



Strathcona
REGIONAL DISTRICT



2018 ANNUAL REPORT

About the SRD

The Strathcona Regional District (SRD) is a partnership of five municipalities and four electoral areas, which covers approximately 22,000 square kilometers (8,517 square miles). The SRD serves and provides 44,671 residents (2016 census) with a diverse range of services including water and sewerage systems, fire protection, land use planning, parks, recreation and emergency response. The Strathcona Regional District was established on February 15, 2008, as a result of the provincial government's restructure of the Comox Strathcona Regional District.

The geography of the SRD ranges from forested hills, remote inlets, picturesque villages to vibrant urban landscapes. The borders extend from the Oyster River in the south to Gold River, Sayward, Tahsis, Zeballos and Kyuquot-Nootka in the north and west, and east to Cortes Island, Quadra Island and the Discovery Islands as well as a portion of the adjacent mainland north of Powell River.

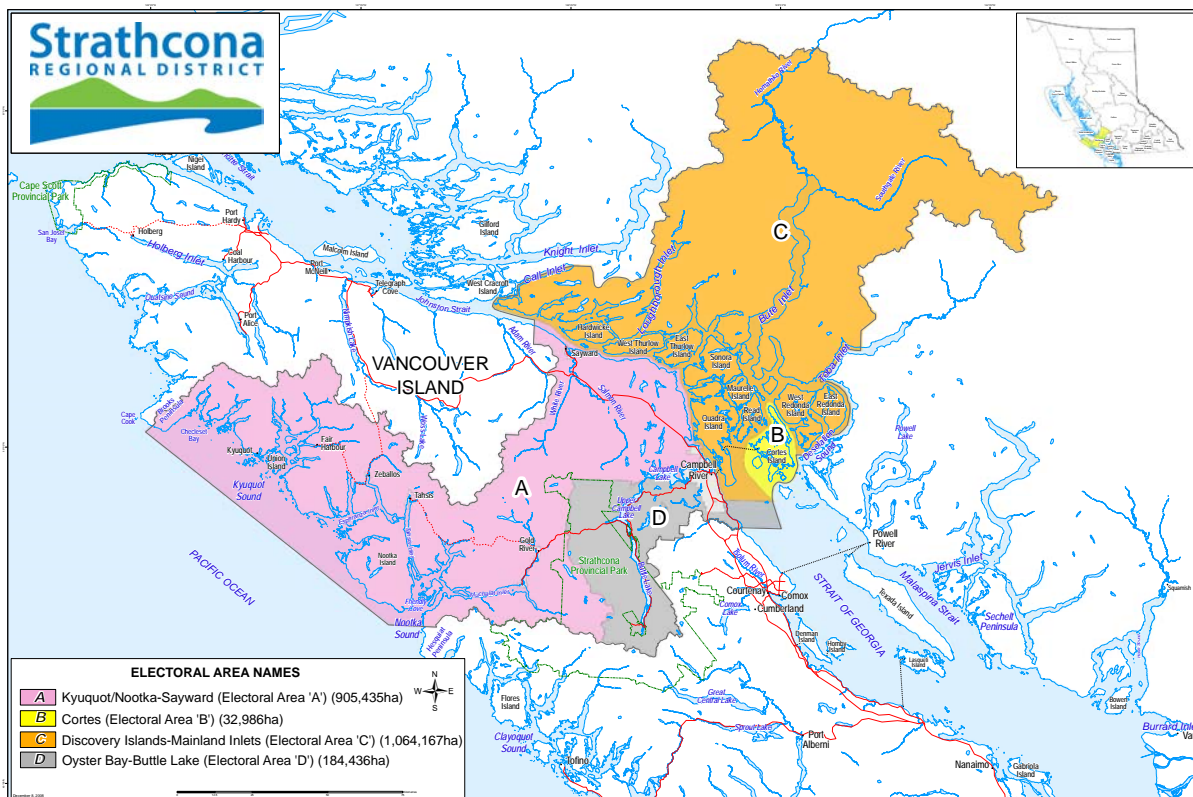


Table of Contents

About the SRD	2
Mission, Core Values & Vision Goals	4 - 5
Strategic Priorities	6 - 7
2018 Elected Officials & Appointed Officers	8 - 9
Message from the Chair	10
Message from the CAO	11
Functions & Participating Areas	12 - 13
2018 Highlights	14 - 27
Message from the CFO	28 - 32
SRD Financial Position (5 year trend)	33
2018 Consolidated Financial Statements	34
Management's Responsibility for Financial Reporting	35
Independent Auditor's Report	36 - 37
Consolidated Statement of Financial Position	38
Consolidated Statement of Operations	39
Consolidated Statement of Changes in Net Financial Assets	40
Consolidated Statement of Cash Flows	41
Notes to Consolidated Financial Statements	42 - 51
Consolidated Schedule of Segment Disclosure by Service 2018	52
Consolidated Schedule of Segment Disclosure by Service 2017	53
Consolidated Schedule of Tangible Capital Assets	54
Consolidated Schedule of Debt	55
Supplementary Information & Information Pursuant to the Financial Information Act	56
Statement of Financial Information Approval	57
Schedule I - Surpluses and Reserves	58 - 59
Schedule II - Changes in Reserve Fund Balances	60
Schedule III - Service Requisition Limits	61 - 62
Schedule IV - Guarantee and Indemnity Agreements	63
Schedule V - Remuneration and Expenses	64
Schedule VI - Statement of Severance Agreements	65
Schedule VII - Payments to Suppliers	66 - 67

Mission, Core Values & Vision Goals

Mission

To provide the 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.



“To provide the citizens with a healthy environment and social well being that leads to a vibrant quality of life..”

Strategic Priorities



Connectivity

To develop, advocate and promote the extension of cellular and broadband connectivity across the Regional District. This will be achieved by advancing the Connected Coast Project to provide new backbone broadband infrastructure, supporting the development of last mile solutions and working with partners to facilitate digital uptake and maximize the end-use benefits of improved internet and cellular connectivity.



First Nations Relationship Building

To build strong relationships with regional First Nation communities through graduated approach that includes internal development and education on First Nations governance, protocols and culture; increased outreach and engagement informally and formally to build better government-to-government relations; and identifying a specific understanding of shared opportunities and challenges where First Nations and the Regional District may work together.



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 that includes public, private and non-profit organizations.



BC Ferries

To advocate on behalf of Regional District communities about BC ferries activities, fares and services.

