



DISTRICT OF STEWART

STATEMENT OF FINANCIAL INFORMATION

For the year ended December 31, 2020

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	15,899.04	-0-
P. Lynn	Councillor	10,227.96	-0-
E. Riemann	Councillor	10,227.96	-0-
N. Rowe	Councillor	10,227.96	-0-
M. Tarrant	Councillor	10,227.96	-0-
J. Hill	Councillor	10,227.96	-0-
J. Hyslop	Councillor	10,227.96	-0-
TOTAL		<u>77,266.74</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)		
DAVISON, P	79,172.49	4,358.20
LARSON, J	99,830.95	319.60
McKEOWN, T	106,539.78	1,581.86
RETZA, D	82,632.48	319.60
TARRANT, S	76,222.24	1387.20
Consolidated total of other employees with remuneration and expenses of \$75,000 or less	695,785.11	18,807.03
Total: Other Employees	<u>1,142,602.59</u>	<u>26,773.49</u>

3. Reconciliation

Total remuneration – elected officials, employees appointed by Cabinet and members of the Board of Directors	77,266.74
Total remuneration – other employees	1,169,376.08
Subtotal	1,246,642.88
Reconciling Items*	
Less: Council Remuneration	(77,266.74)
Plus	
Municipal Pension Plan Contrib.	86,565.53
Pacific Blue Cross Premiums	57,565.37
Receiver General Premiums	68,943.41
Workers Compensation	19,199.27
Other benefits	5,899.20
Total per Audited Statement of Revenue and Expenditure (Auditors' Note 12- does not include Council Remuneration)	<u>1,407,548.86</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
A & J Roofing Ltd	53,495.40
Arctic Construction Ltd.	27,291.56
Associated Fire & Safety	34,776.00
AVIA NG Inc.	47,451.34
BC Hydro	225,443.91
Black Armour Asphalt Products Inc.	43,264.70
Black Fire Consulting Inc.	40,690.70
Capri Insurance Services Ltd	61,071.00
Chemical Industries (Alberta) Inc.	35,471.08
Finning Canada Ltd.	32,569.36
Granmac Services	129,985.52
HBH Land Surveying Inc.	33,447.55
Lidstone & Company	58,541.91
Pacific Blue Cross	57,565.37
Progrus Constructors Inc.	3,312,948.12
Raine Mountain Hardware Ltd.	50,989.76
Regenative Design Ltd.	31,494.76
Sea to Sky Network Solutions Inc.	66,241.80
Student Works Painting	25,395.12
Superior Propane Inc.	27,342.50
Telus Communications Ltd.	29,108.59
Terus Constructions Ltd. -LB Paving	72,295.84
Urban Systems Ltd.	377,666.00
Western Tank and Lining Ltd.	88,392.15
Westland Resources Ltd.	34,087.20
Total aggregate amount paid to suppliers	4,997,027.24

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

	203,216.00
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3. Total of payments to suppliers for grants and contributions exceeding \$25,000

Consolidated total of grants exceeding \$25,000	\$ 125,518.70
Consolidated total of contributions \$25,000 or less	\$ 15,000.00
Consolidated total of all grants and contributions exceeding \$25,000	\$ 140,518.70

4. Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$4,997,027.24
Consolidated total of payments of \$25,000 or less paid to suppliers	\$ 203,216.00
Consolidated total of all grants and contributions exceeding \$25,000	\$ 125,518.70
Consolidated total of all grants and contributions less than \$25,000	\$ 15,000.00

Subtotal **\$5,340,761.94**

Reconciling items*

Plus:

Closing payables	\$ 871,862
Opening prepaids	27,357

Less:

GST	(\$ 241,039)
Decrease in landfill liability	(6,975)
Acquisition of TCA	(3,900,852)
Opening payables	(499,292)
Closing prepaids	(26,145)

\$3,775,084

Total per Audited Statement of Revenue and Expenditure
(Schedule 1 – Goods and Services)

\$ 1,565,677

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 __30__ day of June 2021.



