX I – AUDITED FINANCIAL STATEMENTS

DISTRICT OF STEWART
Financial Statements
As at December 31, 2017

**DISTRICT OF STEWART
COUNCIL - 2017**

MAYOR

Galina Durant

COUNCILLORS

Bernie Elliott
Sylvia Goulet
Gina McKay

Patricia Lynn
Eike Riemann
Neal Rowe

APPOINTED OFFICIALS

Chief Administrative Officer
Chief Financial Officer

G. Howie
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.



Gordon Howie
Acting Chief Administrative Officer

April 23, 2018

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, 2017 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.

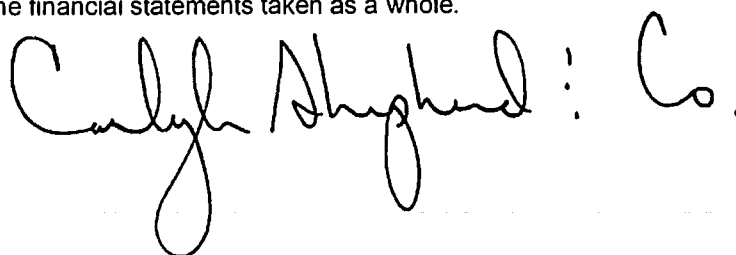
Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2017 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
April 23, 2018




DISTRICT OF STEWART
STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

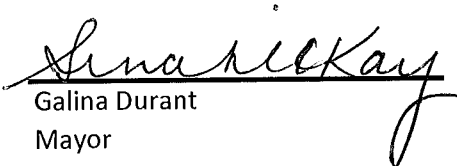
	2017	2016
Financial Assets		
Cash and short-term investments (Note 2)	\$ 2,872,758	\$ 1,925,955
Taxes receivable (Note 3)	298,228	283,221
Accounts receivable (Note 4)	189,085	494,929
	3,360,071	2,704,105
Liabilities		
Accounts payable and accrued liabilities (Note 5)	427,055	367,707
Deferred revenue (Note 6)	373,361	216,489
Performance bonds and environmental deposits	150,489	177,874
Landfill closure liability (Note 7)	2,551,715	2,559,728
Long-term debt (Note 8)	326,052	103,771
	3,828,672	3,425,570
Net financial assets (debt)	(468,602)	(721,465)
Non-financial assets		
Tangible capital assets -Schedule 2	8,438,132	8,193,198
Prepaid expenses	21,926	21,883
	8,460,059	8,215,081
Net financial position	7,991,457	7,493,616
Net financial position comprised of:		
Operating fund surplus	339,717	32,941
Landfill closure deficit (Note 7)	(1,312,102)	(1,312,102)
Reserve funds - Schedule 3	953,865	844,743
Equity in tangible capital assets (Note 9)	8,009,977	7,928,033
	\$ 7,991,457	\$ 7,493,616

Commitments and contingent liabilities (Note 12)

Approved by:



 Gordon Howie
 Acting Chief Administrative Officer



 Galina Durant
 Mayor

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

DISTRICT OF STEWART
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017	Budget	2016
Revenues			
Taxes for municipal purposes <i>(Note 10)</i>	\$ 2,038,879	\$ 2,039,404	\$ 1,920,704
Government Grants and transfers <i>(Note 11)</i>	681,265	743,180	367,540
Log handling and port royalty revenues	353,559	260,000	250,438
Rental	276,956	232,516	233,641
User fees and sale of goods and services	95,117	39,836	201,653
Independent power producer rebate	100,707	100,000	289,481
Investments	7,974	-	6,388
Other	60,928	36,920	44,340
Gain (loss) on disposal of tangible capital assets	15,409	-	7,633
	3,630,793	3,451,856	3,321,818
Expenses			
General government services	660,307	643,852	637,589
Public works and transportation	860,512	854,601	566,906
Protective services	43,938	236,620	28,571
Waste management	171,642	237,269	197,185
Development services	155,772	314,786	151,929
Recreation and cultural services	365,506	345,388	243,584
Interest and bank charges	5,259	41,888	8,653
Water operations	164,551	362,421	124,187
Sewer operations	327,881	406,472	63,801
Amortization of tangible capital assets	377,585	-	330,341
	3,132,952	3,443,297	2,352,747
Revenues in excess of expenses	497,841	8,559	969,071
Net financial position - beginning of year	7,493,616	7,493,616	6,524,545
Net financial position - end of year	\$ 7,991,457	\$ 7,502,175	\$ 7,493,616