Strategic Priorities continued



Senior Government Advocacy

To advance, on political and administrative levels, issues that require advocacy to lessen conflict, improve transparency and increase operational efficiency.



Records Management

To determine, and then implement a cost effective and viable method to implement and operate a corporate records management system.



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 continue advancing the asset management strategy for implementing and improving regional district asset management practices.

2018 Elected Officials & Appointed Officers



Back row from left: Director Unger; Director Colborne; Director Samson; Director Cornfield; Director Adams; Director Kerr; Director Whalley; Director Anderson **Front row from left:** Director Babchuk; Director Abram; Director MacDonald; the late Director Schooner; Director Leigh



In Memoriam

SRD Board Director from Tahsis, Jude Schooner passed away suddenly at her home in Tahsis on Friday, February 16, 2018. Director Schooner joined the SRD Board in 2011 and during her years with the SRD, she served on many committees and acted as Chair of both the First Nations Relations Committee and the Municipal Services Committee. She represented the SRD on the provincial Marine Planning Partnership Committee and the Community Health Network. Director Schooner will be remembered for her straight-forward and diplomatic manner, her ability to build genuine and long-lasting relationships and her passion for the environment, economic development, inclusivity and the rights of all British Columbians.

2018 Elected Officials & Appointed Officers continued

Elected Officials

City of Campbell River	Andy Adams
City of Campbell River	Charlie Cornfield
City of Campbell River	Larry Samson
City of Campbell River	Michele Babchuk (Chair)
City of Campbell River	Ron Kerr
Village of Gold River	Brad Unger (Vice Chair)
Village of Sayward	John MacDonald
Village of Tahsis	Brenda Overton (Acting)
Village of Zeballos	Julie Colborne
Electoral Area A – Kyuquot-Nootka/Sayward	Gerald Whalley
Electoral Area B – Cortes Island	Noba Anderson
Electoral Area C – Discovery Islands-Mainland Inlets	Jim Abram
Electoral Area D – Oyster Bay-Buttle Lake	Brenda Leigh

SRD Associate Member

Ka:'yu:'k't'h'/ Che:k'tles7et'h (Kyuquot/Checlesaht) First Nations	Kevin Jules
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Appointed Officers & Senior Managers

Chief Administrative Officer	David Leitch
Chief Financial Officer	Myriah Foort
Senior Manager of Corporate Services	Tom Yates
Senior Manager of Strathcona Gardens	Koreen Gurak
Senior Manager of Human Resources	Laurie Gage
Senior Manager of Community Services	Ralda Hansen
Senior Manager of Strategic Initiatives	Victoria Smith

Message from the Chair



“ I am honoured to serve the citizens of the Strathcona Regional District (SRD) and pleased to introduce the 2018 Annual Report, a review of the Regional District’s activity as compared to the approved budget and the many accomplishments we have achieved as a region this year.

During the 2014 to 2018 term, the Regional District Board established a number of strategic priorities to focus our resources and drive staff’s work plans. These strategic priorities concentrated on topics such as connectivity, First Nations relationship building, community health network, BC Ferries, senior government advocacy, flooding/sea level rise, asset management and records management. Recognizing the need for increased services to those residents who call rural, remote and smaller coastal communities in our vast Regional District home, the Board’s strategic priorities focus on promoting economic, social, and health matters in our region.

Based on the strategic priorities and community demands for service level enhancements, the SRD has been awarded several federal and provincial grants to fund the improvements. The Regional District was awarded \$33 million to construct backbone infrastructure in the SRD and BC coastal region to allow for affordable high-speed internet and cellular coverage known as the Connected Coast project. This \$45.4 million joint project in partnership with CityWest, a subsidiary owned by Prince Rupert, will provide rural and remote communities across Vancouver Island, coastal BC, Haida Gwaii and areas north of Prince Rupert the opportunity to connect digitally to the world. The SRD continued to progress on this multi-year project in 2018 and established its own subsidiary to construct and operate the network. Construction is planned to start in late 2019 and continue over a three-year period. Extensive community outreach continues to occur on this project, ensuring the service delivered meets the needs of the various communities across the BC coast.

Another significant project that was a result of the strategic priority targeting asset management is the Strathcona Gardens Recreation Centre major re-development project, commonly referred to as RE-CREATE. This project focuses on investing in and upgrading the facility’s infrastructure to maintain and enhance service levels. A condition assessment on the facility in 2016 identified that many components were nearing the end of service life. After extensive community consultation, residents were clear that this was an important, well utilized facility and wanted to see it maintained and enhanced to provide additional services to its residents. The Board started investing \$1 million annually into a reserve fund to re-develop this facility with the goal to leverage external grant funds. The Regional District submitted a grant application for a total project budget of \$77 million in early 2019, with 83% grant funding to make this project a reality.

The growth of community partners and relationships built with the Strathcona Community Health Network (SCHN) was another successful venture in 2018. The SCHN, funded mainly through Island Health, provides additional grant opportunities through regional partners to assess and enhance the community health of our region. The Board looks forward to continuing the many service enhancements the SCHN can provide residents for transportation, food, housing and supporting health care.

The Board continues to work towards strengthening our regional focus despite varying interests and challenges in our respective areas. As the Chair of a dedicated and hard-working Regional Board, my focus has been on recognizing our strengths in working together which has enhanced regional services through maximizing available grant funds through focused efforts and strategic priorities. In 2019, the Board will review its strategic priorities which will then drive the work plan of the Board’s 2019-2022 term. We look forward to the continued success of enhancing services to our residents.”

Message from the CAO

“ I am very pleased to report on the growth and progress the Strathcona Regional District (SRD) continues to see year after year.

We are gaining momentum as an organization by building on our recent successes, focusing on delivering services to our community members and by maximizing available grant funding to minimize the costs of enhancing service levels to our region.

As an organization, we maintained focus on the delivery of the Board's strategic priorities and with those efforts, have obtained significant external grant funding, which includes: the \$33 million Connected Coast project, the pending \$77 million Strathcona Gardens RE-CREATE re-development project and the pending \$2.4 million Area D water meter installation project.



The Quathiaski Cove Sewer Extension went into service in 2018. With remaining provincial grant funds available, other works were planned in 2018 and completed in early 2019 including a lift station and generator replacement. The SRD actively seeks opportunities to upgrade this facility with the use of external grant funding including the Community Works Fund grants.