Jennifer Larson
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, 2020

**DISTRICT OF STEWART
COUNCIL - 2020**

MAYOR
Gina McKay

COUNCILLORS

Jason Hill
Jim Hyslop
Patty Lynn

Eike Riemann
Neal Rowe
Maureen Tarrant

APPOINTED OFFICIALS

Chief Administrative Officer
Chief Financial Officer

T. McKeown
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 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

April 12, 2021

Independent Auditor's Report

To the Mayor and Members of Council of the District Of Stewart:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the District Of Stewart (the "District"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, accumulated surplus, changes in net financial assets (net debt) 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, 2020, and the results of its operations 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 and 2 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 respects, in relation to the financial statements taken as a whole. We do not express an opinion on Schedules 3, 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 obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Terrace, British Columbia

April 12, 2021

MNP LLP

Chartered Professional Accountants

DISTRICT OF STEWART
STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	2020	2019
Financial Assets		
Cash and short-term investments (Note 3)	\$ 5,861,136	\$ 3,535,167
Taxes receivable (Note 4)	258,315	287,492
Accounts receivable (Note 5)	902,574	1,323,915
	7,022,025	5,146,574
Liabilities		
Accounts payable and accrued liabilities (Note 6)	871,862	499,292
Deferred revenue (Note 7)	377,688	313,919
Performance bonds and environmental deposits	138,014	150,439
Landfill post-closure liability (Note 9)	614,600	621,575
Equipment financing (Note 10)	410,495	553,127
	2,412,659	2,138,352
Net financial assets	4,609,366	3,008,222
Non-financial assets		
Tangible capital assets -Schedule 2	13,627,799	10,420,018
Prepaid expenses	26,145	27,357
	13,653,944	10,447,375
Accumulated Surplus (Note 12)	18,263,310	13,455,597

Commitments and contingent liabilities (Note 17)

Approved by:


 Tammy McKeown
 Chief Administrative Officer


 Gina McKay
 Mayor

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

DISTRICT OF STEWART
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2020

	2020	Budget (Note 15)	2019
Revenues			
Taxes for municipal purposes (Note 13)	\$ 2,295,711	\$ 2,287,168	\$ 2,189,119
Government Grants and transfers (Note 14)	5,055,211	5,736,577	2,890,560
Log handling and port royalty revenues	253,483	164,000	344,488
Rental	379,667	385,000	376,442
User fees and sale of goods and services	67,443	18,747	198,044
Independent power producer rebate	98,210	100,000	98,789
Investments	54,680	-	44,501
Other	53,260	80,054	52,915
Gain on disposal of tangible capital assets	129,152	-	2,823
	8,386,817	8,771,546	6,197,681
Expenses			
General government services	759,814	830,955	804,264
Public works and transportation	1,323,718	1,006,830	1,123,296
Protective services	124,692	113,650	146,145
Waste management	90,796	88,452	(159,212)
Development services	307,264	231,594	223,534
Recreation and cultural services	526,622	438,508	475,375
Water operations	242,980	95,240	114,479
Sewer operations	203,219	115,449	347,422
	3,579,105	2,920,677	3,075,303
Annual surplus	4,807,712	5,850,869	3,122,378
Accumulated surplus at the beginning of the year	13,455,597	13,455,597	10,333,219
Accumulated surplus at the end of the year (Note 12)	\$ 18,263,310	\$ 19,306,466	\$ 13,455,597

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, 2020

	2020	Budget (Note 15)	2019
Annual Surplus	\$ 4,807,712	\$ 5,850,869	\$ 3,122,378
Acquisition of tangible capital assets	(3,900,852)	(6,416,280)	(1,394,189)
Amortization of tangible capital assets	591,842	-	483,151
Loss (gain) on disposal of tangible capital assets	(129,152)	-	(2,823)
Proceeds on sale of tangible capital assets	230,382	-	44,666
Other adjustments	1,212	-	(5,429)
Increase (decrease) in net financial assets	1,601,144	(565,411)	2,247,754
Net financial assets - beginning of year	3,008,222	3,008,222	760,468
Net financial assets - end of year	\$ 4,609,366	\$ 2,442,811	\$ 3,008,222

