

# 2016 Annual Report



**Strathcona**  
REGIONAL DISTRICT



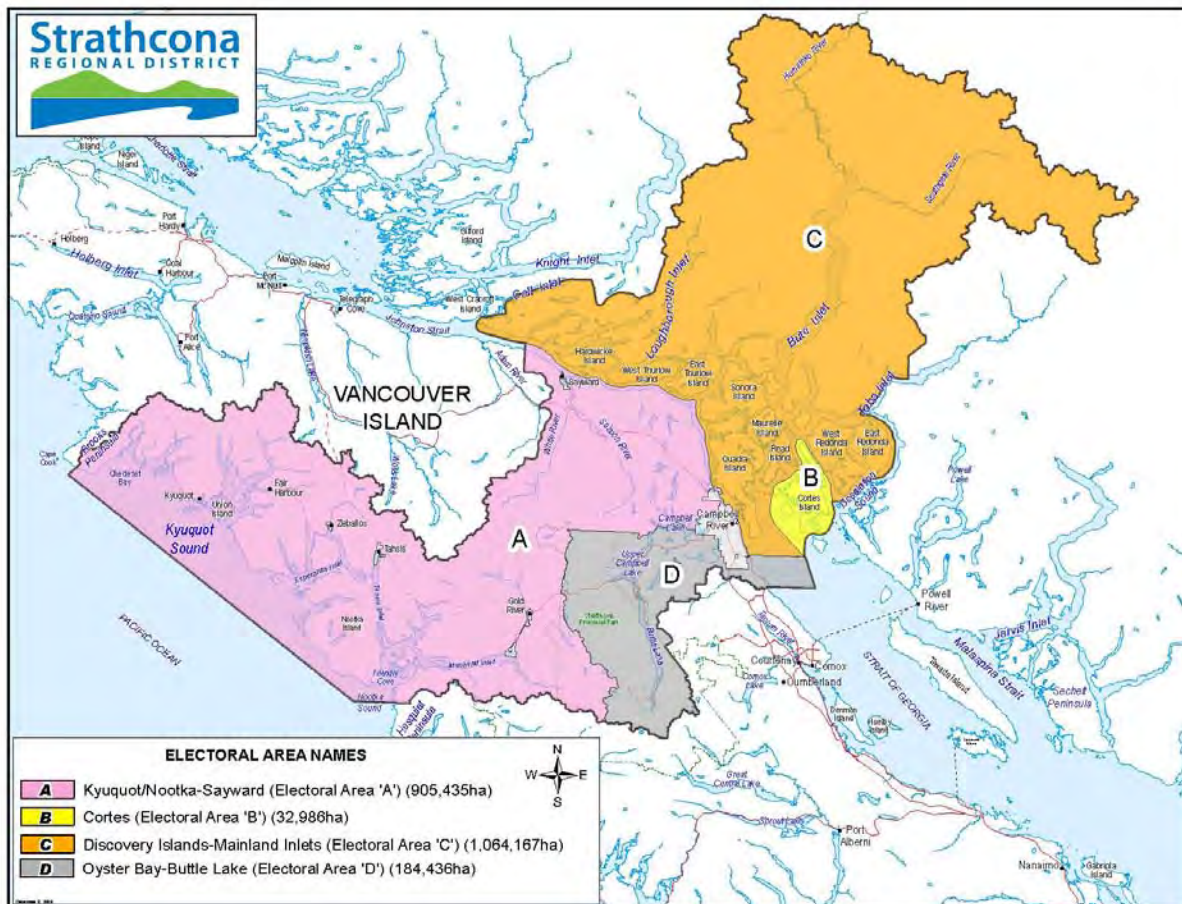
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# History and Purpose

The Strathcona Regional District is a partnership of four electoral areas and five municipalities providing approximately 43,000 residents with 55 services, including parks, land use planning, water distribution solid and liquid waste systems, and a full-service sports facility. The geography of the region ranges from forested hills and remote inlets to picturesque villages and vibrant urban landscapes. The boundaries extend from Oyster River in the south to the southern part of Brooks Peninsula in the northwest, to the Sayward Valley and east to take in Cortes, Quadra and the Discovery Islands, and a portion of the mainland of British Columbia north of Powell River.

The Regional District was established on February 15, 2008, when the Provincial government restructured the Comox Strathcona Regional District into the Strathcona Regional District and the Comox Valley Regional District. The Strathcona Regional District municipal members include the Villages of Gold River, Sayward, Tahsis, and Zeballos and the City of Campbell River. Its electoral areas, shown on the map below, include Electoral Area A (Kyuquot/Nootka-Sayward), Electoral Area B (Cortes Island), Electoral Area C (Discovery Islands-Mainland Inlets) and Electoral Area D (Oyster Bay-Buttle Lake).



# Mission, Core Values & Vision Goals

## Mission

To provide citizens with a healthy environment and social well being that leads to a vibrant quality of life through responsible economic development and effective delivery of services.

## Core Values

In fulfilling our Mission, we are guided at all levels by the Core Values of **Teamwork, Respect, Integrity, Effectiveness, and Accountability** as defined by these principles:

- We work as a committed team in a spirit of collaboration and community.
- We are caring and respectful in all our interactions and relationships.
- We are open and honest. We adhere to the highest standards of ethical conduct.
- We deliver effective public service through professionalism and creativity.
- We are accountable to our constituents and to the region as a whole.

## Vision Goals

- People, fish and wildlife thrive in a healthy environment.
- Residents and businesses are supported by a diverse and resilient economy.
- High quality health and social care is available regionally.
- The region is a world-class tourism destination, leveraging our unique ecological, historical and cultural assets.
- Affordable quality services are delivered in a fiscally responsible way.
- The District is a leader in regional governance, with diverse jurisdictions including First Nations, working together cohesively and collaboratively.

# Elected Officials and Appointed Officers

## 2016 Elected Officials and Appointed Officers

### Elected Officials

City of Campbell River

City of Campbell River

City of Campbell River

City of Campbell River

City of Campbell River

Village of Gold River

Village of Sayward

Village of Tahsis

Village of Zeballos

Electoral Area A – Kyuquot-Nootka/Sayward

Electoral Area B – Cortes Island

Electoral Area C – Discovery Islands–Mainland Inlets

Electoral Area D – Oyster Bay–Buttle Lake

Andy Adams

Michele Babchuk

Charlie Cornfield

Ron Kerr

Larry Samson

Brad Unger

John MacDonald (Chair)

Jude Schooner

Julie Colborne

Gerald Whalley

Noba Anderson

Jim Abram (Vice-Chair)

Brenda Leigh

### Officers

Chief Administrative Officer

Officer responsible for Financial Administration

Officer responsible for Corporate Administration

David Leitch

Dawn Christenson

Tom Yates



## Message from the Chair



2016 was a busy year for the Strathcona Regional District, with a focus on long-range planning and foundation-building as we look to the future. The start of the year saw the Board welcome its new CAO. David Leitch brings more than 20 years of local government experience in a variety of fields. His local knowledge, experience and expertise are a tremendous asset to the Strathcona Regional District and to the Board as we plan for the future.

Following the 2015 strategic planning session, the Board reaffirmed its commitment to those key priorities in 2016. These priorities include internal projects such as asset and records management as we strive to improve our efficiency and effectiveness as an organization. They also include long-range, collaborative, community building initiatives, such as the Community Health Network – aimed at improving the wellness by addressing social determinants for health through collaboration with various partner groups. The Board also reaffirmed its commitment to relationship building with regional First Nations communities, on both formal and informal levels, to build better government-to-government relations and increase understanding of First Nations issues. The Board also reaffirmed its commitment to continued advocacy, both with BC Ferries and senior levels of government, bringing forward concerns and issues affecting residents here in our region.

2016 was a year of planning and behind the scenes work on many of our key initiatives. We also moved forward on several key projects.

Public engagement sessions were held on the future of Strathcona Gardens and the RECREATE project was launched, which will guide the redevelopment of this major community asset. Following public consultations, a feasibility study was launched in late 2016 to refine the conceptual design. It is important to all of us that this facility meets the needs of the community now and into the future. As well, the Regional District received grant funding, under the new Clean Water and Wastewater Fund, which allowed for the Quathiaski Cove Sewer Extension project to move forward. Along with major projects, 2016 also saw the completion of several small, community-driven projects, such as park improvements to Mitlenatch and Blenkin Parks.

All of this work would not have been possible without the commitment and dedication of staff, a dedicated team of local government professionals whose expertise we rely on to help us achieve our goals. Looking back at 2016, the organization took great strides forward. On behalf of my colleagues, it is my pleasure to share with you some of our achievements as we present the 2016 Strathcona Regional District Annual Report.

John MacDonald  
Chair

## Message from the CAO

2016 can be summarized as a year of planning for the Strathcona Regional District. 2015 marked a year of change and transition with a renewed Board of Directors and a change in CAO. Having joined the district in early 2016, the focus was put on moving forward with the strategic priorities identified by the board.