The Area D water service has had many years of challenges with ongoing increases of cost to service delivery. This has led to significant increases in user fees for residents. However, this service is moving to a sustainable level with tax requisitions and user fees now covering the costs of service, no longer relying on reserve funds or running deficits to balance the service budget. The SRD continues to focus on managing costs and establishing user rates that will fund ongoing operational expenses in addition to growing reserve funds for infrastructure replacement to ensure sustainable service delivery.

The Regional District continues to enhance parks and recreation services across the region. In 2018, a property was purchased on Read Island for future parkland and the SRD was fortunate to obtain a land donation in Hyacinthe Bay to be utilized for a nature sanctuary, both in Electoral Area C.

The Strathcona Emergency Program continues to enhance services to the region with many information sessions and training opportunities. Numerous provincial grants have been utilized to enhance emergency preparedness across the SRD, maximizing available operational funding.

The SRD strives to enhance its communication and outreach with its residents. The Regional District's website was updated in 2018, providing more readability and usability to site visitors. As part of budget consultation for 2019, the "SRD Roadshow" was undertaken in Fall 2018. Electoral area directors and senior staff visited Sayward, Cortes Island, Quadra Island and Area D with public open houses and information booths. Community members offered feedback on the Board's current strategic priorities and voiced concerns with existing service levels. This information was provided to the Board for consideration for future strategic and financial planning.

2019 is well underway and the SRD continues to build on successes and plans from 2018 focusing on becoming a high performing organization that meets the service level needs of its residents. We welcome feedback to ensure we are on the right track."

David Leitch
Chief Administrative Officer

Functions & Participating Areas

Function

Participating Area

General Government Services

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

Protective Services

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 member municipalities and electoral areas
Unightly Premises	Electoral Area D

Transportation Services

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 & Participating Areas continued

Environmental Land Services

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 Cove 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

Development Services

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 Area A
Planning	All electoral areas
Planning – Non-Part 26	All member municipalities and electoral areas

Recreation and Cultural Services

Area B Community Parks	Electoral Area B
Area C Community Parks	Electoral Area C
Area D Community Parks	Electoral Area D
Heritage Conservation	Electoral Area 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



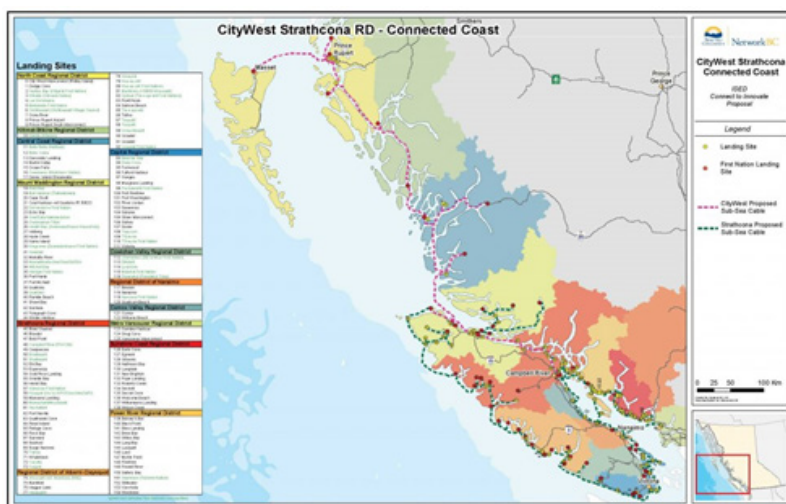
2018 HIGHLIGHTS

2018 Highlights - Connected Coast Broadband Project

The SRD was awarded a \$33 million grant to construct backbone infrastructure in the SRD and BC coastal region to allow for affordable high-speed internet and cellular coverage known as the Connected Coast project. This \$45.4 million joint project in partnership with CityWest, a subsidiary owned by Prince Rupert, will provide rural and remote communities across Vancouver Island, coastal BC, Haida Gwaii and areas north of Prince Rupert the opportunity to connect digitally to the world.

The project details a plan to place over 3,400 km of subsea fibre-optic cable, stretching from Prince Rupert south to Vancouver, then around Vancouver Island. In total, it is estimated that the project has the potential to benefit 175,000 British Columbians living in 90,000 households. The Connected Coast project will bring new or improved high-speed internet accessibility to 154 rural and remote coastal communities, including 56 Indigenous communities representing 44 First Nations along the BC coast from north of Prince Rupert, to Haida Gwaii, south to Vancouver, and around Vancouver Island.

The impact of the project and the opportunities it will provide to these communities will be enormous. Access to reliable high-speed internet and cell phone service means that residents will be able to access online learning and health services, emergency notifications, news and participate in online discussions and sharing. It will also open new economic development opportunities for residents who will be able to work remotely and participate in e-commerce and online business development.



The SRD continued to progress on this multi-year project and in 2018 and established its own subsidiary to construct and operate the network. Construction is planned to start in late 2019 and continue over a three-year period. Extensive community outreach continues to occur on this project, ensuring the service delivered meets the needs of the various communities across the BC coast.

2018 Highlights - Strathcona Gardens Energy Retro-Fit Project

The SRD was awarded \$4.6 million from the Federal Gas Tax Fund, for a complete upgrade of the refrigeration system for the Strathcona Gardens Recreation Complex which includes two arenas, leisure pool and track lane pool. This project will complement the pending RE-CREATE redevelopment project for the facility.

The new systems will allow the facility to operate in a more efficient, safe, sustainable and cost-effective manner. The old ammonia system is being replaced by one that will use carbon dioxide (CO₂) to produce ice for the two rinks inside Strathcona Gardens. The switch from an ammonia-based refrigeration system to a carbon dioxide will make the Strathcona Gardens Recreation Complex the first facility in the province to make the conversion.

The change to CO₂ is related to concerns for the environment, energy efficiency and safety as reasons to switch carbon dioxide system, as it is now recognized as a superior option to synthetic refrigerants for these purposes. The gas is a natural, non-toxic and non-flammable, and the system is described as having no-net greenhouse effect. This upgrade will result in lower operating costs for the SRD, increased efficiency within the facility and a smaller carbon footprint for the operations of this well utilized community facility. The work will also improve air quality inside the facility by increasing dehumidification and air exchange rates.

Work for this project is planned for spring 2019 with completion in time for the 2019/2020 ice season to start in late summer, with final works to be completed in 2020.



2018 Highlights - Strathcona Gardens REC-REATE Project

The REC-REATE project was launched in 2016 to scope and plan for a partial rebuild and renovation for the aging Strathcona Gardens Recreation Complex. Public engagement and consultation for REC-REATE continued in 2017 with overwhelming community support for a partial rebuild of the facility partnered with major renovations.