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

DISTRICT OF STEWART
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 4,807,712	\$ 3,122,378
Non-Cash items:		
Amortization	591,842	483,151
(Gain) loss on disposal of tangible capital assets	(129,152)	(2,823)
(Increase) decrease in prepaid expenses	1,212	(5,430)
Changes to financial assets / liabilities:		
Decrease (increase) in taxes receivable	29,177	67,168
Decrease (increase) in accounts receivable	421,341	(314,141)
Increase (decrease) in accounts payable	372,570	26,272
Increase (decrease) in performance bonds	(12,425)	2,188
Increase (decrease) in landfill post-closure liability	(6,975)	(1,376,199)
Increase (decrease) in deferred revenue	63,769	126,404
Cash provided by operating transactions	6,139,071	2,128,968
Capital transactions		
Acquisition of tangible capital assets	(3,900,852)	(1,394,189)
Proceeds from the disposal of tangible capital assets	230,382	44,666
Cash (used) by capital transactions	(3,670,470)	(1,349,522)
Financing and investing transactions		
Proceeds from issuance of debt	-	400,000
Debt repayment	(142,632)	(96,545)
Cash provided (used) by financial and investing transactions	(142,632)	303,455
Increase in cash position	2,325,969	1,082,901
Cash and short term investments - beginning of year (Note 3)	3,535,167	2,452,266
Cash and short term investments - end of year (Note 3)	\$ 5,861,136	\$ 3,535,167

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 PP&E 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. The District has received additional funding through the COVID-19 Safe Restart Grant which has been reported in a reserve fund to be utilized in a future period as well as a capital works funding under 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.

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 affects 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 property

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.

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:

2. Significant Accounting Policies (continued):

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.

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.

2. Significant Accounting Policies (continued):

g) Segmented information continued:

Waste Management

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

Water Operations

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

Sewer Operations

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

h) Non-financial assets

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

i) Use of estimates

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

Significant areas requiring the use of management estimates relate to the determination of the landfill 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.

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2020

2. Significant Accounting Policies (continued):

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.

3. Cash and short-term investments

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

	2020	2019
Municipal Finance Authority of B.C. Investments		
- Money market fund	\$ 68,072	\$ 67,500
- Short-term bond fund	565,427	531,232
	633,499	598,732
Cash	5,227,637	2,936,435
	\$ 5,861,136	\$ 3,535,167

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, 2020 the District had utilized \$0.00 on the line of credit.

4. Taxes receivable

	2020	2019
Current	\$ 133,808	\$ 130,539
Arrears	114,307	114,611
Taxes due on properties sold at tax sale	10,200	42,342
	\$ 258,315	\$ 287,492

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2020

5. Accounts receivable

	2020	2019
Government grants/reimbursements receivable		
- Federal	\$ 25,448	\$ 418,356
- Provincial	601,799	145,331
- Regional District of Kitimat Stikine	-	397,684
- Northern Development Initiative Trust	137,507	57,945
GST receivable	74,800	151,876
Log throughput receivable	25,425	89,350
Other receivables	37,595	63,374
	\$ 902,574	\$ 1,323,915

6. Accounts payable and accrued liabilities

	2020	2019
Trade accounts payable	\$ 563,587	\$ 316,948
Other government agencies	236,999	23,740
Accrued salary, wages and employee benefits	65,831	32,474
Tax sale proceeds held for redemption or transfer of title	5,445	126,130
	\$ 871,862	\$ 499,292

7. Deferred revenue

	2020	2019
Federal Gas Tax - Community Works Fund (<i>note 8</i>)	\$ 240,140	\$ 165,871
Grant funds	90,962	105,000
Rent business and animal licenses received in advance	3,329	5,884
Carbon Action Plan fund	21,131	15,038
Old Firehall fund	22,126	22,126
	\$ 377,688	\$ 313,919

8. Federal Gas Tax Agreement

Gas tax 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. Gas tax funding may be used towards certain public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

	2020	2019
Opening balance of unspent funds	\$ 165,871	\$ 122,697
Add: Amounts received during the year	72,012	148,958
Interest earned	2,257	5,520
Less: Amount spent on eligible project costs	-	(111,304)
Closing balance of unspent funds	\$ 240,140	\$ 165,871

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2020

9. Landfill closure and post-closure liability

	2020	2019
Landfill closure liability (estimated), opening balance	\$ -	\$ 1,376,199
Current year expenditures	-	(1,058,813)
Change in estimate	-	(317,386)
Landfill closure liability, closing balance	\$ -	\$ -
Landfill Post-closure costs (estimated at \$25,608 yr for 24 years remaining)	\$ 614,600	\$ 621,575

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.

