

DISTRICT OF STEWART

STATEMENT OF FINANCIAL INFORMATION For the year ended December 31, 2021

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 6
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. McKay	Mayor	16,376.04	-0-
P. Lynn	Councillor	10,534.80	-0-
E. Riemann	Councillor	10,534.80	-0-
N. Rowe	Councillor	10,534.80	-0-
S. Pownall	Councillor	4,389.50	-0-
J. Hyslop	Councillor	10,534.80	-0-
M. Tarrant	Councillor	10,534.80	-0-
TOTAL		<u>73,439.54</u>	<u>0</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)		
LARSON, J	75,188.70	948.00
McKEOWN, J.	88,270.14	1,930.41
McKEOWN, T	109,297.84	0
PEDDLE, J	73,254.16	2,186.72
RETZA, D	91,792.28	1,637.16
TARRANT, S	81,693.53	2,715.19
Consolidated total of other employees with remuneration and expenses of \$75,000 or less	878,382.76	29,067.32
Total: Employees	<u>1,397,879.86</u>	<u>38,484.80</u>

3. Reconciliation

Total remuneration – elected officials, employees appointed by Cabinet and members of the Board of Directors	73,439.54
Total remuneration – Employees	1,436,364.66
Subtotal	1,509,804.20
Reconciling Items*	
Less: Council Remuneration	(73,439.54)
Plus Municipal Pension Plan Contrib.	102,862.35
Pacific Blue Cross Premiums	86,485.72
Receiver General Premiums	87,977.41
Workers Compensation	26,486.86
Total per Audited Statement of Revenue and Expenditure (Auditors' Note 12- does not include Council Remuneration)	<u>1,740,177</u>
Variance	\$ 0.00

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 SUPPLIERS
ADVANCED INDUSTRIAL GROUP INC	52,456.31
BC ASSESSMENT AUTHORITY	32,769.75
BC HYDRO	261,758.33
BLACK ARMOUR ASPHALT PRODUCTS INC	49,015.68
CAPRI INSURANCE SERVICES LTD	70,750.00
GRANMAC SERVICES LTD	120,130.53
HIGHLINE ELECTRIC P.A. LTD	189,952.00
JENLINS MARZBAN LOGAN LLP	117,811.47
L.B. PAVING LTD	236,491.03
LIDSTONE & COMPANY	69,505.76
NORTH WEST REGIONAL HOSPITAL	171,275.17
NORTHWEST HYDRAULIC CONSULTANTS LTD	57,180.90
PACIFIC BLUE CROSS	86,465.72
PROGRUS CONSTRUCTORS INC	990,098.35
RAINE MOUNTAIN HARDWARE LTD	61,667.22
RECEIVER GENERAL FOR CANADA	495,230.42
REGIONAL DISTRICT KITIMAT-STIKINE	319,025.53
SEA TO SKY NETWORK SOLUTIONS INC	64,610.96
SILVERTIP PROMOTIONS	26,673.61
SKEANS	42,264.93
SOUCIE CONSTRUCTION LTD	505,564.74
STEWART COMMUNITY CONNECTION SOCIETY	43,694.56
SUNCOR ENERGY	26,248.60
TELUS	28,881.68
ULINE SHIPPING SUPPLY SPECIALISTS	29,792.94
URBAN SYSTEMS LTD	246,055.38
WW CONTRACTING	43,645.80
YOUNG ANDERSON	49,227.84
TOTALS	4,488,245.21

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

	\$909,367
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3. Total of payments to suppliers for grants and contributions exceeding \$25,000

STEWART COMMUNITY CONNECTIONS SOCIETY	47,500
STEWART HISTORICAL SOCIETY	37,500
STEWART PUBLIC LIBRARY	67,626

Consolidated total of grants exceeding \$25,000	\$ 152,626
Consolidated total of contributions \$25,000 or less	\$ 5,000
Consolidated total of all grants and contributions exceeding \$25,000	\$ 157,626

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$4,488,245
Consolidated total of payments of \$25,000 or less paid to suppliers	\$ 909,367
Consolidated total of all grants and contributions exceeding \$25,000	\$ 152,626
Consolidated total of all grants and contributions less than \$25,000	\$ 5,000