The SRD undertook a schematic design for the project which was developed and approved by the board in April 2018. This design included a new aquatic, fitness and wellness centre, with improvements and upgrades to the ice facilities, change rooms, storage areas and public spaces based on public feedback.

The proposed design for the REC-REATE Strathcona Gardens facility revitalization project was approved by the SRD Board in November 2018 – allowing the project to move onto its next important step: funding. The SRD established a reserve fund for this project in 2016 to provide leverage funding for any potential grant announcements of recreation infrastructure funding. The \$134M Canada-British Columbia Investing in Canada Infrastructure Program was announced in September 2018 which provides 73.33% funding for eligible projects which if awarded makes this redevelopment project a reality for the SRD.

During the end of 2018 and early 2019, staff prepared an application for the funding program based on the full schematic design which was submitted January 2019. Should the Board be successful in obtaining the targeted funding amount, the remaining balance would be provided by the annual Strathcona Gardens reserve contribution funding established in 2016, transitioning the reserve contribution to long-term debt repayment. This redevelopment would upgrade most components of this facility, requiring minimal capital renewal upgrades in the next 30 years for this revitalized facility.

Funding is expected to be announced in late 2019, with the goal of starting construction at the end of 2020 and completion in 2023.



2018 Highlights - The Strathcona Community Health Network

The Strathcona Community Health Network (SCHN) was established in late 2016 through a partnership with Island Health and related grant funding. The goals of the SCHN are to improve the health and wellbeing of communities in the SRD region by addressing the social determinants of health. This includes access to housing, transportation, food, and medical care. The SCHN table of partners has been building relationships across the region since inception and has been identifying priorities for community members across the various areas of the SRD.

Through community engagement, housing was identified as the priority action item for the Health Network in 2018. The first housing priority was to better understand housing throughout the region by completing the Strathcona Regional Housing Needs Assessment, which was accompanied by three housing profiles that provided an easy-to-read snapshot of housing for policymakers and residents. The housing needs assessment has been nominated for the Planning Institute of BC's New Directions Award for its focus on equity in housing.

The second priority was to support collaborative action and planning through the establishment of the Campbell River and District Coalition to End Homelessness (CRDCEH). CRDCEH has sixteen member agencies and is working with partners, including the City of Campbell River and BC Housing, to improve access to affordable and appropriate housing in the region. In 2019 the Health Network will be working with partners at Laichwiltach Family Life and Sasamans to host a series of Urban Indigenous Housing Dialogues.

Transport continues to be an important determinant in the region. In 2018 the Health Network supported hosted Transport Tables in: Sayward & Sayward Valley; Cortes Island; Zeballos, Ehattesaht, Oclucje, Kyuquot & surrounding areas; and Gold River and Tsa'xana. Support was provided for the West Coast Childhood Resilience project, and community engagement sessions in Tsa'xana, Zeballos, and Tahsis. As a result of this project and the Transport Table, a successful application was submitted to Plan H to conduct a feasibility study into transportation between Gold River and Tsa'xana, as well as Gold River and Campbell River. The Ministry of Transportation will undertake a parallel study that will look at the cost of upgrading the road to safely accommodate walking and cycling.



2018 Highlights - Strathcona Emergency Program Enhancements

The Regional Board continues to invest in the Strathcona Emergency Program, with ongoing returns through grant awards, enhancement of emergency preparedness, training and activities throughout the SRD.

Regional volunteer teams put in over 8,000 hours between training, exercises and deployment with the Quadra Island Emergency Program and over 4,000 volunteer hours. The Quadra Island Emergency Program celebrated its 10 year anniversary in 2018.

There were 21 public outreach sessions offered by the Strathcona Emergency Program in 2018, with 490 attendees. Various education sessions were offered this past year including the Zeballos Tsunami Evacuation, BC Ferries Evacuation, Exercise Sweeper, City of Campbell River Flooding Tabletop, 2nd annual Shake Out and Get Out in Campbell River, City of Campbell River Exercise Severe Storm and the Emergency Program Leadership Workshop on Vancouver Island.

Emergency communications equipment was installed on Mt. Washington and ham radio courses were offered in Zeballos, Gold River, Sayward, Cortes Island, Quadra Island and Campbell River with 30 new amateur radio operators attending these programs and receiving certification. 15 additional members joined the regional emergency communications team.

The SRD continues to apply for and be awarded emergency preparedness grants; in 2018 the SRD was awarded \$440,000 for Oyster River dike improvements to be undertaken in 2019, \$28,500 in FireSmart grants for Electoral Area D, Quadra Island and Cortes Island undertaken in 2018/2019, \$48,000 Emergency Preparedness grants which were mainly completed in 2018, and \$70,000 for Salmon & White Rivers flood risk assessment to be undertaken in 2019. The SRD continues to leverage base operating funding to maximize available external funding which has allowed the region to obtain enhancements to training, education, communications, and equipment upgrades for the communities in the SRD.



2018 Highlights - Quathiaski Cove Sewer Extension Project

In the fall 2016, the SRD was awarded a grant to extend the Quathiaski Cove Sewer system on Quadra Island to provide services to additional properties in the area through the federal Clean Water and Wastewater Fund. The initial scope of the project was to extend the sewer line to include 43 additional properties on the system.

Construction began in the spring 2017 and was completed in 2018 under the approved budget. An opportunity was identified to re-allocate the remaining grant funds to upgrade components of the existing sewer treatment plant, including the upgrade of the effluent flow meter, lift station, and installation of back-up emergency generator. The request to extend the grant deadlines and scope of work was approved and planning works occurred in 2018 to complete these upgrades in the spring of 2019.

Future planned works on this system include marine outfall improvements and treatment plant upgrades to ensure this key infrastructure asset can provide service to the Quathiaski Cove residents for years to come. A sewer system study is planned for 2019 which will provide future required upgrades on the system and ensure the SRD is prepared to apply for any future infrastructure grant opportunities.



2018 Highlights - Electoral Area D Water Service Moving to Sustainability

The Area D water service has had its challenges over the years with increasing bulk water rates and levels of water consumption in the service area. This service is moving to a sustainable level with tax requisitions and user fees now covering the costs of service, no longer relying on reserve funds or running deficits to balance the service budget.