10. Equipment Financing

	2020	2019
Capital demand loan obligations - Municipal Finance Authority Payable at \$2,492 per month repaid in full in 2020	\$ -	\$ 12,978
Capital demand loan obligations - Municipal Finance Authority Payable at \$4,412 per month including interest at a current rate of 0.95% and maturing Nov 2022, secured by equipment with a net book value of \$152,317 (2019 - \$177,703)	102,049	152,719
Capital demand loan obligations - Municipal Finance Authority Payable at \$3,545 per month including interest at a current rate of 0.95% and maturing August 2024, secured by equipment with a net book value of \$262,644 (2019 - \$295,474).	147,834	187,430
Capital demand loan obligations - Municipal Finance Authority Payable at \$3,546 per month including interest at a current rate of 0.95% and maturing December 2024, secured by equipment with a net book value of \$207,476 (2019 - \$233,410).	160,612	200,000
	\$ 410,495	\$ 553,127

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

2021	\$ 134,732
2022	133,152
2023	84,106
2024	58,505
	<u>\$ 410,495</u>

DISTRICT OF STEWART
Notes to the Financial Statements
As at December 31, 2020

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:

	2020	2019
Increases:		
Capital acquisitions	\$ 3,900,852	\$ 1,394,189
Retirement of debt - principal repayment	142,633	96,545
Decreases:		
Amortization	(591,842)	(483,151)
Proceeds from issuance of long-term debt	-	(400,000)
Dispositions, at net book value	(101,230)	(41,844)
Change in equity in tangible capital assets	3,350,413	565,738
Equity in tangible capital assets - beginning of year	9,866,891	9,301,153
Equity in tangible capital assets - end of year	\$ 13,217,304	\$ 9,866,891

12. Accumulated Surplus

	2020	2019
Operating fund surplus	614,603	699,690
Reserve funds - Schedule 3	4,431,403	2,889,016
Equity in tangible capital assets (<i>Note 11</i>)	13,217,304	9,866,891
	\$ 18,263,310	\$ 13,455,597

13. Taxes for municipal purposes

	2020	2019
Taxes collected:		
Property taxes	\$ 2,690,288	\$ 2,609,506
Frontage assessments	390,501	392,549
Grants in lieu of taxes	118,411	124,623
	3,199,200	3,126,678
Less transfers to other governments:		
School District	310,065	389,249
Regional District of Kitimat-Stikine	313,876	257,948
Regional Hospital District	170,244	187,172
Police Tax	76,305	71,152
BC Assessment Authority	32,940	31,980
Municipal Finance Authority	59	57
	903,489	937,559
Net taxes available for municipal purposes	\$ 2,295,711	\$ 2,189,119

DISTRICT OF STEWART
Notes to the Financial Statements
As at December 31, 2020

14. Government grants and transfers

		2020	2019
Federal:	Conditional transfers	\$ 25,446	\$ 728,907
	Unconditional transfers	-	-
		25,446	728,907
Provincial:	Conditional transfers	4,556,114	1,736,008
	Unconditional transfers	267,396	259,043
		4,823,510	1,995,050
Regional Other	Conditional transfers	194,255	154,603
	Unconditional transfers	12,000	12,000
		206,255	166,603
		\$ 5,055,211	\$ 2,890,560

15. Annual Budget

The budget amounts presented on the Statement of Operations represent the Financial Plan Bylaw adopted by Council on April 14, 2020 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	\$ 142,632
capital expenditures	\$ 6,416,280
transfer to reserves	\$ 163,642
Deduct	
transfer from reserves	\$ (871,685)
proceeds from borrowing	\$ -
Net budgeted surplus (deficit) per Financial Statements	<u>\$ 5,850,869</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 2020 - 2024 capital expenditure financial plan which includes expenditures of \$8,901,080 for 2020 - 2024. This is to be funded through government grants and transfers of \$6,329,462 reserves of \$1,864,469 financing of \$650,000 and the balance of \$ 57,150 from operating funds.

Third party claims

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

Pension Plan

The municipality and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The board of trustees, representing plan members and employers, are responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2019, the Plan has about 213,000 active members and approximately 106,000 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 \$86,793 (2019 - \$72,957) for employer contributions to the Plan in fiscal 2020. 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.