Total Payments **\$5,555,238**

Reconciling items*	
Property Tax payments to other governments net	-\$ 981,011
Acquisition of TCA	-\$1,648,815
Changes in Accruals	-\$ 523,632
GST	-\$ 258,284

Subtotal Reconciliation Items **-\$3,411,742**

Reconciliation Total **\$2,143,496**

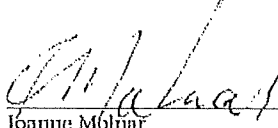
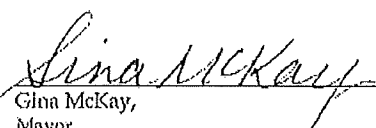
Total per Audited Statement of Revenue and Expenditure (Schedule 1 – Goods and Services) **\$ 2,143,133**

Variance \$ 363

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 <i>Financial Information Regulation, Schedule 1</i> , subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information , produced under the <i>Financial Information Act</i> .	
Dated this <u> 24th </u> day of October 2022.	
 _____ Joanne Mblnar Chief Financial Officer	 _____ Gina McKay, 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, 2021

**DISTRICT OF STEWART
COUNCIL - 2021**

MAYOR

Gina McKay

COUNCILLORS

Sean Pownall
Jim Hyslop
Patty Lynn

Eike Riemann
Neal Rowe
Maureen Tarrant

APPOINTED OFFICIALS

Chief Administrative Officer
Chief Financial Officer

T. McKeown
Vacant

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Management's Report

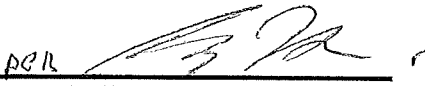
Management's Responsibility for the Financial Statements

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 annually.

The external auditors, MNP LLP, 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.



Tammy McKeown
Chief Administrative Officer

May 9, 2022

To the Mayor and Council of District Of Stewart:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of District Of Stewart (the "District"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to 6, has been presented for purposes of additional analysis. The supplementary information presented in Schedules 1, 2, and 3 has been subjected to the auditing procedures applied in the financial statements and, in our opinion, this supplementary information is presented fairly, in all material aspects, in relation to the financial statements taken as a whole. We do not express an opinion on Schedules 4, 5 and 6 because our examination did not extend to the detailed information therein.

Other Information

Management is responsible for the other information. The other information comprises of the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Terrace, British Columbia

May 9, 2022

MNP LLP


Chartered Professional Accountants

DISTRICT OF STEWART
 STATEMENT OF FINANCIAL POSITION
 As at December 31, 2021

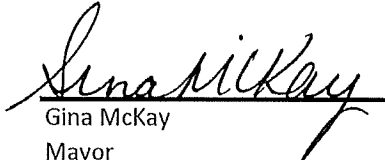
	2021	2020
Financial Assets		
Cash and short-term investments (Note 3)	\$ 6,001,693	\$ 5,861,136
Taxes receivable (Note 4)	257,454	258,315
Accounts receivable (Note 5)	804,525	902,574
	7,063,672	7,022,025
Liabilities		
Accounts payable and accrued liabilities (Note 6)	348,230	871,862
Deferred revenue (Note 7)	1,015,978	377,688
Performance bonds and environmental deposits	193,337	138,014
Landfill post-closure liability (Note 9)	574,869	614,600
Equipment financing (Note 10)	275,703	410,495
	2,408,117	2,412,659
Net financial assets	4,655,555	4,609,366
Non-financial assets		
Tangible capital assets -Schedule 2	14,579,719	13,627,799
Prepaid expenses	26,145	26,145
	14,605,864	13,653,944
Accumulated Surplus (Note 12)	19,261,419	18,263,310

Commitments and contingent liabilities (Note 17)

Approved by:



 Tammy McKeown
 Chief Administrative Officer



 Gina McKay
 Mayor

DISTRICT OF STEWART
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2021

	2021	Budget (Note 15)	2020
Revenues			
Taxes for municipal purposes (Note 13)	\$ 2,293,146	\$ 2,305,681	\$ 2,295,711
Government Grants and transfers (Note 14)	1,798,092	3,344,016	5,055,211
Log handling and port royalty revenues	63,252	170,000	253,483
Rental	327,274	310,270	379,667
User fees and sale of goods and services	80,503	12,500	67,443
Independent power producer rebate	98,029	98,029	98,210
Investments	9,720	-	54,680
Other	68,339	17,150	53,260
Gain on disposal of tangible capital assets	762,889	-	129,152
	5,501,244	6,257,646	8,386,817
Expenses			
General government services	880,809	730,353	759,814
Public works and transportation	1,406,680	1,199,084	1,323,718
Protective services	203,814	221,050	124,692
Waste management	55,249	81,810	90,796
Development services	508,930	197,412	307,264
Recreation and cultural services	504,007	489,331	526,622
Water operations	258,958	116,156	242,980
Sewer operations	684,688	138,269	203,219
	4,503,135	3,173,465	3,579,105
Annual surplus	998,109	3,084,181	4,807,712
Accumulated surplus at the beginning of the year	18,263,310	18,263,310	13,455,597
Accumulated surplus at the end of the year (Note 12)	\$ 19,261,419	\$ 21,347,491	\$ 18,263,310

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

DISTRICT OF STEWART
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
 For the Year Ended December 31, 2021

	2021	Budget (Note 15)	2020
Annual Surplus	\$ 998,109	\$ 3,084,181	\$ 4,807,712
Acquisition of tangible capital assets	(1,648,815)	(4,341,798)	(3,900,852)
Amortization of tangible capital assets	650,872	-	591,842
Gain on disposal of tangible capital assets	(762,889)	-	(129,152)
Proceeds on sale of tangible capital assets	808,912	-	230,382
Other adjustments	-	-	1,212
Increase (decrease) in net financial assets	46,189	(1,257,617)	1,601,144
Net financial assets - beginning of year	4,609,366	4,609,366	3,008,222
Net financial assets - end of year	\$ 4,655,555	\$ 3,351,749	\$ 4,609,366

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

DISTRICT OF STEWART
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2021

	2021	2020
Operating transactions		
Annual surplus	\$ 998,109	\$ 4,807,712
Non-Cash items:		
Amortization	650,872	591,842
Gain on disposal of tangible capital assets	(762,889)	(129,152)
Decrease in prepaid expenses	-	1,212
Changes to financial assets / liabilities:		
Decrease in taxes receivable	861	29,177
Decrease in accounts receivable	98,049	421,341
Increase (decrease) in accounts payable	(523,632)	372,570
Increase (decrease) in performance bonds	55,323	(12,425)
Decrease in landfill post-closure liability	(39,731)	(6,975)
Increase in deferred revenue	638,290	63,769
Cash provided by operating transactions	1,115,252	6,139,071
Capital transactions		
Acquisition of tangible capital assets	(1,648,815)	(3,900,852)
Proceeds from the disposal of tangible capital assets	808,912	230,382
Cash used by capital transactions	(839,903)	(3,670,470)
Financing and investing transactions		
Debt repayment	(134,792)	(142,632)
Cash used by financial and investing transactions	(134,792)	(142,632)
Increase in cash position	140,557	2,325,969
Cash and short term investments - beginning of year (Note 3)	5,861,136	3,535,167
Cash and short term investments - end of year (Note 3)	\$ 6,001,693	\$ 5,861,136

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

1. Nature of Operations

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The District's operations were impacted by COVID-19 due to closure of recreational facilities, added cleaning and supply costs, additional personal protective equipment purchased in year, cancellation of events, lay-off of staff, delay and additional cost of major projects requiring outside consultants and contractors.

The impact of COVID-19 has been partially offset by available Provincial Government programs for which the District was eligible, including the COVID-19 Safe Restart Grant and the Community Economic Recovery Infrastructure Program (CERIP) approved in early 2021.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the District as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause delays in capital projects requiring outside consultants and contractors, increased prices of goods, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the District's ability to operate and financial condition.

2. 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.

2. Significant Accounting Policies (continued):

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 effects of these adjustments on taxes levied are recognized at the time the supplementary roll adjustment is received and the adjustment is reasonably anticipated.