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, 2017

	2017	Budget	2016
Annual Surplus (deficit)	\$ 497,841	\$ 8,559	\$ 969,071
Acquisition of tangible capital assets	(624,012)	-	(510,034)
Amortization of tangible capital assets	377,585		330,342
Loss (gain) on disposal of tangible capital assets	(15,359)		(7,633)
Proceeds on sale of tangible capital asset	16,851		89,940
Other adjustments	(43)		-
Increase (decrease) in net financial assets	252,863	8,559	871,686
Net financial assets (debt) - beginning of year	(721,465)	(721,465)	(1,593,151)
Net financial assets (debt) - end of year	\$ (468,602)	\$ (712,906)	\$ (721,465)

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

DISTRICT OF STEWART
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 497,841	\$ 969,071
Non-Cash items:		
Amortization	377,585	330,341
(Gain) loss on disposal of tangible capital assets	(15,359)	(7,633)
(Increase) decrease in prepaid expenses	(43)	2
Changes to financial assets / liabilities:		
Decrease (increase) in taxes receivable	(15,007)	(25,596)
Decrease (increase) in accounts receivable	305,844	(153,440)
Increase (decrease) in accounts payable	59,347	180,580
Increase (decrease) in performance bonds	(27,385)	49,985
Increase (decrease) in landfill closure liability	(8,014)	-
Increase (decrease) in deferred revenue	156,872	124,751
Cash provided (used) by operating transactions	1,331,681	1,468,061
Capital transactions		
Acquisition of tangible capital assets	(611,612)	(510,034)
Proceeds from the disposal of tangible capital assets	4,451	89,940
Cash provided (used) by capital transactions	(607,161)	(420,094)
Financing and investing transactions		
Proceeds from debt issues	253,000	-
Debt repayment	(30,719)	(56,064)
Cash provided (used) by financial and investing transactions	222,281	(56,064)
Increase (decrease) in cash position	946,802	991,903
Cash and short term investments - beginning of year (Note 2)	1,925,955	934,052
Cash and short term investments - end of year (Note 2)	\$ 2,872,757	\$ 1,925,955

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, 2017

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, 2017

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	80 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 requirement 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, 2017

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:

	2017	2016
Municipal Finance Authority of B.C. Investments		
- Money market fund	\$ 65,192	\$ 64,571
- Short-term bond fund	506,127	504,868
	571,319	569,439
Cash	2,301,439	1,349,332
Term deposit	-	7,183
	\$ 2,872,758	\$ 1,925,955

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, 2017

3. Taxes receivable

	2017	2016
Current	\$ 174,415	\$ 187,379
Arrears	121,068	81,344
Tax sales receivable	2,745	14,498
	\$ 298,228	\$ 283,221

4. Accounts receivable

	2017	2016
Government grants/reimbursements receivable		
- Provincial	\$ -	\$ 5,379
- Northern Development Initiative Trust	61,144	4,185
Independent power producer school tax rebate	-	289,481
School tax receivable	-	81,059
Rock quarry reclamation bond	4,000	4,000
Bonilee site security deposit	-	5,000
GST receivable (payable)	52,797	14,117
Log throughput receivable	57,819	24,492
Other receivables	13,325	67,215
	\$ 189,085	\$ 494,929

5. Accounts payable and accrued liabilities

	2017	2016
Trade accounts payable	\$ 322,951	\$ 312,839
Other government agencies	43,742	2,904
Accrued salary, wages and employee benefits	57,112	44,203
Tax sale proceeds held for redemption	3,249	7,761
	\$ 427,055	\$ 367,707

6. Deferred revenue

	2017	2016
Federal Gas Tax - Community Works Fund	\$ 220,483	\$ 146,854
Grant funds	134,401	50,000
Rent received in advance	4,045	12,452
Carbon Action Plan fund	4,432	-
Emergency Services fund	10,000	-
A.H. Burton Memorial Fund	-	7,183
	\$ 373,361	\$ 216,489