The Strathcona Regional District delivers 55 separate services over a vast area including engineering, planning, parks, emergency planning, waste management, recreation and transportation. In 2015 the Board of Directors determined a set of priorities that would drive the organization forward for the coming year and maintain effective service delivery. These priorities were updated in 2016 and focus on objectives aimed at improving services, long-range planning, advocacy, and relationship building. Two of these initiatives, Asset Management and Records Management are key foundational pieces for the Regional District to ensure it is working effectively and efficiently for residents in the region.



2016 focused on preparing for the future, most notably with the launch of the RECREATE project, which will guide the visioning process, planning, and execution of a major renewal of the Strathcona Gardens recreation facility. This project is focused on community engagement, asking the public what they want in a recreation facility and what their vision for the future of Strathcona Gardens includes. Public engagement and consultation will continue as this project moves forward, with the goal of ensuring Strathcona Gardens remains a valuable asset into the future for the communities it serves.

2016 also saw the completion of several small, but important community projects to enhance our parks system. Projects at both Blenkin and Mitlenatch Parks ensure we have safe and solid community assets that can be enjoyed by members of the community.

As always, infrastructure management and maintenance is an important and primary part of work at the Strathcona Regional District. In 2016, the Regional District received grant funding enabling work on the Quathiaski Cove Sewer Extension to begin. This work, scheduled for completion in 2017, will expand the current system to include an additional 43 properties. The receipt of the grant funding allowed the project to proceed while finding a balance between service expansion and cost-effectiveness for taxpayers.

The 2016 financial statements show the Strathcona Regional District is maintaining a sound financial foundation. With strategic use of resources, the regional district will continue to move forward in a fiscally responsible way that will contribute to efficient and effective service delivery. None of this would be possible without strong Board direction and support, and the ongoing commitment of staff who continually strive to improve lives of the residents we serve.

I wish to thank the staff members of the Strathcona Regional District for their hard work, dedication, and contributions to the region. I also want to acknowledge the many volunteers who contribute their time and energy to bettering our community. Engaging with the public continues to be a goal of the Regional District. I encourage residents to reach out and provide us with feedback on services, operations and financial performance.

David Leitch  
Chief Administrative Officer

# Board Strategic Priorities

## 2016 Strategic Objectives

**Advocate Connectivity Coverage:** to advocate, promote and encourage the extension of data and cellular services throughout the Regional District through direct political outreach, targeted analysis and business case development.

**First Nations Relationship Building:** to build strong relationships with regional First Nation communities through a graduated approach that includes internal development and education on First Nations issues, protocols and culture; outreach and engagement informally and formally to build better government-to-government relations; and increase understanding of First Nations issues that affect Regional District business and community interests.

**Community Health Network:** to improve the community wellness of the region by addressing the social determinants of health through collaboration among a variety of partners including public, private and non-profit organizations.

**BC Ferries:** to advocate on behalf of Regional District communities about BC ferries activities, fares and services.

**Senior Government Advocacy:** to advance, on political and administrative levels, issues that require advocacy to reduce conflict, improve transparency and increase operational efficiency.

**Flooding/Sea Level Rise:** to maintain awareness of sea level rise as a concern and to continue to advocate to senior levels of government in support of local solutions to identified risks.

**Asset Management:** to advance the asset management strategy for implementing and improving regional district asset management practices.

**Records Management:** to determine the most cost effective and viable method to implement and operate a corporate records system.

# Functions and Participating Areas

## Functions and Participating Areas

FUNCTION	PARTICIPATING AREA
<b>General Government Services</b>	
Electoral Areas Administration and Election Services	All electoral areas
Feasibility Studies – Electoral Areas and Regional	All member municipalities and electoral areas
General Administration	All member municipalities and electoral areas
Grants in Aid	All electoral areas
Member Municipality Administration	All member municipalities
<b>Protective Services</b>	
911 Emergency Answering	All member municipalities and electoral areas
Area D Animal Control	Electoral Area D
Building Inspection	Electoral Area D
Campbell River Area D Fire Protection	Part of Electoral Area D
Kyuquot/Nootka Emergency Program	Part of Electoral Area A
Noise Control	Electoral Area D
North Quadra Island Assistance Response	Part of Electoral Area C
Sayward Valley Fire Protection	Part of Electoral Area A
Soil Deposit and Removal Control	Electoral Area D
South Cortes Island Fire Protection	Part of Electoral Area B
Strathcona Emergency Program	All electoral areas and municipalities
Unsightly Premises	Electoral Area D
<b>Transportation Services</b>	
Area C Street Lighting	Electoral Area C
Area D Street Lighting	Part of Electoral Area D
Area D Transit	Electoral Area D
Oyster River Bank Protection	Part of Electoral Area D

# Functions and Participating Areas (cont...)

FUNCTION	PARTICIPATING AREA
<b>Environmental Health Services</b>	
Area D Water	Part of Electoral Area D
Cortes Island Refuse Collection	Part of Electoral Area B
Cortes Island Refuse Disposal	Part of Electoral Area B
Craig Road Water	Part of Electoral Area D
Kyuquot/Nootka Solid Waste Disposal	Part of Electoral Area A
Liquid Waste Management Plan	Electoral Areas B and D
Quathiaski Cove Sewer	Part of Electoral Area C
Quathiaski Cover Sewer Extension #1	Part of Electoral Area C
Sayward Valley Refuse Collection	Part of Electoral Area A
Sayward Valley Refuse Disposal	Village of Sayward and part of Electoral Area A
Walters Cove Water	Part of Electoral Area A
<b>Development Services</b>	
Area A Economic Development	Part of Electoral Area A
Area C Economic Development	Electoral Area C
House Numbering	Electoral Areas B, C, D and part of Electoral Area A
Planning	All electoral areas
Planning – Non-Part 26	All member municipalities and electoral areas
<b>Recreation and Cultural Services</b>	
Area B Community Parks	Electoral Area B
Area C Community Parks	Electoral Area C
Area D Community Parks	Electoral Area D
Heritage Conservation	Electoral Areas B and C
Kyuquot Community Hall	Part of Electoral Area A
Quadra Island Community Hall	Part of Electoral Area C
Sayward Valley Recreation and Community Hall	Part of Electoral Area A
Strathcona Gardens Recreation Complex	City of Campbell River and Electoral Area D
Vancouver Island Regional Library	All electoral areas

# 2016 Highlights

## RECREATE

Planning for the future of the Strathcona Gardens Recreation Complex continued in 2016. The Strathcona Gardens Commission and Regional District Board launched the RECREATE project to plan for a major renewal of the Strathcona Gardens facility. This project was prompted by findings from the 2015 Needs Assessment Study which confirmed that the facility is aging and that more should be done to meet community needs. The Needs Assessment Study included a conceptual design for renewing Strathcona Gardens which formed the basis for future investigations and public engagement.

A feasibility study was commenced in late 2016 to refine the conceptual design based on continued public feedback as well as technical investigations of the facility, business case analysis and a review of comparable facilities. The feasibility study is scheduled to be completed in 2017. A reserve fund was also set up to begin putting money aside for the revitalization work and best position the project to attract future federal and provincial grant funding.

Public engagement and communication are key aspects of the RECREATE project. A Community Advisory Group has been established and public consultations including workshops, information sessions, newsletters and a dedicated project website will help keep the community informed of the project as it moves forward, ensuring Strathcona Gardens remains a valuable community asset now and into the future.



## 2016 Highlights (cont...)

### Quathiaski Cove Sewer Extension

The Strathcona Regional District owns and operates the Quathiaski Cove sanitary sewerage system on the west side of Quadra Island at Quathiaski Cove. In 2014, residents and property owners in the proposed extension area supported proceeding with an expansion of the current system to include 43 properties in the Quathiaski Cove area.

Along with the desire by landowners in the area for the extension, there are two other key drivers for the project:

- **Environmental Protection:** Aging on-site systems that are not functioning properly pose a risk to community health and the marine environment.
- **Supporting a 'Village Hub':** Long-range planning and development on Quadra Island directs growth to this area in order to provide alternative forms of housing and a rich village centre. Ensuring proper infrastructure to accommodate this growth is key to sustainable long-term community plans.

In 2016, the SRD applied for and received grant funding under the new Clean Water and Wastewater Fund for the project. The receipt of the grant allows the project to be completed while keeping the landowner contributions to a maximum of \$9,100 per property.

As part of the project a walking trail is being completed connecting Nole and Plaza Roads to the Quathiaski Cove village core.

The project contractor has broken ground on the project, with construction expected to be completed in mid-2017.

## 2016 Highlights (cont...)

### Strathcona Community Health Network

The Strathcona Community Health Network reached some important milestones in 2016. A Governance Group was established after the November 2015 Forum and met throughout the year to establish a Terms of Reference and a governance model for the Table of Partners. The Governance Group also established a Hiring Committee and hired a Coordinator, who started in November 2016.

The Table of Partners was created and held its inaugural meeting. The Table of Partners includes representatives from the SRD, Island Health, First Nations Health Council, Laichwiltach Family Life Society, KDC Health, Greenways Land Trust, Success by 6, Association for Community Living, and North Island Employment.