Government transfers

Government transfers without stipulations are recognized as revenue in the period which the events giving rise to the transfer occur, when the transfer is authorized and all eligibility criteria, if any, have been met, and reasonable estimates of the amount can be made. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability (deferred revenue). In such circumstances, the District recognized the revenue as the criteria are met or decreases the liability when repayment is 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.

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

c) Short-term Investments

Short-term Investments are carried at cost, except for investments in Municipal Finance Authority of British Columbia pooled investments, which are carried at market value. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.

2. Significant Accounting Policies (continued):

d) Tangible capital assets

Tangible capital assets 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. Work-in-progress is recorded at cost. 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	25 to 60	years
Motor vehicles	5 to 35	years
Furniture, equipment and technology	5 to 25	years
Transportation infrastructure	10 to 65	years
Water infrastructure	12 to 50	years
Sanitary sewer infrastructure	10 to 50	years
Storm Sewer	20 to 60	years

e) Deferred revenue from non-government sources

Deferred revenue includes 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.

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 reserve funds have 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 include fire protection, first responders and emergency planning and management.

2. Significant Accounting Policies (continued):

g) Segmented information (continued)

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.

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.

2. Significant Accounting Policies (continued):

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 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, performance bonds and environmental deposits and equipment financing. 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.

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.

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2021

3. Cash and short-term investments

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

	2021	2020
Municipal Finance Authority of B.C. Investments		
- Money market fund	\$ 68,178	\$ 68,072
- Short-term bond fund	560,788	565,427
	628,966	633,499
Cash	5,372,727	5,227,637
	\$ 6,001,693	\$ 5,861,136

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. At December 31, 2021 the District had utilized \$0.00 on the line of credit.

4. Taxes receivable

	2021	2020
Current	\$ 152,369	\$ 133,808
Arrears	105,085	114,307
Taxes due on properties sold at tax sale	-	10,200
	\$ 257,454	\$ 258,315

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2021

5. Accounts receivable

	2021	2020
Government grants/reimbursements receivable		
- Federal	\$ -	\$ 25,448
- Provincial	512,270	601,799
- Northern Development Initiative Trust	62,002	137,507
- Other	7,148	-
GST receivable	28,377	74,800
Log throughput receivable	1,687	25,425
Other receivables	193,041	37,595
	\$ 804,525	\$ 902,574

6. Accounts payable and accrued liabilities

	2021	2020
Trade accounts payable	\$ 219,191	\$ 563,587
Other government agencies	\$ 42,337	236,999
Accrued salary, wages and employee benefits	84,806	65,831
Tax sale proceeds held for redemption or transfer of title	1,896	5,445
	\$ 348,230	\$ 871,862

7. Deferred revenue

	2021	2020
Federal Gas Tax - Community Works Fund (<i>note 8</i>)	\$ 388,228	\$ 240,140
Grant funds	573,899	90,962
Rent business and animal licenses received in advance	2,259	3,329
Carbon Action Plan fund	29,466	21,131
Old Firehall fund	22,126	22,126
	\$ 1,015,978	\$ 377,688

8. Federal Gas Tax Agreement (Community Works Fund)

Funding is provided by the Government of Canada and the use of the funding is restricted by the terms of a funding agreement between the District of Stewart and the Union of British Columbia Municipalities. Funding may be used towards certain public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

	2021	2020
Opening balance of unspent funds	\$ 240,140	\$ 165,871
Add: Amounts received during the year	147,541	72,012
Interest earned	547	2,257
Closing balance of unspent funds	\$ 388,228	\$ 240,140

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2021

9. Landfill post-closure liability

The landfill closure was completed in 2019. The District is required to perform post-closure monitoring of the ground water for a minimum of 25 years and accordingly a liability has been recorded based on the estimated cost provided by an external engineering firm. There are 23 years of liability remaining at an estimated cost of \$22,722 annually.

In 2021, the estimate was adjusted to reflect changes in expected future costs over the next 23 years as well as an adjustment for inflation and discount rates applied at 2.0% and 0.96% respectively. This resulted in a reduction of the estimate by \$39,730.