DISTRICT OF STEWART
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 1

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

	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	-	2,295,711	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	-	67,443	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 producer rebate	98,210	-	-	-	-	-	-	-	-	98,210	100,000	98,789
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	6,197,680
Expenses												
Salaries, wages and benefits	439,432	583,280	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	11,930	11,139
Amortization	17,641	251,609	46,224	27,992	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	(210,897)	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 Segmented Revenue and Expenses
For the Year Ended December 31, 2019

Schedule 1

	General Government Services	Public Works and Transportation	Protective Services	Waste Management	Development Services	Recreation and Cultural Services	Water Operations	Sewer Operations	Unallocated	2019	2019 Budget	2018
Revenue												
Net taxes available for municipal purposes	815,404	705,937	115,837	72,820	57,420	223,500	99,590	98,611	-	2,189,119	2,056,086	2,084,765
User fees and sale of goods and services	14,889	149	-	-	174,931	5,775	1,550	750	-	198,044	29,610	347,530
Government grants and transfers	268,061	764,910	89,665	111,304	34,280	-	224,167	104,172	1,294,000	2,890,560	8,061,940	2,438,094
Independent power producers rebate	98,789	-	-	-	-	-	-	-	-	98,789	100,000	99,696
Investment income	44,499	-	-	-	-	-	-	-	-	44,499	-	19,206
Log handling and port royalty revenues	-	-	-	-	344,488	-	-	-	-	344,488	310,000	355,280
Rental revenues	-	-	-	-	376,442	-	-	-	-	376,442	360,000	396,406
Other revenue	-	-	-	-	52,915	-	-	-	-	52,915	42,950	76,711
Gain on disposal of tangible capital assets	-	-	-	-	2,823	-	-	-	-	2,823	-	261,223
	1,241,642	1,470,996	205,502	184,124	1,043,300	229,275	325,307	203,534	1,294,000	6,197,680	10,960,586	6,078,911
Expenses												
Salaries, wages and benefits	335,274	512,587	5,051	105,923	25,023	125,619	44,488	41,279	-	1,195,244	1,243,503	1,106,676
Goods and services	451,536	369,680	101,671	(292,583)	197,135	284,129	48,902	225,297	-	1,385,769	1,515,308	2,190,965
Interest and bank charges	3,994	6,937	-	208	-	-	-	-	-	11,139	12,170	10,331
Amortization	13,460	234,092	39,423	27,239	1,375	65,628	21,089	80,846	-	483,151	-	429,176
	804,264	1,123,296	146,145	(159,212)	223,534	475,375	114,479	347,422	-	3,075,303	2,770,981	3,737,149
Annual surplus (deficit)	437,378	347,700	59,357	343,336	819,767	(246,100)	210,828	(143,888)	1,294,000	3,122,378	8,189,605	2,341,762

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, 2020

Schedule 2

Cost	Land	Land Improvements	Buildings	Motor Vehicles	Furniture, Equipment and Technology	Transportation Infrastructure	Water Infrastructure	Sewer Infrastructure	Storm Sewer	Work in Progress	2019	
											Total	Total
Opening Balance	\$ 1,191,434	\$ 2,197,837	\$ 4,700,115	\$ 2,746,711	\$ 973,148	\$ 5,388,989	\$ 372,674	\$ 303,057	\$ 602,404	322,550	\$ 18,798,919	\$ 17,451,158
Additions	-	-	50,948	98,704	106,690	33,173	-	-	-	3,606,337	3,900,852	1,394,189
Disposals	(11,043)	(6,107)	-	(188,998)	-	-	-	-	-	-	(206,148)	(46,428)
Closing balance	1,180,391	2,191,730	4,751,063	2,656,417	1,079,838	5,427,161	372,674	303,057	602,404	3,928,887	22,493,623	18,798,919
Accumulated Amortization												
Opening Balance	-	1,106,714	2,557,156	1,440,353	534,851	1,904,832	367,615	294,586	172,793	-	8,378,900	7,900,333
Amortization	-	37,742	97,248	163,245	86,611	111,983	78,530	14,670	1,813	-	591,842	483,151
Effects of disposals and write downs	-	(6,107)	-	(98,811)	-	-	-	-	-	-	(104,918)	(4,584)
Closing balance	-	1,138,349	2,654,404	1,504,787	621,462	2,016,815	446,145	309,257	174,606	-	8,865,824	8,378,900
Net book value, December 31, 2020	\$ 1,180,391	\$ 1,053,381	\$ 2,096,659	\$ 1,151,630	\$ 458,376	\$ 3,410,346	\$ (73,471)	\$ (6,199)	\$ 427,798	\$ 3,928,887	\$ 13,627,799	
Net book value, December 31, 2019	\$ 1,191,434	\$ 1,091,123	\$ 2,142,959	\$ 1,306,358	\$ 438,297	\$ 3,484,156	\$ 5,059	\$ 8,471	\$ 429,611	\$ 322,550	\$ 10,420,018	