The priorities identified through the 2015 Community Forums have directed the work of the Table and the Coordinator. These are: Network Development, First Nations and Cultural Safety, Healthy Children, Food Security, Transport, Housing, Ageing and Volunteers, Connectivity, and Employment/Income.

Progress on these issues in 2016 includes:

- **Healthy Children:** The Early Development Instrument indicates high childhood vulnerability in School District 84. As part of a collaborative application with Success by Six, Island Health and School District 84, the Health Network drafted a Wellness Grant to investigate causes and possible actions. The application was successful and \$50,000 received by School District 84 to implement the project in 2017. The Steering Committee is made up of representatives from Success by Six, Island Health, School District 84, the Nuu-Chah-Nulth Tribal Council, and the Strathcona Community Health Network.
- **Connectivity:** The Network actively supported the Strathcona Regional District's proposal for a subsea fibre network that would establish gigabit connectivity for BC's rural and remote coastal communities by encouraging member agencies to write letters of support.

Priorities for 2017 include network development and capacity building in rural and remote communities, supporting the West Coast Childhood Resiliency Project, convening a regional forum to address transport and engaging with the housing sector with a view to developing a regional housing plan.

# 2016 Highlights (cont...)

## Blenkin Park

Early in 2016, wood rot was noticed in the support posts for the tire swing at Blenkin Park, as well as in the support posts and some roof beams in the patio structure.

Both structures were deemed hazards. The patio structure required either demolition or restoration, while the patio swing needed to be removed.

A joint venture between the SRD and the Quadra Island Recreation Society was undertaken to restore the patio structure and install a new swing. The project relied on many volunteer hours through QIRS, resulting in features that will be able to serve the public for many years to come.

patio structure before



patio structure after



swing before



swing after



# 2016 Highlights (cont...)

## Mitlenatch Playground

Mitlenatch Park has had an empty pad for many years. There was a great opportunity to improve the use of this underutilized space.

A multi-use play structure designed for children aged 1.5-5 years old was chosen to compliment the current play equipment already in place at the park.

The Mitlenatch playground now has a multitude of play features that will entertain children of all ages.



# Consolidated Financial Statements

## 2016 Financial Statements



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# Consolidated Financial Statements (cont...)



## Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for British Columbia local governments and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the supplementary 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 Board of Directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

The external auditors, MNP LLP, conduct an independent examination in accordance with generally accepted auditing standards and express their opinion on the financial statements. Their examination includes a review and evaluation of the Regional District's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Board of Directors and meet with it at least two times a year.

A handwritten signature in black ink, appearing to read "Dawn Christenson", is written over a circular stamp or seal.

Dawn Christenson, BAccS, CPA, CGA  
Officer responsible for Financial Administration,  
pursuant to Section 237 of the *Local Government Act*

May 10, 2017

*Prepared pursuant to Financial Information Regulation, Schedule 1, section 9*

# Consolidated Financial Statements (cont...)

## Independent Auditors' Report

To the Board of Directors of the Strathcona Regional District:

We have audited the accompanying consolidated financial statements of the Strathcona Regional District, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets, cash flows and related schedules 1 to 4 for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2016, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matters*

The supplementary information, including schedules i through vii is presented for purposes of additional analysis. Such supplementary information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these supplementary statements may not be appropriate for their purposes.

Campbell River, British Columbia

May 10, 2017

*MNP LLP*

Chartered Professional Accountants

201-990 Cedar Street, Campbell River, BC, V9W 7Z8 Phone: 250-287-2131

**MNP**  
LLP

# Consolidated Financial Statements (cont...)

Strathcona Regional District		Statement A
Consolidated Statement of Financial Position		
As at December 31, 2016		
	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 15,604,318	\$ 13,256,304
Receivables (Note 4)	403,030	347,293
Inventory for resale	11,904	10,054
Investments (Note 5)	149,985	149,985
Municipal debt receivable (Note 6)	2,138,318	2,831,888
<b>Total financial assets</b>	<b>18,307,555</b>	<b>16,595,524</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	974,164	861,976
Deferred revenue (Note 8)	3,154,423	2,930,491
Long-term debt		
Member municipalities (Note 6)	2,138,318	2,831,888
Regional District (Note 10) (Schedule 4)	425,075	579,157
<b>Total liabilities</b>	<b>6,691,980</b>	<b>7,203,512</b>
<b>Net financial assets</b>	<b>11,615,575</b>	<b>9,392,012</b>
<b>Non-financial assets</b>		
Prepaid expenses	45,963	40,206
Tangible capital assets (Schedule 3)	16,650,740	16,983,706
<b>Total non-financial assets</b>	<b>16,696,703</b>	<b>17,023,912</b>
<b>Accumulated surplus</b> (Note 11)	<b>\$ 28,312,278</b>	<b>\$ 26,415,924</b>
Contingent liabilities (Note 13)		



Dawn Christenson, BAccS, CPA, CGA  
Officer responsible for financial administration,  
pursuant to Section 237 of the Local Government Act (RSBC 2015)

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

# Consolidated Financial Statements (cont...)

Strathcona Regional District Consolidated Statement of Operations Year ended December 31, 2016			Statement B
	2016 <u>Actual</u>	2016 <u>Budget</u> (Note 20)	2015 <u>Actual</u>
<b>Revenue</b>			
Frontage and parcel taxes	\$ 12,324	\$ 12,324	\$ 13,676
Grants in lieu of taxes	178,758	129,660	161,442
Property tax requisition	10,404,577	10,412,277	8,021,600
Government grants and transfers	752,194	1,217,605	793,612
Sales of services	2,315,213	2,270,614	2,061,076
Other revenue from own sources	119,269	96,862	113,456
Contributions from others	11,208	28,117	39,733
Contributed tangible capital assets	169,600	-	38,990
Gain on disposal of tangible capital assets	200	-	11,245
Interest earned	139,921	38,322	149,940
MFA surplus repatriation	1,836	-	-
Actuarial adjustment of debenture debt	4,162	-	3,727
<b>Total revenue</b>	<u>14,109,262</u>	<u>14,205,781</u>	<u>11,408,497</u>
<b>Expense</b>			
General government services	2,545,468	3,174,231	2,554,191
Protective services	1,242,476	1,308,452	1,193,980
Transportation services	172,678	192,249	175,817
Environmental health services	1,330,978	1,279,165	1,128,716
Development services	469,092	691,989	505,120
Recreation and cultural services	6,452,216	5,853,488	6,328,564
<b>Total expense</b>	<u>12,212,908</u>	<u>12,499,574</u>	<u>11,886,388</u>
<b>Annual surplus (deficit)</b>	<u>1,896,354</u>	<u>1,706,207</u>	<u>(477,891)</u>
<b>Accumulated surplus, beginning</b>	<u>26,415,924</u>	<u>26,415,924</u>	<u>26,893,815</u>
<b>Accumulated surplus, ending</b>	<u>\$ 28,312,278</u>	<u>\$ 28,122,131</u>	<u>\$ 26,415,924</u>

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

# Consolidated Financial Statements (cont...)

Statement C			
Strathcona Regional District Consolidated Statement of Changes in Net Financial Assets Year ended December 31, 2016			
	2016 Actual	2016 Budget (Note 20)	2015 Actual
<b>Annual surplus (deficit)</b>	<b>\$ 1,896,354</b>	\$ 1,706,207	\$ (477,891)
Acquisition of tangible capital assets	(322,884)	(2,406,099)	(540,837)
Contributed tangible capital assets	(169,600)	-	(38,990)
Disposal of tangible capital assets	-	-	12,205
Amortization of tangible capital assets	825,450	-	938,295
Change in prepaid expenses	(5,757)	-	(2,064)
<b>Increase (decrease) in net financial assets</b>	<b>2,223,563</b>	(699,892)	(109,282)
<b>Net financial assets, beginning</b>	<b>9,392,012</b>	9,392,012	9,501,294
<b>Net financial assets, ending</b>	<b>\$ 11,615,575</b>	\$ 8,692,120	\$ 9,392,012

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

# Consolidated Financial Statements (cont...)

Strathcona Regional District Consolidated Statement of Cash Flows Year ended December 31, 2016		Statement D
	2016	2015
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 1,896,354	\$ (477,891)
Items not affecting operating activities:		
Actuarial adjustment of debenture debt	(4,162)	(3,727)
Amortization of tangible capital assets	825,450	938,295
Change in prepaid expenses	(5,757)	(2,064)
Loss (gain) on disposal of tangible capital asset	(200)	(11,245)
Contributed tangible capital assets	(169,600)	(38,990)
Decrease (increase) in non-cash financial assets:		
Receivables	(55,737)	58,454
Inventory for resale	(1,850)	(728)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	112,188	324,473
Deferred revenue	223,932	(58,274)
<b>Cash provided by operating activities</b>	<b>2,820,618</b>	<b>728,303</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(322,884)	(540,837)
Proceeds on disposition of tangible capital asset	200	23,450
<b>Cash applied to capital activities</b>	<b>(322,684)</b>	<b>(517,387)</b>
<b>Financing activities</b>		
Debt principal repaid	(161,067)	(201,252)
Net debt issued for capital	11,147	-
<b>Cash provided by (applied to) financing activities</b>	<b>(149,920)</b>	<b>(201,252)</b>
<b>Net change in cash and cash equivalents</b>	<b>2,348,014</b>	<b>9,664</b>
<b>Cash and cash equivalents, beginning</b>	<b>13,256,304</b>	<b>13,246,640</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 15,604,318</b>	<b>\$ 13,256,304</b>
<b>Supplemental information</b>		
Interest received	\$ 138,549	\$ 153,021
Interest paid	\$ 17,273	\$ 18,457

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

# Consolidated Financial Statements (cont...)

**Strathcona Regional District  
Notes to Consolidated Financial Statements  
Year ended December 31, 2016**

**1. Purpose**

The Strathcona Regional District (Regional District) was incorporated on February 15, 2008 by letters patent issued by the Province of British Columbia. Its principal activities are the provision and coordination of local government services to the residents of four unincorporated electoral areas and five municipalities within its boundaries. These services include general government administration, bylaw enforcement, planning and development services, building inspection, fire protection and emergency response planning, public transportation, parks and recreation, water distribution and sewer collection and disposal, solid waste collection and disposal and street lighting.