10. Equipment Financing

	2021	2020
Capital demand loan obligations - Municipal Finance Authority		
Payable at \$4,412 per month including interest at a current rate of 0.96% and maturing Nov 2022, secured by equipment with a net book value of \$126,931 (2020 - \$152,317)	49,828	102,049
Capital demand loan obligations - Municipal Finance Authority		
Payable at \$3,545 per month including interest at a current rate of 0.96% and maturing August 2024, secured by equipment with a net book value of \$229,814 (2020 - \$262,644).	106,494	147,834
Capital demand loan obligations - Municipal Finance Authority		
Payable at \$3,546 per month including interest at a current rate of 0.96% and maturing December 2024, secured by equipment with a net book value of \$181,542 (2020 - \$207,476).	119,381	160,612
	\$ 275,703	\$ 410,495

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

2022	\$ 133,153
2023	84,106
2024	58,444
	<u>\$ 275,703</u>

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2021

11. 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:

	2021	2020
Increases:		
Capital acquisitions	\$ 1,648,815	\$ 3,900,852
Retirement of debt - principal repayment	134,792	142,632
Decreases:		
Amortization	(650,872)	(591,842)
Dispositions, at net book value	(46,023)	(101,229)
Change in equity in tangible capital assets	1,086,712	3,350,413
Equity in tangible capital assets - beginning of year	13,217,304	9,866,891
Equity in tangible capital assets - end of year	\$ 14,304,016	\$ 13,217,304

12. Accumulated Surplus

	2021	2020
Operating fund surplus	614,603	614,603
Reserve funds - Schedule 3	4,342,800	4,431,403
Equity in tangible capital assets (<i>Note 11</i>)	14,304,016	13,217,304
	\$ 19,261,419	\$ 18,263,310

13. Taxes for municipal purposes

	2021	2020
Taxes collected:		
Property taxes	\$ 2,749,277	\$ 2,690,288
Frontage assessments	402,588	390,501
Grants in lieu of taxes	122,292	118,411
	3,274,157	3,199,200
Less transfers to other governments:		
School District	386,083	310,065
Regional District of Kitimat-Stikine	317,150	313,876
Regional Hospital District	170,498	170,244
Police Tax	74,510	76,305
BC Assessment Authority	32,709	32,940
Municipal Finance Authority	61	59
	981,011	903,489
Net taxes available for municipal purposes	\$ 2,293,146	\$ 2,295,711

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2021

14. Government grants and transfers

		2021	2020
Federal:	Conditional transfers	\$ 22,746	\$ 25,446
Provincial:	Conditional transfers	1,493,994	4,556,114
	Unconditional transfers	261,000	267,396
		<u>1,754,994</u>	<u>4,823,510</u>
Regional Other	Conditional transfers	20,352	194,255
	Unconditional transfers	-	12,000
		<u>20,352</u>	<u>206,255</u>
		<u>\$ 1,798,092</u>	<u>\$ 5,055,211</u>

15. Annual Budget

The budget amounts presented on the Statement of Operations represent the Financial Plan Bylaw adopted by Council on March 22, 2021 plus or minus those amounts not conforming to financial statement presentation.

The Financial Plan is presented on a cash basis where the purchase of tangible capital assets are expensed rather than capitalized, amortization is not included, proceeds from borrowing is included in revenue and transfers (to) and from reserves are reported in the net surplus (deficit).

The following shows how the financial plan reconciles to the budget on the financial statements.

Net surplus (deficit) per Financial Plan	\$ -
Add back	
principal portion of debt repayments	\$ 134,792
capital expenditures	\$ 4,341,798
transfer to reserves	\$ 212,062
Deduct	
transfer from reserves	\$ (1,604,471)
Net budgeted surplus (deficit) per Financial Statements	<u>\$ 3,084,181</u>

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

17. Commitments and contingent liabilities

Capital requirements

District Council has approved a 2021 - 2025 capital expenditure financial plan which includes expenditures of \$9,454,448 for 2021 - 2025. This is to be funded through government grants and transfers of \$4,407,224, reserves of \$4,950,913 and the balance of \$96,311 from operating funds.