Of the costs to maintain the Area D water service, 65 - 75% fund bulk water purchases, 15 - 20% fund operations and maintenance of the system, and the remaining 5 - 20% fund other operating costs and reserve transfers to offset future capital and maintenance costs. As the highest cost driver of the service is bulk water purchased from the City of Campbell River, water conservation is a key measure to maintain or reduce costs of running the service. The less water that is used, the less water that is required to be purchased. The SRD started an extensive water conservation education program in 2018, which will continue in 2019 given the success in stabilizing the ongoing consumption increases experienced in recent years. The success of this program is attributed to northern Electoral Area D residents who were already practicing water conservation; those who adopted irrigation recommendations; and those who engaged with educators and provided questions, concerns and suggestions how to improve the program.

The SRD has many initiatives underway to improve the water distribution infrastructure to the Area D residents, including a water meter installation grant submitted in fall 2018 for all properties on the system to manage consumption, ensure billings match usage per property as well as identifying system leaks.

In 2019 the SRD plans to update its 2012 water study to ensure the state of existing water infrastructure is current to ensure grant readiness to apply for required improvements to the system and ensure funds available are utilized in the most efficient manner. Additionally, the capital plan for 2019 includes pressure upgrades for Craig Rd in the most cost-effective method and the installation of new bulk water meters to ensure accuracy of measured water consumed in



Electoral Area D from the City of Campbell River. Both projects are funded by the SRD's Community Works Fund grants.

The SRD continues to focus on bringing this service to a sustainable level with stable user fees and property tax requisition which are both utilized to fund this service, with strategic use of available external and internal funds, and ongoing infrastructure upgrades to maintain service levels today and in the future.

2018 Highlights - Oyster River Dike

The Strathcona Regional District (SRD) is responsible for the Glenmore Road dike located in the southern end of Electoral Area D (Oyster Bay/Buttle Lake) near the Oyster River. The dike serves to mitigate flooding of the Oyster River in a floodplain that contains the following: approximately 300 residences; agricultural lands; a small commercial center; a vacant public school; water system infrastructure; and a popular park.

Early in 2016 the Province provided SRD with grant funding up to \$80,000 from the Public Safety Preparedness and Community Hazard Mitigation program to assess the condition and usefulness of the Oyster River dike. The assessment report completed in 2018 provided scientific evidence of the work and associated cost required to strengthen the dike infrastructure.

Following this report, a second grant funding application was submitted in mid-2018 to the UBCM Community Emergency Preparedness Fund – Structural Flood Mitigation grant to upgrade the dike to meet the assessment report requirements. The grant application was successful, and the SRD was awarded \$441,000 to upgrade and strengthen the dike infrastructure.

This work will be completed in 2019 bringing a total investment to the Oyster River dike of \$521,000 fully funded by external grant funds. This work will improve the safety of the residents and properties located in the floodplain north of the Oyster River.



2018 Highlights - SRD Parks Improvements

Area B - With funding assistance from the Municipal Insurance Association the SRD replaced two ladders in Kwaas Park on Cortes Island as well as several aging boardwalks in 2018.



Area C - In 2018, the SRD completed the construction of two sets of trails within Area C. The Quadra Trail Committee rebuilt the Swale Trail providing new mountain biking features to the park and the Plaza Rd Trail was constructed providing easier pedestrian access to the Quathiaski Cove residents.



Area D - In 2018, the SRD completed the purchase and construction of the Craig Rd access for Hagel Park. This secured and improved an important community access point to Hagel Park. Local artist Alex Witcombe from Drifted Creations also provided some character to the Hagel Park irrigation box and shed.



2018 Highlights - Electoral Area C, Hyacinthe Bay Nature Sanctuary Land Donation

In 2018, the SRD received a land donation in Hyacinthe Bay, Quadra Island to create a nature sanctuary.

The property consists of largely undisturbed native ecosystems including an upland forest of Douglas Fir, red alder and big leaf maple and, along the shoreline, a coastal bluff ecosystem. Coastal bluff ecosystems are provincially rare and the species that live in this niche, such as a variety of lichens, grasses, wildflowers and hardy shrubs are highly sensitive to disturbance, because they are shallow rooted and must survive in a thin layer of poor soil.

Trampling and compaction from pedestrians can easily dislodge plants. Coastal bluffs commonly provide nesting sites for seabirds such as oystercatchers, cormorants, kingfishers and swallows. Under the donor's requirements, the land parcel will be maintained in its current condition, providing a nature sanctuary that protects local habitat in Electoral Area C.