**2. Significant accounting policies**

**a) Principles of consolidation**

The Regional District follows Canadian public sector accounting standards. The resources and operations of the Regional District are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.

The consolidated financial statements are prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB). The consolidated financial statements include the activities related to all funds belonging to the one economic entity of the Regional District. Inter-fund transactions and fund balances have been eliminated on consolidation.

**b) Cash equivalents**

Cash equivalents are comprised primarily of Municipal Finance Authority (MFA) pooled investments including money market, intermediate and bond funds. Regional District funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Investment Management. The investments are carried at market value which approximates cost.

**c) Inventory**

Inventory for resale is recorded at the lower of cost or net realizable value as a financial asset.

**d) Financial instruments**

Financial instruments consist of cash and cash equivalents, investments, receivables, municipal debt receivable, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the Regional District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**e) 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 business.

**f) Tangible capital assets**

Tangible capital assets are recorded at cost, net of tangible capital asset disposals, write-downs and amortization. The cost of the tangible capital assets, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, is amortized on a straight line basis over their estimated useful lives as follows:

Land improvements	20 to 50 years
Buildings	40 to 50 years
Building improvements	20 years
Machinery, equipment, vehicles and fixtures	5 to 20 years
Water systems	50 years
Sewer system	15 to 50 years

# Consolidated Financial Statements (cont...)

## Strathcona Regional District Notes to Consolidated Financial Statements Year ended December 31, 2016

### 2. Significant accounting policies (continued)

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into use. Assets contributed to the Regional District are recorded at fair value at the time of contribution.

#### g) Accrued employee benefits

Based on obligations as determined by collective agreements and contractual arrangements, employee benefit accruals, which include an allowance for vacation entitlement, are recorded in the year in which they are earned. Non-vesting short-term disability income benefits and health benefits that continue during disability are recorded when the event occurs and the obligation arises.

#### h) Post employment benefits

The long-term, post employment benefit liability of the Regional District will be met by the Municipal Pension Plan into which both employees and the Regional District contribute. The Regional District is only liable for the interim retirement benefits for early retirees, from the date of retirement to the effective start date of the Municipal Pension Plan. Any liability for these benefits is accrued when the event occurs and the obligation arises.

#### i) Government transfers

In 2013, the Regional District adopted the provisions of the Public Sector Accounting standard as established by the revised section PS 3410 issued in March 2011. Section PS 3410 permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. The adoption of the newly issued section did not have a material impact on the consolidated financial statements.

#### j) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Regional District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2016.

At each financial reporting date, the Regional District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Regional District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### k) Revenue recognition

Revenue is recorded on an accrual basis and is recognized in the period in which it is earned. Property tax requisition revenue is recognized in the year the requisitions are levied. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees for water, sewer and solid waste services are recognized as revenue when services have been provided, amounts are known and collection is reasonably assured. Interest income is recognized in the period in which it is earned.

#### l) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date

# Consolidated Financial Statements (cont...)

## Strathcona Regional District Notes to Consolidated Financial Statements Year ended December 31, 2016

### 2. Significant accounting policies (continued)

of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the estimated useful lives of tangible capital assets, actuarial adjustments and provisions for contingencies. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provisions recognized.

Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Regional District is responsible for.

### 3. Cash and cash equivalents

Included in cash and cash equivalents is \$1,559,596 (2015 – \$1,540,599) of short-term investments held with the Municipal Finance Authority in money market, intermediate and bond funds. These investments are carried at market value which approximates cost.

Also included in cash and cash equivalents is \$3,017,223 (2015 – \$3,050,786) that is externally restricted by contribution agreements with Transport Canada.

### 4. Receivables

	2016	2015
Government of Canada	\$ 37,750	\$ 16,901
Province of British Columbia	31,088	32,046
Regional and local governments	41,785	85,926
Utility service customers	173,443	84,494
Other trade receivables	118,964	127,926
	<u>\$403,030</u>	<u>\$347,293</u>

### 5. Investments

Investments comprise a five-year 2.2% non-redeemable Guaranteed Investment Certificate at a cost of \$149,985 (2015 – \$149,985) which matures on July 5, 2021. This amount is externally restricted by an agreement between the Regional District, Tides Foundation, 0793406 BC Ltd., and TLC The Land Conservancy of British Columbia for the preservation of the land on Cortes Island known as Hank's Beach as a forest conservation area and public park in perpetuity.

### 6. Municipal debt receivable

Pursuant to the Local Government Act, the Regional District acts as the agency through which its member municipalities borrow funds from the Municipal Finance Authority (MFA). The annual cost of servicing this municipal debt is recovered entirely from the borrowing member municipality. However, in the event of default the Regional District is contingently liable to the MFA for this debt.

	2016	2015
City of Campbell River	\$2,049,521	\$2,734,816
Village of Sayward	88,797	97,072
	<u>\$2,138,318</u>	<u>\$2,831,888</u>

# Consolidated Financial Statements (cont...)

**Strathcona Regional District  
Notes to Consolidated Financial Statements  
Year ended December 31, 2016**

**7. Accounts payable and accrued liabilities**

	<u>2016</u>	<u>2015</u>
Government of Canada	\$ 46,399	-
Province of British Columbia	73,898	\$ 74,915
Regional and local governments	115,993	175,422
Accrued interest on long-term debenture debt	1,315	2,104
Payroll liabilities	485,754	479,140
Other trade payables	250,805	130,395
	<u>\$974,164</u>	<u>\$861,976</u>

**8. Deferred revenue**

	<u>2016</u>	<u>2015</u>
Deferred grant contributions	\$ 255,713	2,125
Transport Canada deferred contribution (Note 12)	2,831,152	2,867,557
Unearned revenue	67,558	60,809
	<u>\$3,154,423</u>	<u>\$2,930,491</u>

**9. Community Works Fund**

Community Works Fund is a component of the Gas Tax Agreement funding provided by the Government of Canada and administered through the Union of British Columbia Municipalities (UBCM). Community Works Funds transfers are recorded as revenue when received, then held as reserves until spent on eligible expenditures.

	<u>2016</u>	<u>2015</u>
Community Works Fund, beginning balance	\$3,983,192	\$3,652,777
Add: Amounts received during the year	476,076	460,566
Interest earned on funds	41,746	45,684
Less: Amounts allocated to projects during the year	<u>(110,500)</u>	<u>(175,835)</u>
Community Works Fund, ending balance	<u>\$4,390,514</u>	<u>\$3,983,192</u>

**10. Long-term debt**

Long-term debt consists of interim borrowing from Municipal Finance Authority (MFA) for terms up to five years and debenture debt for longer terms. Under MFA's interim borrowing program, loans are charged interest based on the daily 30-day Canadian Dollar Offered Rate (CDOR) plus 0.50%. On December 31, 2016 the CDOR rate was 0.94% (2015 – 0.88%). Regular principal payments are not required but any amount outstanding is due at the end of the five-year term. Details of long-term debt, including maturity dates, interest rates and outstanding amounts, are summarized in Schedule 4 – Consolidated Schedule of Long-term Debt.

# Consolidated Financial Statements (cont...)

## Strathcona Regional District Notes to Consolidated Financial Statements Year ended December 31, 2016

### 10. Long-term debt (continued)

Payments of principal on issued debt of the Regional District, not including municipal debt, for the next five years are:

2017	\$ 4,648
2018	189,693
2019	162,067
2020	4,648
2021	4,648
Thereafter	<u>23,242</u>
<b>Total</b>	<b><u>\$388,946</u></b>

Interest on long-term debt recorded in the Consolidated Statement of Operations in 2016 is \$14,336 (2015 – \$18,126). The above figures do not include anticipated actuarial earnings on debenture sinking funds.