Third party claims

Subsequent to year-end, the District was named as a defendant in a legal action. No liability has been recorded regarding this legal action as the amount of loss, if any, has been assessed as not determinable.

Pension Plan

The District 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, 2020, the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 41,000 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, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District of Stewart paid \$102,862 (2020 - \$86,793) for employer contributions to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

18. B.C. Assessment Authority appeals

Due to the uncertainty of the outcome of appeals to the B.C. Assessment Authority, it is not possible to accurately estimate any liability to repay taxes or any asset for taxes receivable. It is the policy of the District to record the effect of any tax adjustments relating to outstanding appeals in the year the appeals are finalized and the adjustment is reasonably anticipated.

19. Reciprocal Insurance Exchange Agreement

The District of Stewart is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the District is assessed a premium and specific deductible for its claims based on population. The obligation of the District with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several. The District irrevocably and unconditionally undertakes and agrees to indemnify and save the other harmless subscribers against liability losses and costs which the other subscriber may suffer.

DISTRICT OF STEWART
 Schedule of Segmented Revenue and Expenses
 For the Year Ended December 31, 2021

Schedule 1

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	2021	2021 Budget	2020
Revenue											
Net taxes available for municipal purposes	14,034	1,199,084	221,050	81,810	33,412	489,331	116,156	138,269	2,293,146	2,305,681	2,295,711
User fees and sale of goods and services	3,880	-	1,870	5,812	26,555	1,870	12,745	27,771	80,503	12,500	67,443
Government grants and transfers	268,148	184,037	82,255	-	111,553	39,761	618,863	493,475	1,798,092	3,344,016	5,055,211
Independent power producer rebate	98,029	-	-	-	-	-	-	-	98,029	98,029	98,210
Investment Income	9,720	-	-	-	-	-	-	-	9,720	-	54,680
Log handling and port royalty revenues	-	-	-	-	63,252	-	-	-	63,252	170,000	253,483
Rental revenues	-	-	-	-	327,274	-	-	-	327,274	310,270	379,667
Other revenue	-	-	-	-	68,339	-	-	-	68,339	17,150	53,260
Gain on disposal of tangible capital assets	-	-	-	-	762,889	-	-	-	762,889	-	129,152
	393,811	1,383,121	305,175	87,622	1,393,274	530,962	747,764	659,515	5,501,244	6,257,646	8,386,817
Expenses											
Salaries, wages and benefits	444,263	677,035	68,824	57,749	169,401	197,953	103,116	21,836	1,740,177	1,705,564	1,407,549
Goods and services	412,938	452,922	85,404	7,952	335,607	237,146	47,591	563,573	2,143,133	1,464,590	1,565,677
Interest and bank charges	5,432	1,965	-	1,286	-	-	-	-	8,683	3,311	14,037
Change in accounting estimate for landfill closure	-	-	-	(39,730)	-	-	-	-	(39,730)	-	-
Amortization	18,176	274,758	49,586	27,992	3,922	68,908	108,251	99,279	650,872	-	591,842
	880,809	1,406,680	203,814	55,249	508,930	504,007	258,958	684,688	4,503,135	3,173,465	3,579,105
Annual surplus (deficit)	(486,998)	(23,559)	101,361	32,373	884,344	26,955	488,806	(25,173)	998,109	3,084,181	4,807,712

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

DISTRICT OF STEWART
Schedule of Segmented Revenue and Expenses
For the Year Ended December 31, 2020