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2017

7. Landfill closure liability

	2017	2016
Landfill closure (estimated)	\$ 1,938,153	\$ 1,938,153
Current year expenditures	(8,013)	-
Post-closure costs (estimated at \$24,863 yr for 25 years)	621,575	621,575
Landfill closure liability	\$ 2,551,715	\$ 2,559,728
Less: funded from operations	1,239,613	1,247,626
Landfill closure deficit - funded from grant	\$ 1,312,102	\$ 1,312,102

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 2017 the District received approval to extend the deadline for completion of the project to March 31, 2019.

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2017

8. Long term debt

	2017	2016
Capital lease obligations - Municipal Finance Authority		
Repaid in full during the year	\$ -	\$ 2,123
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.	73,052	101,648
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.	253,000	-
	\$ 326,052	\$ 103,771

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

2018	\$ 77,574
2019	78,922
2020	64,952
2021	51,392
2022	53,213
	<u>\$ 326,052</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:

	2017	2016
Increases:		
Capital acquisitions	\$ 624,012	\$ 348,640
Retirement of debt - principal repayment	90,009	56,065
Decreases:		
Amortization	(377,585)	(330,341)
Proceeds from issue of long-term debt	(253,000)	
Dispositions, at net book value	(1,492)	(82,307)
Change in equity in tangible capital assets	81,944	(7,943)
Equity in tangible capital assets - beginning of year	7,928,033	7,935,976
Equity in tangible capital assets - end of year	\$ 8,009,977	\$ 7,928,033

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2017

10. Taxes for municipal purposes

	2017	2016
Taxes collected:		
Property taxes	\$ 2,543,753	\$ 2,748,593
Frontage assessments	377,883	375,185
Grants in lieu of taxes	38,662	39,543
	2,960,298	3,163,320
Less transfers to other governments:		
School District	397,972	803,429
Regional District of Kitimat-Stikine	222,584	213,756
Regional Hospital District	192,035	115,838
Police Tax	75,379	77,712
BC Assessment Authority	33,393	31,829
Other	56	52
	921,419	1,242,616
Net taxes available for municipal purposes	\$ 2,038,879	\$ 1,920,704

11. Government grants and transfers

	2017	2016
Provincial:		
Conditional transfers	341,855	72,400
Unconditional transfers	248,331	253,497
	590,185	325,897
Regional Other		
Conditional transfers	79,079	29,642
Unconditional transfers	12,000	12,000
	91,079	41,642
	\$ 681,265	\$ 367,540

12. Commitments and contingencies

Capital requirements

District Council has approved a 2017 - 2021 capital expenditure financial plan which includes expenditures of \$4,996,298 for 2017 - 2021. The 2017 requirement of \$850,814 is to be funded through government grants and transfers of \$479,180, reserves of \$332,334, and the balance of \$39,300 from operating funds.

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.

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, 2016, the Plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 \$ 60,335 (2016 - \$45,874) for employer contributions to the Plan in fiscal 2017.

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, 2017

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	Unallocated	2017	2017 Unaudited Budget	2016
Revenue												
Net taxes available for municipal purposes									2,038,879	2,038,879	2,039,404	1,920,704
User fees and sale of goods and services	2,922	-		13,288	59,437	11,561	3,778	4,131		95,117	39,836	201,653
Government grants and transfers	257,892	17,119	22,797		112,678	6,000		264,779		681,265	743,180	367,540
Investment income	4,708								3,265	7,974	-	6,388
Log handling and port royalty revenues					353,559					353,559	260,000	250,438
Rental revenues					276,956					276,956	232,516	233,641
Other revenue					161,635					161,635	136,920	333,821
Gain (loss) on disposal of tangible capital assets		15,409								15,409	-	7,633
	265,522	32,528	22,797	13,288	964,265	17,561	3,778	268,910	2,042,144	3,630,793	3,451,856	3,321,818
Expenses												
Salaries, wages and benefits	292,327	439,973	987	128,098	27,947	65,367	54,650	40,209		1,049,509	1,077,023	902,403
Goods and services	367,980	420,588	42,952	43,544	127,825	300,139	109,900	287,671		1,700,599	2,324,386	1,111,350
Interest and bank charges	3,786	1,473	-	-	-	-	-	-		5,259	41,888	8,653
Amortization	16,970	184,857	22,417	1,829	1,375	62,782	21,089	66,265		377,585	-	330,341
	681,064	1,046,842	66,355	173,471	157,147	428,288	185,640	394,146	-	3,132,952	3,443,297	2,352,747
Excess (deficiency) of revenue over expenses	(415,541)	(1,014,314)	(43,558)	(160,183)	807,118	(410,727)	(181,862)	(125,236)	2,042,144	497,841	8,559	969,071