### 11. Accumulated surplus

	<u>2016</u>	<u>2015</u>
Equity in tangible capital assets	<b>\$16,225,665</b>	\$16,411,177
Operating funds	<b>1,273,977</b>	1,016,305
Capital funds	<b>122,712</b>	117,720
Reserve funds	<b>9,386,599</b>	7,514,446
Appropriated surplus	<b><u>1,303,325</u></b>	<u>1,356,276</u>
<b>Accumulated surplus</b>	<b><u>\$28,312,278</u></b>	<b><u>\$26,415,924</u></b>

### 12. Transport Canada port divestiture contributions

On March 22, 2010 Transport Canada divested the Evans Bay Port Facility to the Strathcona Regional District. On November 14, 2014 Transport Canada divested the Owen Bay, Port Neville and Surge Narrows Port Facilities to the Strathcona Regional District. Divestiture funds are used for eligible operations and maintenance expense, net of any input tax credits or rebates, up to the period ending March 22, 2020 for Evans Bay Port Facility, and to November 14, 2024 for the other three ports. The unused portions of the contributions have been deposited in separate Canadian interest-bearing bank accounts dedicated exclusively for the operation of the Ports.

	<u>2016</u>	<u>2015</u>
Evans Bay Port Facility reserve, beginning balance	\$ 123,810	\$ 125,600
Add: Interest earned on funds	1,191	1,321
Less: Amount applied to eligible expenses	<u>(11,462)</u>	<u>(3,111)</u>
Evans Bay Port Facility reserve, ending balance	<b><u>113,539</u></b>	<b><u>123,810</u></b>
Owen Bay, Port Neville and Surge Narrows Port Facilities deferred revenue, beginning balance	2,867,557	2,896,117
Add: Interest earned on funds	27,566	30,312
Add: Other revenue	363	363
Less: Amount applied to eligible expenses	<u>(64,334)</u>	<u>(59,235)</u>
Owen Bay, Port Neville and Surge Narrows Port Facilities deferred revenue, ending balance (Note 8)	<b><u>2,831,152</u></b>	<b><u>2,867,557</u></b>
	<b><u>\$2,944,691</u></b>	<b><u>\$2,991,367</u></b>

# Consolidated Financial Statements (cont...)

## Strathcona Regional District Notes to Consolidated Financial Statements Year ended December 31, 2016

### 13. Contingent liabilities

As at December 31, 2016, there existed an outstanding claim against the Regional District. The claim has been referred to legal counsel and to the Regional District's liability insurers. Liability for claims handled by the Regional District's insurers is restricted to the deductible amount, which is not significant.

### 14. Pension liability

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as of December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$381,503 (2015 – \$349,542) for employer contributions while employees contributed \$310,961 (2015 – \$300,592) to the plan in fiscal 2016.

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

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

### 15. Municipal Finance Authority debt reserve funds

The Regional District secures its long-term borrowing through the Municipal Finance Authority (MFA). As a condition of these borrowings, a portion of the debenture proceeds is retained by MFA as debt reserve funds. As at December 31, 2016 the Regional District had debt reserve funds of \$1,954 (2015 – \$3,143).

### 16. North Island 911 Corporation

The 911 emergency answering and fire dispatch services are provided by the North Island 911 Corporation which is owned by the Regional Districts of Alberni-Clayoquot, Comox Valley, Mount Waddington, Nanaimo, Powell River and Strathcona. The shares in the corporation are owned as follows:

Alberni-Clayoquot	3 shares
Comox Valley	6 shares
Mount Waddington	1 share
Nanaimo	5 shares
Powell River	2 shares
Strathcona	4 shares

The Strathcona Regional District's investment in shares of the North Island 911 Corporation is recorded at cost.

# Consolidated Financial Statements (cont...)

## Strathcona Regional District Notes to Consolidated Financial Statements Year ended December 31, 2016

### 17. Environmental regulations

The Regional District makes every effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards and subject the Regional District to possible penalties for violations. Amounts required to meet these obligations will be charged to operations when incurred or set aside as future reserves when they can be reasonably estimated.

### 18. Segmented information

The Strathcona Regional District is a diversified local government providing a wide range of services to 43,000 residents, including parks, recreation centre, community halls, fire protection, water and sewer services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocations of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The following is a description of the types of services included in each of the main service segments of the Regional District's financial statements. A detailed summary of the 2016 revenues and expenses can be found in Schedule 1 of the accompanying financial statements. Schedule 2 contains 2015 comparative figures.

#### General Government

General government comprises member municipality and electoral area governance, general administration, feasibility studies and grants in aid.

#### Protective Services

Protective services include volunteer fire departments, emergency programs, 911 answering service, building inspection and various bylaw compliance services.

#### Transportation

Transportation services include a rural transit service, street lighting and bank protection.

#### Environmental Health

The environmental health segment includes solid waste collection and disposal, liquid waste management planning, water distribution, and wastewater collection and disposal for participating electoral areas.

#### Development

Development services consist of rural land use planning, economic development, heritage conservation and house numbering.

#### Recreation and Culture

Recreation and cultural services include a full-service recreation facility offering fitness, ice and aquatic programs, community parks and trail networks and contributions towards community halls and the Vancouver Island Regional Library.

### 19. Comox-Strathcona Regional Hospital District

The board members of the Strathcona Regional District sit on the board of the Comox-Strathcona Regional Hospital District (CSRHD) together with the board members of the Comox Valley Regional District. The Regional District and the CSRHD are separate legal entities as defined by separate letters patent and authorized by separate legislation.

# Consolidated Financial Statements (cont...)

**Strathcona Regional District  
Notes to Consolidated Financial Statements  
Year ended December 31, 2016**

**20. Reconciliation of 2016 budget**

The budget amounts presented throughout these financial statements are audited and represent the five year financial plan bylaw approved by the Regional District Board on March 24, 2016.

The financial plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. Another significant variance is that the financial plan anticipated capital expenditures rather than amortization expense.

The summary below reconciles the 2016 adopted financial plan to the Consolidated Statement of Operations.

Consolidated deficit per the 2016 to 2020 Financial Plan and Capital Expenditure Program Bylaw No. 245, as approved March 24, 2016	(\$1,150,493)
Add:	
Capital acquisitions	2,406,099
Debt principal payments	161,067
Transfers to reserves and appropriated surplus	2,042,446
Less:	
Proceeds from borrowing	(672,488)
Transfers from reserves	(1,080,424)
<b>Budgeted surplus per Statement of Operations</b>	<b><u>\$1,706,207</u></b>

**21. Recent accounting pronouncements**

Periodically the Public Sector Accounting Board (PSAB) issues new accounting standards or revisions to existing standards. In 2015, CPA Canada issued the following new or revised sections of the Public Sector Accounting Handbook:

- PS 2200 Related Party Disclosures
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights
- PS 3430 Restructuring Transactions

While earlier adoption may be permitted or encouraged, these standards are effective for fiscal years beginning on or after April 1, 2017 or later. The Regional District has not yet determined the effect of the new sections on its consolidated financial statements.

# Consolidated Financial Statements (cont...)

**Schedule 1**

**Strathcona Regional District**  
**Consolidated Schedule of Segment Disclosure by Service**  
**Year ended December 31, 2016**

	General Government	Protective	Transportation	Environmental Health	Development	Recreation and Cultural	2016 Actual	2016 Budget (Note 20)
<b>Revenue</b>								
Frontage and parcel taxes	\$ -	\$ -	\$ -	\$ 12,324	\$ -	\$ -	\$ 12,324	\$ 12,324
Grants in lieu of taxes	126,602	4,596	166	273	1,469	45,652	178,758	129,660
Property tax requisition	1,593,471	1,320,971	177,192	498,097	553,224	6,261,622	10,404,577	10,412,277
Government grants and transfers	712,624	3,087	-	6,040	-	30,443	752,194	1,217,605
Sales of services	363	7,913	-	738,365	5,118	1,563,454	2,315,213	2,270,614
Other revenue from own sources	1,670	26,809	358	29,531	50,517	10,384	119,269	96,862
Contributions from others	-	-	-	-	-	11,208	11,208	28,117
Contributed tangible capital assets	-	-	-	169,600	-	-	169,600	-
Gain on disposal of tangible capital assets	200	-	-	-	-	-	200	-
Interest earned	105,847	3,322	565	4,215	213	25,759	139,921	38,322
MFA surplus repatriation	-	-	1,504	332	-	-	1,836	-
Actuarial adjustment of debenture debt	-	-	1,812	2,350	-	-	4,162	-
<b>Total revenue</b>	<b>2,540,777</b>	<b>1,366,698</b>	<b>181,597</b>	<b>1,461,127</b>	<b>610,541</b>	<b>7,948,522</b>	<b>14,109,262</b>	<b>14,205,781</b>
<b>Expense</b>								
Labour and benefits	1,612,400	115,472	4,604	78,071	352,848	3,767,879	5,931,274	6,023,840
Grants	147,796	966,159	115,169	-	28,130	481,368	1,738,622	1,857,644
Goods and services	651,106	95,755	40,102	1,143,246	74,223	1,698,794	3,703,226	4,595,563
Interest	-	1,090	2,080	6,757	-	4,409	14,336	22,527
Amortization of tangible capital assets	134,166	64,000	10,723	102,904	13,891	499,766	825,450	-
<b>Total expense</b>	<b>2,545,468</b>	<b>1,242,476</b>	<b>172,678</b>	<b>1,330,978</b>	<b>469,092</b>	<b>6,452,216</b>	<b>12,212,908</b>	<b>12,499,574</b>
<b>Surplus (deficit)</b>	<b>\$ (4,691)</b>	<b>\$ 124,222</b>	<b>\$ 8,919</b>	<b>\$ 130,149</b>	<b>\$ 141,449</b>	<b>\$ 1,496,306</b>	<b>\$ 1,896,354</b>	<b>\$ 1,706,207</b>