Schedule 1

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	Unallocated	2020	2020 Budget	2019
Revenue												
Net taxes available for municipal purposes	369,989	1,006,830	113,650	88,452	67,594	438,508	95,240	115,449	-	2,295,712	2,287,168	2,189,119
User fees and sale of goods and services	13,220	83	-	-	31,243	1,120	10,510	11,266	-	67,442	18,747	198,044
Government grants and transfers	267,396	105,909	151,664	-	102,945	26,646	3,662,651	-	738,000	5,055,211	5,736,577	2,890,560
Independent power producers rebate	98,210	-	-	-	-	-	-	-	-	98,210	100,000	98,790
Investment Income	54,680	-	-	-	-	-	-	-	-	54,680	-	44,499
Log handling and port royalty revenues	-	-	-	-	253,483	-	-	-	-	253,483	164,000	344,488
Rental revenues	-	-	-	-	379,667	-	-	-	-	379,667	385,000	376,442
Other revenue	-	-	-	-	53,260	-	-	-	-	53,260	80,054	52,915
Gain on disposal of tangible capital assets	-	-	-	-	129,152	-	-	-	-	129,152	-	2,823
	803,495	1,112,822	265,314	88,452	1,017,345	466,274	3,768,401	126,715	738,000	8,386,817	8,771,546	6,197,660
Expenses												
Salaries, wages and benefits	439,432	583,260	2,420	52,231	44,730	169,251	81,091	35,114	-	1,407,549	1,548,964	1,195,244
Goods and services	297,379	483,526	76,049	7,201	258,612	291,653	63,998	87,260	-	1,565,677	1,359,782	1,385,769
Interest and bank charges	5,362	5,303	-	3,371	-	-	-	-	-	14,037	11,931	11,139
Amortization	17,641	251,609	46,224	27,592	3,922	65,718	97,892	80,845	-	591,842	-	483,151
	759,814	1,323,718	124,692	90,796	307,264	526,622	242,980	203,219	-	3,579,105	2,920,677	3,075,303
Annual surplus (deficit)	43,681	(210,896)	140,622	(2,344)	710,080	(60,348)	3,525,421	(76,504)	738,000	4,807,712	5,850,869	3,122,378

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, 2021

Schedule 2

	Land	Land Improvements	Buildings	Motor Vehicles	Furniture, Equipment and Technology	Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Storm Sewer	Work in Progress	2021 Total	2020 Total
Cost												
Opening Balance	\$ 1,180,391	\$ 2,191,730	\$ 4,751,063	\$ 2,656,417	\$ 1,079,838	\$ 5,427,161	\$ 372,674	\$ 303,057	\$ 602,405	3,928,887	\$ 22,493,623	\$ 18,798,919
Additions	-	202,892	34,304	455,032	68,959	236,371	618,863	-	32,394	-	1,648,815	3,900,852
Transfer from Work In Progress	-	44,545	-	-	-	-	3,884,342	-	-	(3,928,887)	-	-
Disposals	(46,021)	-	-	(172,167)	-	-	-	-	-	-	(218,188)	(206,148)
Closing balance	1,134,370	2,439,167	4,785,367	2,939,282	1,148,797	5,663,532	4,875,879	303,057	634,799	-	23,924,250	22,493,623
Accumulated Amortization												
Opening Balance	-	1,138,349	2,654,404	1,504,787	621,462	2,016,815	368,458	295,700	187,162	77,687	8,865,824	8,378,900
Amortization	-	51,129	98,963	184,901	88,141	118,728	90,907	2,114	15,989	-	650,872	591,842
Transfer from Work In Progress	-	-	-	-	-	-	77,687	-	-	(77,687)	-	-
Effects of disposals and write downs	-	-	-	(172,165)	-	-	-	-	-	-	(172,165)	(104,918)
Closing balance	-	1,189,478	2,753,367	1,517,523	709,603	2,135,543	537,052	298,814	203,151	-	9,344,531	8,865,824
Net book value, December 31, 2021	\$ 1,134,370	\$ 1,249,689	\$ 2,032,000	\$ 1,421,759	\$ 439,194	\$ 3,527,989	\$ 4,338,827	\$ 4,243	\$ 431,648	\$ -	\$ 14,579,719	
Net book value, December 31, 2020	\$ 1,180,391	\$ 1,053,381	\$ 2,096,659	\$ 1,151,630	\$ 458,376	\$ 3,410,346	\$ 4,216	\$ 6,359	\$ 415,242	\$ 3,851,200		\$ 13,627,799