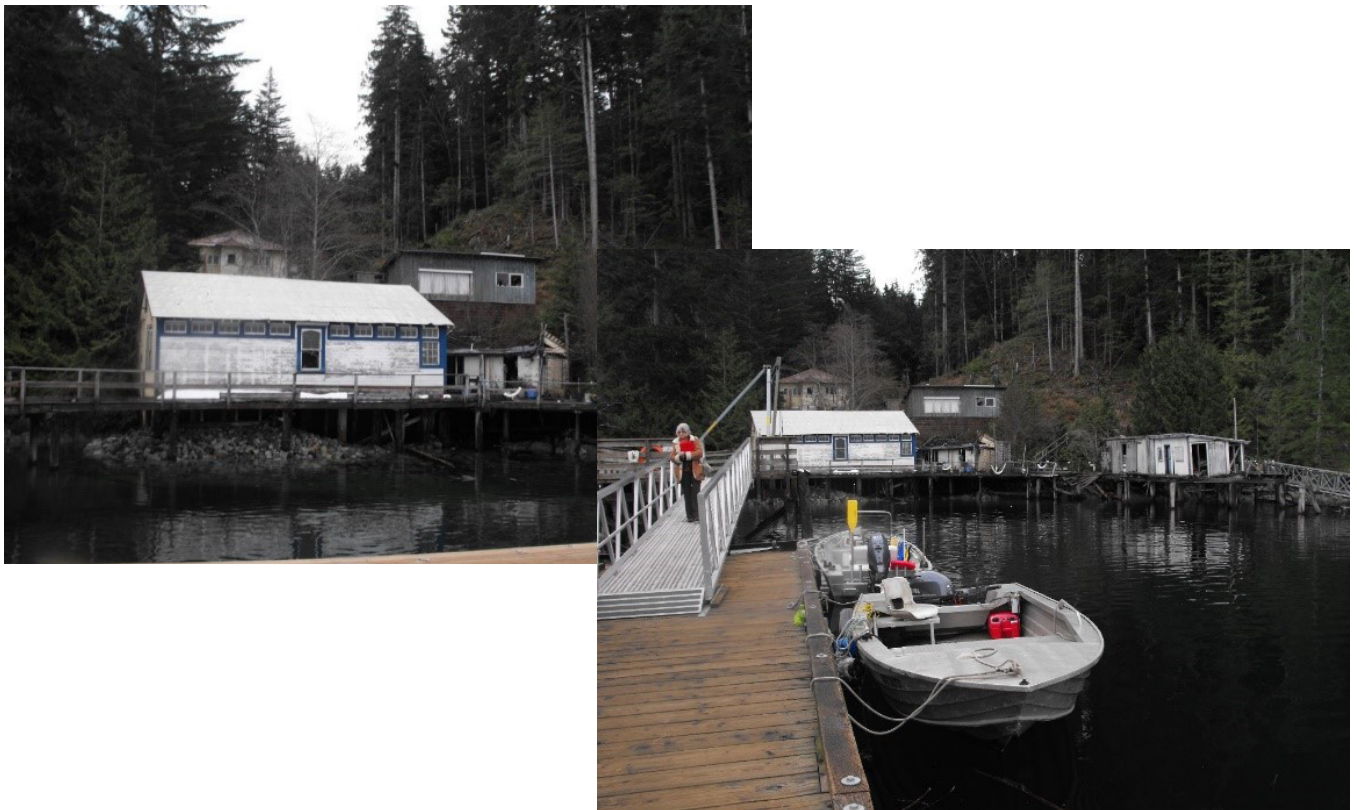


2018 Highlights - Electoral Area C, Surge Narrows Property Purchase

In 2018, the SRD purchased a piece of property strategically located adjacent to the John Kim Nature Sanctuary, upland and immediately south of the Surge Narrows wharf which includes the local Post Office. The Surge Narrows wharf forms the entrance to Read Island and is walking distance to the only elementary school in the area.

The purpose of the purchase and subsequent subdivision of the subject land is to create a community park at the main entry point to Read Island. As upland owner, the SRD could seek to acquire the foreshore tenure. The tenure area could be used to enlarge the existing adjacent tenure that the SRD holds for the Surge Narrows wharf.

It has been identified that the existing wharf is becoming too small to accommodate the boats of Read Island residents who commute between Read and Quadra islands and rely on the wharf for year-round moorage. The SRD applied for a rural communities' grant in early 2019 to upgrade the existing area and meet the needs of community members and support the ongoing usage of this key community asset.



2018 Highlights - Operational Efficiencies and Improvements

Information Technology - There were several projects that IT spearheaded in 2018, including the development of a new external website to improve communication to the public, a staff internet portal was implemented to better communicate with internal staff and share internal resources, a Director's Portal was implemented to provide a centralized secure online site that SRD Board of Directors can utilize to access information.

The SRD awarded the contract to CityView for the replacement of our legacy land use planning software which is at end of life; this enhancement will increase service levels for the region for planning, bylaw and building inspection services.

The WIFI coverage in the Strathcona Gardens Recreation Complex was improved, and increased internet speeds across the facility. All the multi-function printers and copiers at Strathcona Gardens were replaced to ensure print technology is easy to use and up-to-date providing better service to users.

The screenshot displays the Strathcona Regional District website. At the top left is the logo. A navigation menu includes: Agendas & Minutes, Bids, Electoral Areas, Meetings & Events, News, Contact, and a search icon. Below this is a secondary menu with: Services, Parks & Recreation, Projects, Building & Planning, and About. The main content area features a search bar with the text: "It's important to us that you find the information you are looking for. If you aren't sure where to begin, try using the Search feature below to see the most relevant info, news, events and more..." and "Need some examples? Try something like 'recycling', 'building licenses' or 'meeting minutes'". Below the search bar are four service categories, each with a representative image and a brief description:

- Services**: The Strathcona Regional District offers a wide variety of services to its local communities from building and planning, to...
- Parks & Recreation**: The Strathcona Regional District provides a variety of community resources, outdoor recreation and leisure opportunities for all
- Projects**: The Strathcona Regional District is involved in a variety of projects and the public plays an important role throughout the
- Building & Planning**: Access everything you need for community building and planning with the variety of services and resources available to all

2018 Highlights - Operational Efficiencies and Improvements continued

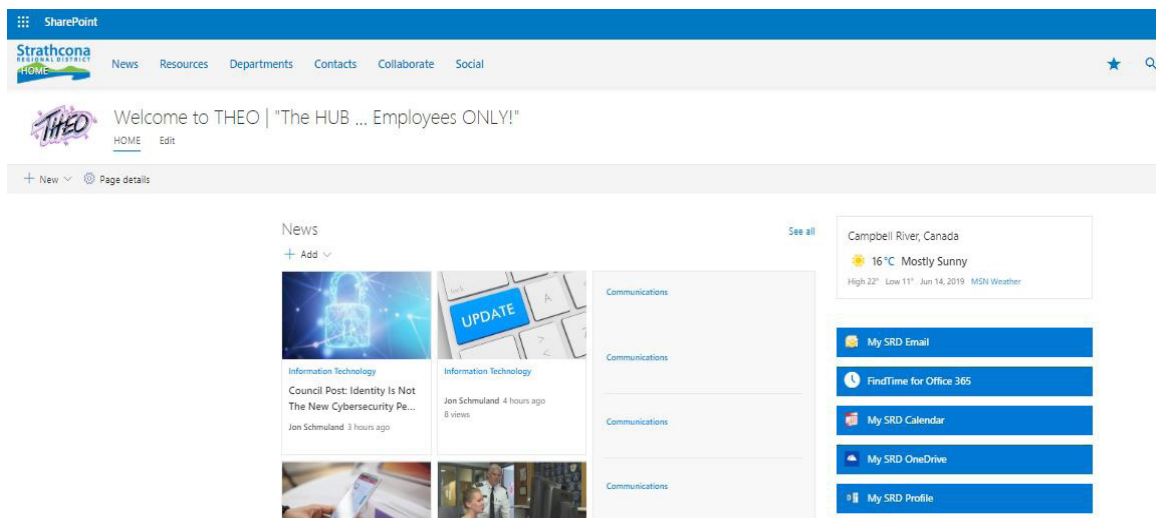
A security audit was undertaken to identify potential risk areas in the existing systems. Several items were identified, with many improvements implemented including adding multi-factor authentication for staff, installing improved malware detection and mitigation software within our systems, and adding an additional protective DNS firewall service.