# Consolidated Financial Statements (cont...)

Strathcona Regional District							Schedule 2	
Consolidated Schedule of Segment Disclosure by Service								
Year ended December 31, 2015								
	General Government	Protective	Transportation	Environmental Health	Development and Cultural	Recreation and Cultural	2015 Actual	2015 Budget
<b>Revenue</b>	\$	\$	\$	\$	\$	\$	\$	\$
Frontage and parcel taxes	118,435	4,422	168	209	1,112	37,096	161,442	129,660
Grants in lieu of taxes	1,096,270	1,212,348	181,912	377,536	383,353	4,770,181	8,021,600	8,021,600
Property tax requisition	692,599	1,264	-	-	-	99,749	793,612	1,306,304
Government grants and transfers	363	5,382	-	554,451	12	1,500,868	2,061,076	2,034,057
Sales of services	10,712	30,331	358	29,516	20,983	21,556	113,456	120,723
Other revenue from own sources	-	-	-	-	-	39,733	39,733	21,267
Contribution from others	-	-	-	-	-	38,990	38,990	-
Contributed tangible capital assets	-	7,550	-	-	-	3,695	11,245	-
Gain on disposal of tangible capital assets	114,654	3,580	648	4,388	161	26,509	149,940	38,800
Interest earned	-	-	1,670	2,057	-	-	3,727	-
Actuarial adjustment of debenture debt	-	-	-	-	-	-	-	-
<b>Total revenue</b>	2,033,033	1,264,877	184,756	981,833	405,621	6,538,377	11,408,497	11,686,144
<b>Expense</b>								
Labour and benefits	1,492,490	146,943	4,474	94,603	391,238	3,548,085	5,677,833	5,482,066
Grants	233,233	921,284	123,294	-	32,600	463,412	1,773,823	1,921,229
Goods and services	689,556	62,006	34,494	924,534	67,390	1,700,331	3,478,311	4,423,460
Interest	-	1,749	2,832	7,010	-	6,535	18,126	28,463
Amortization of tangible capital assets	138,912	61,998	10,723	102,569	13,892	610,201	938,295	-
<b>Total expense</b>	2,554,191	1,193,980	175,817	1,128,716	505,120	6,328,564	11,886,388	11,855,218
<b>Surplus (deficit)</b>	\$ (521,158)	\$ 70,897	\$ 8,939	\$ (146,883)	\$ (99,499)	\$ 209,813	\$ (477,891)	\$ (169,074)

# Consolidated Financial Statements (cont...)

Strathcona Regional District Consolidated Schedule of Tangible Capital Assets Year ended December 31, 2016										Schedule 3
	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles and Fixtures	Water Infrastructure	Sewer Infrastructure	Capital Projects in Progress	2016	2015		
<b>Cost</b>										
<b>Balance, beginning</b>	\$ 7,117,266	\$ 16,838,497	\$ 2,364,401	\$ 4,099,023	\$ 1,096,201	\$ 90,774	\$ 31,606,162	\$ 31,169,856		
Add:										
Additions during year	138,000	109,700	108,051	31,600	-	105,133	492,484	579,827		
Less:										
Disposals or write downs Completed during year	-	(59,636)	(40,266)	-	-	-	(99,902)	(143,521)		
<b>Balance, ending</b>	7,258,248	16,888,561	2,432,186	4,130,623	1,096,201	192,925	31,998,744	31,606,162		
<b>Accumulated amortization</b>										
<b>Balance, beginning</b>	686,050	9,447,576	1,417,893	2,574,153	496,784	-	14,622,456	13,815,477		
Add:										
Amortization for the year	149,091	398,422	175,031	82,316	20,590	-	825,450	938,295		
Less:										
Accumulated amortization on disposals	-	(59,636)	(40,266)	-	-	-	(99,902)	(131,316)		
<b>Balance, ending</b>	835,141	9,786,362	1,552,658	2,656,469	517,374	-	15,348,004	14,622,456		
<b>Net book value</b>	\$ 6,423,107	\$ 7,102,199	\$ 879,528	\$ 1,474,154	\$ 578,827	\$ 192,925	\$ 16,650,740	\$ 16,983,706		

# Consolidated Financial Statements (cont...)

**Schedule 4**

**Strathcona Regional District**  
**Consolidated Schedule of Long-term Debt**  
**As at December 31, 2016**

Issue #	Maturity Date	Rate	Beginning Balance	Net Debt Issued	Principal Payments	Actuarial Additions	Ending Balance	Interest Payments	Accrued Interest	Accrued Actuarial
<b>Capital</b>										
<b>Oyster River Bank Protection</b>										
MFA64	09/2016	7.22%	2,998	-	(1,186)	(1,812)	-	2,832	-	-
<b>Strathcona Gardens Recreation</b>										
BL162	02/2018	Variable: CDOR + 0.50%	197,280	-	(65,760)	-	131,520	2,366	-	-
<b>Cortes Island Fire Protection</b>										
BL170	04/2018	Variable: CDOR + 0.50%	95,788	-	(42,263)	-	53,525	1,090	-	-
<b>Electoral Area B Community Parks</b>										
BL211	04/2019	Variable: CDOR + 0.50%	163,851	-	(40,963)	-	122,888	2,043	-	-
<b>Craig Road Water</b>										
MFA99	10/2026	4.43%	89,228	-	(4,649)	(1,968)	82,611	6,575	1,315	446
<b>Quathiaski Cove Sewer Extension #1</b>										
BL217	12/2019	Variable: CDOR + 0.50%	23,384	11,147	-	-	34,531	379	-	-
			572,529	11,147	(154,821)	(3,780)	425,075	15,285	1,315	446
<b>Operating</b>										
<b>Walters Cove Water</b>										
MFA77	06/2022	3.05%	6,628	-	(6,246)	(382)	-	218	-	-
			6,628	-	(6,246)	(382)	-	218	-	-
			<b>\$ 579,157</b>	<b>\$ 11,147</b>	<b>\$ (161,067)</b>	<b>\$ (4,162)</b>	<b>\$ 425,075</b>	<b>\$ 15,503</b>	<b>\$ 1,315</b>	<b>\$ 446</b>

## Consolidated Financial Statements (cont...)

### Supplementary Information and Information Pursuant to the *Financial Information Act*



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# Consolidated Financial Statements (cont...)



## Statement of Financial Information Approval

The information that follows includes schedules that have been prepared under the *Financial Information Act* for the year ended December 31, 2016. This information was included with the 2016 Financial Statements presented to and approved by the Strathcona Regional District Board at a meeting held on May 10, 2017.

Approved in accordance with the requirements of Financial Information Regulation 371/93, Schedule 1, Section 9,

John MacDonald  
Chair of the Board

A handwritten signature in black ink, appearing to read "Dawn Christenson", written over a circular stamp or seal.

Dawn Christenson, BAccS, CPA, CGA  
Chief Financial Officer

# Consolidated Financial Statements (cont...)

Schedule i

**Strathcona Regional District**  
**Consolidated Summary of Surpluses and Reserves**  
**As at December 31, 2016**  
**(Unaudited)**