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

DISTRICT OF STEWART

Schedule 3

Schedule of Reserve Fund Activities

For the Year Ended December 31, 2021

	Land and Building	Capital Works	Capital and Planning	COVID-19 Safe Restart	Log Facility Capital	Conservancy	2021 Total	2020 Total
Balance, beginning of the year	\$ 365,197	\$ 2,056,569	\$ 1,535,903	\$ 366,471	\$ 50,711	\$ 56,551	\$ 4,431,403	\$ 2,889,016
Transfers in	796,160	192,380	\$ -	-	4,934	8,550	1,002,024	1,753,787
Investment income	1,335	2,905	\$ 2,686	86	93	106	7,211	43,044
Transfers out	-	(791,337)	\$ -	(306,500)	-	-	(1,097,837)	(254,444)
Balance, end of the year	\$ 1,162,692	\$ 1,460,517	\$ 1,538,589	\$ 60,057	\$ 55,738	\$ 65,207	\$ 4,342,800	\$ 4,431,403

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

DISTRICT OF STEWART
Schedule of Expenses
For the Year Ended December 31, 2021
(unaudited)

Schedule 4

	2021	2020
General Government Services		
Administration	\$ 782,551	\$ 675,012
Legislative services	98,258	84,802
	\$ 880,809	\$ 759,814
Public Works and Transportation Services		
Roads and streets	\$ 902,211	\$ 889,136
Shop and general	425,051	354,541
Street lighting	43,062	44,825
Dyke and gravel extraction	2,287	2,472
Other	34,069	32,744
	\$ 1,406,680	\$ 1,323,718
Protective Services		
Fire department	\$ 98,950	\$ 74,322
First responders / rescue truck	6,233	3,708
Emergency management	28,949	46,662
Bylaw enforcement	69,682	-
	\$ 203,814	\$ 124,692
Development Services		
Planning and zoning	\$ 208,146	\$ 139,556
Economic and community development	204,204	78,468
Leased buildings	77,556	56,554
Log handling facilities	15,968	27,820
Other	3,056	4,866
	\$ 508,930	\$ 307,264
Recreation and Cultural Services		
Arena	\$ 171,684	\$ 170,153
Library funding and service agreement	67,626	67,515
Parks and boardwalk	173,387	141,738
Old fire hall	28,562	53,835
Other funding and service agreements	7,500	15,000
Pool building	43,924	30,665
Recreation programs and events	11,324	47,716
	\$ 504,007	\$ 526,622
Waste Management		
Garbage collection and landfill operations	\$ 94,979	\$ 90,796
Change in accounting estimate for landfill closure	\$ (39,730)	\$ -
	\$ 55,249	\$ 90,796

Continued on next page

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

DISTRICT OF STEWART
 Schedule of Expenses
 For the Year Ended December 31, 2021
 (unaudited)

Schedule 4

Continued from previous page

	2021	2020
Water Operations	\$ 258,958	\$ 242,980
Sewer Operations		
General sewer operations	\$ 191,213	\$ 203,219
Emergency lagoon repairs	\$ 493,475	\$ -
	\$ 684,688	\$ 203,219
	\$ 4,503,135	\$ 3,579,105

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

DISTRICT OF STEWART
Northern Capital and Planning Grant
Statement of revenue, expenses and fund balances
(unaudited)

Schedule 5

	2021	2020
Fund Balance		
Opening balance	\$ 1,535,903	\$ 1,309,263
Add: Amounts received during the year	-	372,000
Investment income	2,686	24,913
	<u>1,538,589</u>	<u>1,706,176</u>
Deduct: Funds used during the year		
Road repairs and paving	-	129,766
Sewer repairs	-	27,780
Barnechez Bridge - 1/3 cost not covered by other grant	-	12,727
	<u>\$ -</u>	<u>\$ 170,273</u>
Closing balance	<u>\$ 1,538,589</u>	<u>\$ 1,535,903</u>

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

DISTRICT OF STEWART
 COVID-19 Safe Restart Grant
 Statement of revenue, expenses and fund balances
 (unaudited)

Schedule 6

	2021	2020
Fund Balance		
Opening balance		
Add: Amounts received during the year	\$ 366,471	\$ -
Investment income	-	366,000
	86	471
	366,557	366,471
Deduct: Revenue shortfalls	300,000	-
Recreation, parks and cultural	6,500	-
	\$ 306,500	\$ -
Closing balance	\$ 60,057	\$ 366,471

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