The SRD's IT Manager was invited to speak at two Municipal Information Systems Association conferences about some of the operational efficiencies the SRD has adopted for information technology.

The SRD is focused on continually improving operational and business efficiency through planned, staged, and strategic use of technology. The goal is a future-proof, mobile-ready organization utilizing modern tools and enabling staff to work from anywhere, anytime, and with anyone.

This approach will help develop a centralized digital toolset that is foundational to ongoing strategic initiatives such as asset and records management and will position the SRD towards advancing the organization's digital asset security, business continuity and disaster recovery.

The ongoing enhancement in internal IT services allows the SRD to maximize available resources, creates internal efficiencies, and allows the team to delivery higher levels of services to its residents.



Message from the CFO



The 2018 Audited Consolidated Financial Statements for the Strathcona Regional District (SRD) includes notes and supporting schedules accompanied by the Management Responsibility for Financial Reporting Statement. The Auditors Report concludes that the financial statements present fairly, in all material respects, the financial position of the Strathcona Regional District as of December 31, 2018. The 2018 Consolidated Financial Statements reflect the Board's commitment towards fiscal sustainability as evidenced in part by the increase in reserve funds and total accumulated surplus.

A summary of the 2018 Consolidated Financial Statements key highlights include:

Statement A (Statement of Financial Position)

Cash and cash equivalents (2018 - \$20.4 million, 2017 - \$17.4 million)

- Reserve funds increased \$1.5 million in 2018, \$1.035 million related to the annual Strathcona Gardens RE-CREATE contributions for matching grants funds for redevelopment of the facility and other annual transfers including \$150,000 for ongoing Strathcona Gardens capital renewal projects, \$169,000 to general administration for operating and capital initiatives, \$160,000 to the planning department for future capital projects and other various transfers.
- Additionally, the Regional District obtained the full \$2,042,160 of long-term proceeds in 2018, of which only \$1.6 million was spent on the building purchase, with the remaining \$400,000 planned to be spent on building renovations in 2019.
- Other increases relate to timing differences for receipt and payments of accounts receivable and payables at year-end.

Municipal debt receivable/Long-term debt (2018 - \$8.4 million, 2017 - \$4.6 million)

- The City of Campbell River obtained \$4.3 million of long-term borrowing in 2018, less the principal amounts paid on existing debt in 2018. Through legislation, Regional Districts are the guarantors of their member municipality long-term borrowing, therefore amounts borrowed from Municipal Finance Authority (MFA) flow through and are recorded on the Regional District's financial statements.

Long-term debt (2018 - \$2.3 million, 2017 - \$1.9 million)

- As noted above, the SRD obtained the full borrowing for the corporate office in 2018, with renovations occurring in 2019.
- Other changes in debt included the payoff of the Cortes Island fire truck debt, Strathcona Gardens equipment debt and continuing payments on the Area B Whaletown parkland debt and Craig Road water system.
- An additional \$134,000 of borrowing was obtained for the Quathiaski Cove sewer expansion project for the matching SRD portion to the Provincial grants received on this project. This project completed in spring 2019, therefore final costs and related debt payback will be determined in 2019.

Message from the CFO continued

Statement A (Statement of Financial Position) continued

Tangible capital assets (2018 - \$19.5 million, 2017 - \$19 million)

- Land and improvements increased by \$523,000; \$307,000 was for the value of donated Hyacinthe property, \$177,000 for the Read Island property purchase which will be developed in 2019 into parkland.
- Buildings and improvements increased by \$236,000; \$42,000 was for the value of the cabin on the donated Hyacinthe property, and \$194,000 of improvements were made to the Strathcona Gardens facility including the digital control system for the ice plant, emergency lighting, fire alarm system installation and Arena 2 lighting upgrade.
- Machinery and equipment increased by \$126,000; \$35,000 for the SRD website, \$79,000 for Strathcona Gardens including new printers, ice edger, and fitness equipment.
- Sewer infrastructure increased by \$936,000 for the completion of phase 1 of the Quathiaski Cove sewer expansion project; the remaining upgrades to the system were completed in spring 2019
- Capital projects in progress increased by \$565,000; \$417,000 was for the design of the Strathcona Gardens facility redevelopment RE-CREATE, with construction on hold until a response from the Province on the grant the SRD submitted in January 2019 is received. \$43,000 was spent on the design of the Quadra Island Community Hall seismic upgrade project, with construction to occur in 2019 on this Provincially funded project. Other projects started in 2018 to be completed in 2019 included various parks trails on Quadra and Cortes and the 990 Cedar street renovations.
- Amortization or depreciation expense on existing tangible capital assets in use by the Regional District to provide services were \$915,000 for 2018, providing a net increase in tangible capital assets for ending 2018 of \$500,000. District to provide services were \$915,000 for 2018, providing a net increase in tangible capital assets for ending 2018 of \$500,000.

Accumulated surplus (2018 - \$33.58 million, 2017 - \$31.03 million)

- The SRD's accumulated surplus or overall net financial position increased \$2.55 million from 2017 to 2018. The equity or investment in tangible capital assets increased by \$85,000; net \$500,000 increase in tangible capital assets, less the \$426,000 net increase in debt.
- The capital fund balance increased from a debt of \$11,550 to \$527,966; the change related to the additional \$407,000 of debt obtained for future renovations on the corporate office in 2018, and \$122,000 of debt accrued to fund the Quathiaski Cove sewer project spend in 2018, drawn in spring 2019. The capital fund balances relate to timing differences for investments in tangible capital assets.
- The appropriated surplus accounts had a slight net increase to \$1.534 million from \$1.43 million in 2017; details of the balances are included in Schedule I of the supplementary schedules.
- The reserve funds increased net \$1.4 million to \$11.8 million from 2017 to 2018; details of reserve activity are included in Schedule II of the supplementary schedules. The main increase was for Strathcona Gardens RE-CREATE allocations at \$1 million annually.
- The operating funds or net annual surplus/deficit increased to \$2.5 million from \$2.1 million in 2017; Schedule I of the supplementary schedules details the balances in each service. Note that many of these annual surplus balances are long-standing every year and are used to balance the subsequent years' requisition increases. If services fully spend their allocated budgets these balances would be zero. The use of these funds will be reviewed in the development of a reserve and surplus policy later this year.