Function	Appropriated Surplus <i>Note a</i>	Reserves <i>Note b</i>	Accumulated Surplus <i>Note c</i>	2016 Total	2015 Total
<b>General Government Services</b>					
Area A Grants in Aid	\$ -	\$ -	\$ 9,015	\$ 9,015	\$ 11,507
Area B Grants in Aid	-	-	7	7	5
Area C Grants in Aid	-	-	13,799	13,799	8,297
Area D Grants in Aid	-	-	16,194	16,194	41
Electoral Areas Administration and Elections	20,072	-	108,483	128,555	113,277
Feasibility Studies - Electoral Areas	-	-	81,517	81,517	82,594
Feasibility Studies - Regional	-	-	26,001	26,001	26,280
General Administration	329,474	4,900,013	441,724	5,671,211	5,085,296
Member Municipality Administration	41,914	-	57,559	99,473	80,558
	<u>391,460</u>	<u>4,900,013</u>	<u>754,299</u>	<u>6,045,772</u>	<u>5,407,855</u>
<b>Protective Services</b>					
911 Emergency Answering	22,180	-	7,556	29,736	25,238
Area D Animal Control	50,521	-	18,719	69,240	69,677
Building Inspection	61,699	59,622	35,097	156,418	137,632
Campbell River Area D Fire Protection	69,220	-	51,631	120,851	119,851
Kyuquot/Nootka Emergency Program	2,252	-	1,817	4,069	3,343
Noise Control	-	-	3,510	3,510	3,913
North Quadra Assistance Response	-	1,452	249	1,701	1,685
Sayward Valley Fire Protection	33,088	152,975	57,865	243,928	203,375
Soil Deposit and Removal Control	136	-	-	136	139
South Cortes Island Fire Protection	12,745	143,214	8,692	164,651	144,613
Strathcona Emergency Program	29,801	-	21,017	50,818	45,124
Unsightly Premises	-	3,940	500	4,440	4,399
	<u>281,642</u>	<u>361,203</u>	<u>206,653</u>	<u>849,498</u>	<u>758,989</u>
<b>Transportation Services</b>					
Area C Street Lighting	485	-	99	584	1,360
Area D Street Lighting	-	-	222	222	3,873
Area D Transit	15,000	-	19,288	34,288	26,494
Oyster River Bank Protection	-	63,422	4,669	68,091	62,552
	<u>15,485</u>	<u>63,422</u>	<u>24,278</u>	<u>103,185</u>	<u>94,279</u>
<b>Environmental Health Services</b>					
Area D Water	34,497	430,347	(67,777)	397,067	435,009
Cortes Island Refuse Collection	56,989	-	18,399	75,388	62,130
Cortes Island Refuse Disposal	42,653	5,033	(1,086)	46,600	50,269
Craig Road Water	-	-	3,051	3,051	3,527
Kyuquot/Nootka Solid Waste Disposal	13,350	-	4,759	18,109	17,887
Liquid Waste Management Plan	29,844	-	13,646	43,490	43,130
Quathiaski Cove Sewer	981	22,770	7,207	30,958	31,414
Sayward Valley Refuse Collection	24,407	-	49	24,456	30,307
Sayward Valley Refuse Disposal	-	12,175	3,059	15,234	14,488
Walters Cove Water	-	-	-	-	(633)
	<u>202,721</u>	<u>470,325</u>	<u>(18,693)</u>	<u>654,353</u>	<u>687,528</u>

# Consolidated Financial Statements (cont...)

Function	Appropriated Surplus <i>Note a</i>	Reserves <i>Note b</i>	Accumulated Surplus <i>Note c</i>	2016 Total	2015 Total
<b>Development Services</b>					
Area A House Numbering	-	-	2	2	2
Area B House Numbering	-	-	-	-	1
Area C Economic Development	4,000	-	8,632	12,632	8,004
Area C House Numbering	-	-	2	2	3
Area D House Numbering	-	-	1	1	1
Planning	77,051	25,946	218,000	320,997	217,109
Planning - Non-Part 26	-	-	2,018	2,018	-
Sayward Valley Economic Development	27,292	-	206	27,498	24,477
	<u>108,343</u>	<u>25,946</u>	<u>228,861</u>	<u>363,150</u>	<u>249,597</u>
<b>Recreation and Cultural Services</b>					
Area B Community Parks	5,250	247,583	7,808	260,641	278,785
Area B Heritage Conservation	-	-	1,166	1,166	1,431
Area C Community Parks	-	473,452	39,828	513,280	511,792
Area C Heritage Conservation	-	-	1,555	1,555	1,824
Area D Community Parks	-	783,677	20,592	804,269	662,105
Kyuquot Community Hall	-	-	105	105	114
Quadra Island Community Hall	-	92,898	11,472	104,370	102,906
Sayward Valley Recreation and Community Hall	23,370	120,845	8,418	152,633	156,388
Strathcona Gardens Recreation Complex	275,054	1,847,235	(14,872)	2,107,417	972,195
Vancouver Island Regional Library	-	-	2,507	2,507	1,239
	<u>303,674</u>	<u>3,565,690</u>	<u>78,579</u>	<u>3,947,943</u>	<u>2,688,779</u>
	<u>\$ 1,303,325</u>	<u>\$ 9,386,599</u>	<u>\$ 1,273,977</u>	<u>\$11,963,901</u>	<u>\$ 9,887,027</u>
<b>Notes:</b>					
a) Appropriated surpluses are internally restricted funds accumulated through planned contributions identified in the financial plan, and may be used for emergencies, contingencies, requisition smoothing or any other designated purpose within the function. These amounts are not automatically carried forward to offset future operational expense or supplement revenue.					
b) Reserves are established by bylaw or Provincial statute for specific purposes such as unforeseen future expenditures, capital works, machinery and equipment, and parkland acquisition. Use of reserves is identified in the financial plan as "transfers from reserves". Reserves may include externally restricted funds, such as endowments. Schedule ii <i>Schedule of Changes in Reserve Fund Balances</i> provides details about reserve fund changes in the current year.					
c) Accumulated surpluses are the net result of operating activities and may be used in future years to offset operational expense or supplement revenue. A surplus occurs if projects are not completed by the end of the fiscal year, if revenue exceeds expectations, or when cost savings are realized. A deficit, indicated by a bracketed amount, occurs if expense exceeds expectations, or there is a revenue shortfall. A deficit must be repaid in the following year.					

# Consolidated Financial Statements (cont...)

Schedule ii

**Strathcona Regional District**  
**Schedule of Changes in Reserve Fund Balances**  
**As at December 31, 2016**  
**(Unaudited)**

Reserve Type and Function	Beginning Balance	Interest Earned	Transfers from (to) Operating	Transfers from (to) Capital	Ending Balance
<b>Capital works, machinery &amp; equipment reserves</b>					
Area B Community Parks	\$ 30,777	\$ 310	\$ -	\$ -	\$ 31,087
Area C Community Parks	200,992	2,039	17,314	-	220,345
Area C Community Parks - Evans Bay Port Facility	123,810	1,191	(790)	(10,672)	113,539
Area D Community Parks	398,211	4,212	140,000	-	542,423
Area D Water	191,597	1,972	50,000	-	243,569
Building Inspection	17,351	174	-	-	17,525
Cortes Island Refuse Disposal	4,983	50	-	-	5,033
General Administration	472,085	4,805	59,838	(52,270)	484,458
Oyster River Bank Protection	45,060	454	-	-	45,514
Planning	16,400	170	5,000	-	21,570
Quadra Island Community Hall	22,499	227	-	-	22,726
Quathiaski Cove Sewer	20,561	209	2,000	-	22,770
Sayward Valley Fire Protection	138,107	1,402	13,466	-	152,975
Sayward Valley Recreation and Community Hall	54,900	553	(7,000)	-	48,453
Sayward Valley Refuse Disposal	12,054	121	-	-	12,175
South Cortes Island Fire Protection	82,320	849	12,193	-	95,362
Strathcona Gardens Recreation Complex	575,300	6,791	1,188,095	-	1,770,186
	<u>2,407,007</u>	<u>25,529</u>	<u>1,480,116</u>	<u>(62,942)</u>	<u>3,849,710</u>
<b>Future expenditure reserves</b>					
Area B Community Parks	64,564	650	-	-	65,214
Area C Community Parks	28,261	285	-	-	28,546
Area D Community Parks	217,008	2,186	-	-	219,194
Area D Water	184,916	1,862	-	-	186,778
Building Inspection	35,733	364	6,000	-	42,097
General Administration	24,791	250	-	-	25,041
North Quadra Assistance Response	1,437	15	-	-	1,452
Oyster River Bank Protection	10,459	111	7,338	-	17,908
Planning	4,333	43	-	-	4,376
Quadra Island Community Hall	69,472	700	-	-	70,172
Sayward Valley Recreation and Community Hall	71,670	722	-	-	72,392
South Cortes Island Fire Protection	47,375	477	-	-	47,852
Strathcona Gardens Recreation Complex	76,280	769	-	-	77,049
Unightly Premises	3,900	40	-	-	3,940
	<u>840,199</u>	<u>8,474</u>	<u>13,338</u>	<u>-</u>	<u>862,011</u>
<b>Community parkland acquisition reserves</b>					
Area B Community Parks	-	-	-	-	-
Area C Community Parks	109,915	1,107	-	-	111,022
Area D Community Parks	21,841	219	-	-	22,060
	<u>131,756</u>	<u>1,326</u>	<u>-</u>	<u>-</u>	<u>133,082</u>
<b>Endowments</b>					
Area B Community Parks-Hank's Beach Forest Conservation Park	152,292	3,800	(4,810)	-	151,282
	<u>152,292</u>	<u>3,800</u>	<u>(4,810)</u>	<u>-</u>	<u>151,282</u>
<b>Community Works Fund</b>					
	3,983,192	41,746	412,577	(47,001)	4,390,514
	<u>\$ 7,514,446</u>	<u>\$ 80,875</u>	<u>\$ 1,901,221</u>	<u>\$ (109,943)</u>	<u>\$ 9,386,599</u>