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, 2020

(unaudited)

	Land and Building	Capital Works	Capital and Planning	COVID-19 Safe Restart	Log Facility Capital	Conservancy	2020 Total	2019 Total
Balance, beginning of the year	\$ 329,853	\$ 1,172,113	\$ 1,309,263	\$ -	\$ 30,237	\$ 47,549	\$ 2,889,016	\$ 1,391,021
Transfers in	31,657	955,524	\$ 372,000	366,000	20,136	8,470	1,753,787	1,959,707
Investment income	3,687	13,103	\$ 24,913	471	338	532	43,044	36,666
Transfers out	-	(84,172)	\$ (170,273)		-	-	(254,444)	(498,379)
Balance, end of the year	\$ 365,197	\$ 2,056,569	\$ 1,535,903	\$ 366,471	\$ 50,711	\$ 56,551	\$ 4,431,403	\$ 2,889,016

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

DISTRICT OF STEWART
Schedule of Expenses
For the Year Ended December 31, 2020
(unaudited)

Schedule 4

	2020	2019
General Government Services		
Administration	\$ 675,012	\$ 704,624
Legislative services	84,802	99,640
	\$ 759,814	\$ 804,264
Public Works and Transportation Services		
Roads and streets	\$ 889,136	\$ 744,609
Shop and general	354,541	245,075
Street lighting	44,825	46,619
Dyke and gravel extraction	2,472	21,550
Other	32,744	65,443
	\$ 1,323,718	\$ 1,123,296
Protective Services		
Fire department	\$ 74,322	\$ 76,090
First responders / rescue truck	3,708	13,292
Emergency management	46,662	56,763
	\$ 124,692	\$ 146,145
Development Services		
Planning and zoning	\$ 139,556	\$ 103,544
Economic and community development	78,468	42,398
Leased buildings	56,554	58,851
Log handling facilities	27,820	15,813
Other	4,867	2,928
	\$ 307,264	\$ 223,534
Recreation and Cultural Services		
Arena	\$ 170,153	\$ 138,915
Library funding and service agreement	67,515	66,101
Parks and boardwalk	141,738	203,491
Old fire hall	53,835	4,112
Other funding and service agreements	15,000	15,000
Pool building	30,665	24,331
Recreation programs and events	47,716	23,424
	\$ 526,622	\$ 475,375
Waste Management		
Garbage collection and landfill operations	\$ 90,796	\$ 158,173
Change in accounting estimate for landfill closure	-	(317,385)
	\$ 90,796	\$ (159,212)
Water Operations	\$ 242,980	\$ 114,479
Sewer Operations	\$ 203,219	\$ 347,422
	\$ 3,579,105	\$ 3,075,303

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

DISTRICT OF STEWART

Schedule 5

Northern Capital and Planning Grant

Statement of revenue, expenses and fund balances
(unaudited)

	2020	2019
Fund Balance		
Opening balance	\$ 1,309,263	\$ -
Add: Amounts received during the year	372,000	1,294,000
Investment income	24,913	15,263
	<u>1,706,176</u>	<u>1,309,263</u>
 Deduct: Funds used during the year		
Barnachez Bridge - 1/3 of cost not covered by other grant	12,727	-
Road repairs	129,766	-
Sewer repairs	27,780	-
	<u>\$ 170,273</u>	<u>\$ -</u>
Closing balance	\$ 1,535,903	\$ 1,309,263

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

	2020
Fund Balance	
Opening balance	\$ -
Add: Amounts received during the year	366,000
Investment income	471
	<u>366,471</u>
Deduct: Funds used during the year	-
	<u>\$ -</u>
Closing balance	\$ 366,471

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