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, 2017

Cost	Land		Land Improvements	Buildings	Motor Vehicles	Furniture, Equipment and Technology	Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Storm Sewer	2016	
	Land	Improvements									Total	Total
Opening Balance	1,197,368	2,197,837	4,428,686	1,634,096	488,669	4,087,872	372,674	303,057	602,404	15,312,664	14,898,941	
Additions	12,450	0	182,894	253,862	174,806					624,012	510,034	
Disposals	-1,492	0	0	-17,136						-18,628	-96,311	
Write downs												
Closing balance	1,208,326	2,197,837	4,611,580	1,870,822	663,475	4,087,872	372,674	303,057	602,404	15,918,047	15,312,664	
Accumulated Amortization												
Opening Balance	0	981,144	2,277,482	1,084,747	347,144	1,645,934	365,086	288,243	129,686	7,119,466	6,803,130	
Amortization	44,387	92,157	92,157	101,637	51,691	70,387	843	2,114	14,369	377,585	330,341	
Effects of disposals and write downs			0	-17,136					0	-17,136	-14,005	
Closing balance	0	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	
Net book value, December 31, 2017	1,208,326	1,172,306	2,241,940	701,574	264,640	2,371,551	6,745	12,701	458,349	8,438,132		
Net book value, December 31, 2016	1,197,368	1,216,694	2,151,204	549,349	141,525	2,441,938	7,588	14,814	472,718	8,193,198		

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, 2017

Schedule 3

	Land and Building	Capital Works	Conservancy	2017 Total	2016 Total
Balance, beginning of the year	\$ 67,979	\$ 755,119	\$ 21,646	\$ 844,743	\$ 440,619
Transfers in		330,000	8,190	338,190	518,100
Investment income	224	2,970	71	3,265	6,024
Transfers out	-	(232,334)		(232,334)	(120,000)
Balance, end of the year	\$ 68,203	\$ 855,755	\$ 29,907	\$ 953,865	\$ 844,743

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

DISTRICT OF STEWART
Schedule of Expenses
For the Year Ended December 31, 2017

Schedule 4

	2017	2016
General Government Services		
Administration	\$ 562,185	\$ 550,325
Legislative services	98,122	87,264
	\$ 660,307	\$ 637,589
Public Works and Transportation Services		
Roads and streets	\$ 606,477	\$ 399,857
Shop and general	174,115	101,677
Street lighting	40,583	46,220
Dyke and gravel extraction	17,493	4,993
Other	21,844	14,158
	\$ 860,512	\$ 566,906
Protective Services		
Fire department	\$ 28,854	\$ 23,699
First responders / rescue truck	2,901	2,413
Emergency management	12,184	2,378
Bylaw enforcement	-	81
	\$ 43,938	\$ 28,571
Development Services		
Planning and zoning	\$ 54,907	\$ 69,379
Economic and community development	5,183	15,628
Leased buildings	42,910	40,730
Log handling facilities	49,078	23,311
Other	3,694	2,880
	\$ 155,772	\$ 151,929
Recreation and Cultural Services		
Arena	\$ 121,743	\$ 97,689
Library	65,334	45,372
Parks and boardwalk	129,553	58,051
Museum	12,851	13,697
Other	36,025	28,774
	\$ 365,506	\$ 243,584
Waste Management	\$ 171,642	\$ 197,185
Sewer Operations	327,880	63,801
Water Operations	164,551	124,187
Amortization and interest	382,844	338,994
	\$ 1,046,917	\$ 724,168
	\$ 3,132,952	\$ 2,352,747

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