# Consolidated Financial Statements (cont...)

Schedule iii

**Strathcona Regional District**  
**Schedule of Service Requisition Limits**  
**As at December 31, 2016**  
**(Unaudited)**

Service	Requisition Limits <i>(per \$1,000 net taxable assessment, unless otherwise stated)</i>
<b>General Government Administration</b>	
General Administration	No stated limit
Grants in Aid – Areas A, B, C and D	\$0.10 limit on financial assistance grants
Electoral Areas Administration and Election Services	No stated limit
Feasibility Study – Electoral Areas and Regional	No stated limit
Member Municipalities Administration	No stated limit
<b>Protective Services</b>	
911 Emergency Answering	\$0.35
Area D Animal Control	\$0.323
Building Inspection	No stated limit
Campbell River Area D Fire Protection	No stated limit
Kyuquot/Nootka Emergency Program	\$6,000 or \$0.25 per \$1,000 net taxable assessment, whichever is greater
Noise Control	\$0.01
North Quadra Assistance Response	\$0.02
Sayward Valley Fire Protection	\$2.00
Soil Deposit and Removal Control	\$25,000 or an amount equal to the actual costs for the prior year, whichever is less
South Cortes Island Fire Protection	\$94,500 or \$1.00 per \$1,000 net taxable assessment, whichever is greater
Strathcona Emergency Program	\$0.03 per \$1,000 net taxable assessment; minimum \$1,000 per participating area
Unsightly Premises	\$25,000 or \$0.002 per \$1,000 net taxable assessment, whichever is greater
<b>Transportation Services</b>	
Area C Street Lighting	\$7,880 total maximum
Area D Street Lighting	\$0.20
Area D Transit	\$0.20
Oyster River Bank Protection	\$18,000 total maximum

# Consolidated Financial Statements (cont...)

Service	Requisition Limits <i>(per \$1,000 net taxable assessment, unless otherwise stated)</i>
<b>Environmental Health Services</b>	
Area D Water	\$23,000 or \$1.00 per \$1,000 net taxable assessment, whichever is greater
Cortes Island Refuse Collection	No stated limit
Cortes Island Refuse Disposal	\$0.50
Craig Road Water	\$36,000 total maximum
Kyuquot/Nootka Solid Waste Disposal	\$18,750 total maximum
Liquid Waste Management Plan	\$0.05
Quathiaski Cove Sewer	\$30,000 total maximum
Quathiaski Cove Sewer Extension #1	\$30,080 total maximum
Sayward Valley Refuse Collection	\$0.286
Sayward Valley Refuse Disposal	\$0.344
<b>Development Services</b>	
Area A Economic Development	\$0.05
Area C Economic Development	\$0.278
House Numbering	\$0.0277
Planning	No stated limit
Planning – Non-Part 26	No stated limit
<b>Recreation and Cultural Services</b>	
Areas B and C Heritage Conservation	\$0.25
Areas B, C and D Community Parks	\$0.50
Kyuquot Community Hall	\$0.50
Quadra Island Community Hall	\$0.50
Sayward Valley Recreation and Community Hall	\$1.75
Strathcona Gardens Recreation Complex	\$1.588
Vancouver Island Regional Library	No stated limit

# Consolidated Financial Statements (cont...)

Schedule iv

**Strathcona Regional District**  
**Schedule of Guarantee and Indemnity Agreements**  
**As at December 31, 2016**  
**(Unaudited)**

The Strathcona Regional District has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 5

# Consolidated Financial Statements (cont...)

Schedule v

**Strathcona Regional District**  
**Schedule of Remuneration and Expenses**  
**As at December 31, 2016**  
**(Unaudited)**

Name	Position/Area Represented	Remuneration	Expenses	Total
<b>Elected and Appointed Officials</b>				
Abram, J.	Director, Electoral Area C	\$ 41,582	\$ 14,283	\$ 55,865
Adams, A.	Director, City of Campbell River	16,204	25	16,229
Anderson, N.	Director, Electoral Area B	42,632	7,900	50,532
Babchuk, M.	Director, City of Campbell River	18,104	-	18,104
Colborne, J.	Director, Village of Zeballos	17,354	3,891	21,245
Cornfield, C.	Director, City of Campbell River	15,072	25	15,097
Cox, D.	Alternate Director, Village of Zeballos	225	229	454
Evans, C.	Alternate Director, City of Campbell River	875	-	875
Grunerud, C.	Commissioner, Strathcona Gardens Commission	1,500	348	1,848
Kerr, R.	Director, City of Campbell River	16,270	-	16,270
Lavelle, M.	Alternate Director, Electoral Area B	205	77	282
Leigh, B.	Director, Electoral Area D	39,808	4,892	44,700
MacDonald, J.	Director, Village of Sayward, Board Chair	37,182	6,371	43,553
MacKenzie, D.	Alternate Director, Electoral Area C	745	75	820
Samson, L.	Director, City of Campbell River	15,744	418	16,162
Schooner, J.	Director, Village of Tahsis	18,390	5,184	23,574
Unger, N.B.	Director, Village of Gold River	16,379	2,013	18,392
Whalley, G.	Director, Electoral Area A	38,466	7,442	45,908
Wright, M.	Alternate Director, City of Campbell River	2,875	-	2,875
		339,612	53,173	392,785
<b>Employees</b>				
Bullock, S.	Programs Manager, Strathcona Gardens	86,084	4,821	90,905
Christenson, D.	Financial Services Manager	117,763	3,772	121,535
Clark, K.	Senior Accountant	77,501	2,494	79,995
Hansen, R.	Community Services Manager	106,827	4,175	111,002
Leitch, D.	Chief Administrative Officer	116,391	6,849	123,240
Nelson, A.	Manager, Planning & Parks	79,507	4,052	83,559
Schmuland, J.	Information Technology Manager	91,793	1,807	93,600
Smith, V.	Special Projects Manager	77,791	4,221	82,012
Yates, T.	Corporate Services Manager	119,140	405	119,545
Consolidated total of other employees with remuneration and expenses of \$75,000 or less		3,683,928	59,358	3,743,286
		4,556,725	91,954	4,648,679
<b>Reconciliation</b>				
Total remuneration and expenses for elected officials and employees		4,896,337	\$ 145,127	\$ 5,041,464
Reconciling items, including adjustments for accrual-based accounting, accruals for vacation, sick leave, post-employment benefits, and employer share of CPP and EI benefits		1,034,937		
Total labour and benefits expense, per Financial Statements, Schedule 1		\$ 5,931,274		

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 6(2), (3), (4), (5), and (6)

# Consolidated Financial Statements (cont...)

Schedule vi

**Strathcona Regional District  
Statement of Severance Agreements  
As at December 31, 2016  
(Unaudited)**

There were no severance agreements made between the Strathcona Regional District and its non-unionized employees during the year ended December 31, 2016.

Prepared pursuant to the Financial Information Regulation, Schedule 1, subsection 6(8)

# Consolidated Financial Statements (cont...)

Schedule vii

**Strathcona Regional District**  
**Schedule of Payments to Suppliers**  
**As at December 31, 2016**  
**(Unaudited)**

Supplier Name	Amount Paid
990 Cedar Ltd	\$ 93,659
Accent Refrigeration Systems Ltd.	114,937
Acklands-Grainger Inc	29,628
Apple Electric Ltd.	27,620
BC Hydro	314,791
Black Press Group Ltd	26,575
Brenntag Canada Inc	28,968
Canada Savings Bonds	38,925
City of Campbell River	1,112,724
Comox Valley Regional District	85,825
D A Townley & Associates Ltd	342,585
DB Perks & Associates Ltd	26,146
FortisBC-Natural Gas	124,778
McElhanney Consulting Services Ltd.	35,533
Minister of Finance	89,033
MNP LLP	32,248
Monk Office Supply Ltd	26,230
Municipal Finance Authority of BC	885,467
Municipal Insurance Association of British Columbia	64,302
Municipal Pension Plan	692,464
Myra Systems Corp.	27,225
North Island Nissan Ltd.	31,547
PerfectMind Inc.	30,482
Quadra Island Recreation Society	135,175
Receiver General For Canada	1,223,027
SoftwareONE Canada Inc.	53,335
Telus	35,835
United Steel Workers - Local 1-1937	38,134
Verschuur Margaret	48,670
Waste Management of Canada Corporation	48,370
Waypoint Insurance	64,336
WorkSafeBC	115,444
	<u>6,044,018</u>
Consolidated total of all grants and contributions exceeding \$25,000	1,638,047
Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less	<u>1,536,056</u>
Total aggregate amount paid to suppliers	<u>9,218,121</u>
Reconciling items, including adjustments for accrual-based accounting, disbursements for items which are not considered expenses for financial statement purposes, including payments for employee payroll deductions, capital acquisitions, debt principal, member municipality debt proceeds and refunds, and the non-rebatable portion of GST/HST	(3,761,937)
Total expense for interest, grants, goods and services per Financial Statements, Schedule 1	<u>\$ 5,456,184</u>

Prepared pursuant to the Financial Information Regulation, Schedule 1, section 7 and the *Financial Information Act*, section 2