Message from the CFO continued

Statement B (Statement of Operations)

Grants in lieu of taxes (2018 - \$205,000, Budget - \$130,000, 2017 - \$201,000)

- Revenue has been trending higher than budgeted for a few years, with a budget increase in 2019.

Property tax requisition (2018 - \$11.2 million, Budget - \$11.2 million, 2017 - \$11 million)

- Slight increase in requisition from 2017 to 2018, as budgeted; \$75,000 was for regional broadband service feasibility review, \$45,000 for Area D fire service, \$70,000 for Area D water service, with minor increases and decreases in other service areas.

Government grants and transfers (2018 - \$986,000, Budget \$13.6 million, 2017 - \$1.6 million)

- Grants received in 2018 included \$190,000 Regional District grant, \$97,000 of Community Health Network grants, \$498,000 of Community Works Fund grants allocated to reserve for future spending in the Electoral Areas, \$59,000 for Strathcona Emergency program activities and \$104,000 grants for capital projects including the Quadra Island Community Hall seismic upgrade design works and Quathiaski Cove sewer expansion project.
- Budgeted grants of \$13.6 million included \$11 million for the Connected Coast project which has been delayed to 2019 pending federal and provincial grant agreement approval. Other planned capital grants included the full spend of \$493,000 on Quadra Island Community Hall and \$461,000 on the Q-Cove sewer project which were started in 2018 and carried into 2019. \$460,000 of Transport Canada grants were budgeted to be spent on wharves in 2018 however, the \$360,000 of capital works was delayed to 2019 and the \$100,000 of operating grants were not required due to low operational spending and high levels of interest earned on existing deferred grant contributions.

Sales (2018 - \$2.9 million, Budget - \$3 million, 2017 - \$2.4 million)

- Area D water rates doubled in 2018, increasing user rates by \$500,000 to recover costs of providing the service and bring rates to a more sustainable level.
- Strathcona Gardens user rates and fees budget was increased by approximately \$100,000 in 2018 to \$1.67 million however, actuals were comparable to 2017 levels of \$1.55 million. The budget was reduced to prior year levels for 2019.

Contributed tangible capital assets (2018 - \$349,400, Budget - \$0, 2017 - \$4,129)

- In 2018, a piece of land and cabin was donated to the SRD in Area C Quadra Island with a total value of \$349,300 which was recorded as a contributed revenue and added to the tangible capital asset listing.

Interest earned (2018 - \$345,259, Budget - \$32,400, 2017 - \$179,181)

- Budgeted interest revenue has been conservative in past years, with 2017 actuals of \$179,000 and a budget of \$37,000. For 2018, interest revenue continued to increase with higher cash flows for pending projects, accumulated Transport Canada wharf funds and increasing reserve funds for projects such as REC-REATE. The reserve fund interest is not a budgeted item as it does not fall within the SRD's operating or capital budget in the financial plan. These amounts earned though do increase the reserve balances which provide greater spend for projects in future years.

Message from the CFO continued

Statement B (Statement of Operations) continued

General government services (2018 - \$3.1 million, Budget - \$3.9 million, 2017 - \$3 million)

- Labour and benefits were \$390,000 under budget which related to vacancies in corporate services and finance in 2018, as well as director remuneration being less than budget.
- Various projects in general administration were carried into 2019 including asset management \$68,000, VIHA community health wellness grants \$42,500, records management consulting \$31,500, first nations relations \$40,000, broadband connectivity \$30,000.
- Feasibility study funds for the four electoral areas was unspent in Areas A, C, and D; with only \$4,000 spent in Area B for the First Responder and Community Hall studies undertaken in 2018, as compared to an overall budget of \$82,000.

Protective services (2018 - \$1.56 million, Budget - \$1.53 million, 2017 - \$1.36 million)

- \$32,000 was spent on Sayward fire hall #2 foundation repairs in 2018 which was not included in the original 2018 budget; however, the budget was amended when the repair requirement was identified. Following auditing standards, the original budget as approved is included in the financial statements, therefore this service area shows over budget. Other areas of protective services were in line with the approved budget.

Environmental health services (2018 - \$1.73 million, Budget - \$1.99 million, 2017 - \$1.47 million)

- With extensive water conservation efforts and communication with residents in 2018, the bulk water purchases for Area D water were \$115,000 under budget as consumption stabilized after many years of increases. This cost savings for this service was much needed after a couple of years of operational deficits.
- The Area D water service area had included \$100,000 for water conservation and demand management grants which were not applied for as originally budgeted.

Development services (2018 - \$504,000, Budget - \$746,000, 2017 - \$496,000)

- Vacancies and leaves for part of the year for the Parks and Planning Manager and new Planner II resulted in a labour savings for 2018.
- Economic development grants for Area C included spend of only \$7,500 to a \$52,000 budget.
- Bylaw enforcement legal and other professional fees with a budget of \$28,000 was not required to be spent in 2018.
- The other professional fees budget of \$22,000 in planning for the Oyster River floodplain assessment and mapping project was carried into 2019.

Parks, recreation and cultural services (2018 - \$6.6 million, Budget - \$6.7 million, 2017 - \$6.3 million)

- \$120,000 was carried into 2018 in the Strathcona Gardens' other professional fee budget for the RE-CREATE feasibility study, however, it was unspent due to the project moving to design stage with a \$500,000 capital budget which the majority was spent in 2018.

Message from the CFO continued

SOFI (Statement of Financial Information) and Supplementary Schedules

The supplementary schedules are provided for additional information to the financial statements, mainly the surplus and reserve balances in Schedules I and II which detail surplus and reserve balances per service area of the SRD. Schedule III includes the service requisition limits for all services of the SRD, as established by bylaw.

As required by legislation, the SOFI schedules included in the financial statements Schedules IV to VII include a schedule of guarantees and indemnity agreements, schedules of remuneration and expenses, statement of severance agreements and schedule of payments to suppliers. The schedule of remuneration and expenses lists all elected officials' remuneration and expenses incurred by these officials acting on behalf of the SRD as a board member in 2018, such as federal and provincial conferences and committee meetings of respective organizations identified as priorities of the Board. This schedule also lists remuneration and expenses for all employees over \$75,000 annual remuneration, and a summary of others under this threshold for 2018; expenses listed for employees are incurred in doing SRD business such as training and conferences and membership dues as required for their respective professional associations. The schedule of payments to suppliers lists all vendors and grants paid over \$25,000 in the 2018 fiscal year, and a summary of those paid under this threshold. This listing includes payments made to vendors for operating and capital activities of the SRD.

Conclusion

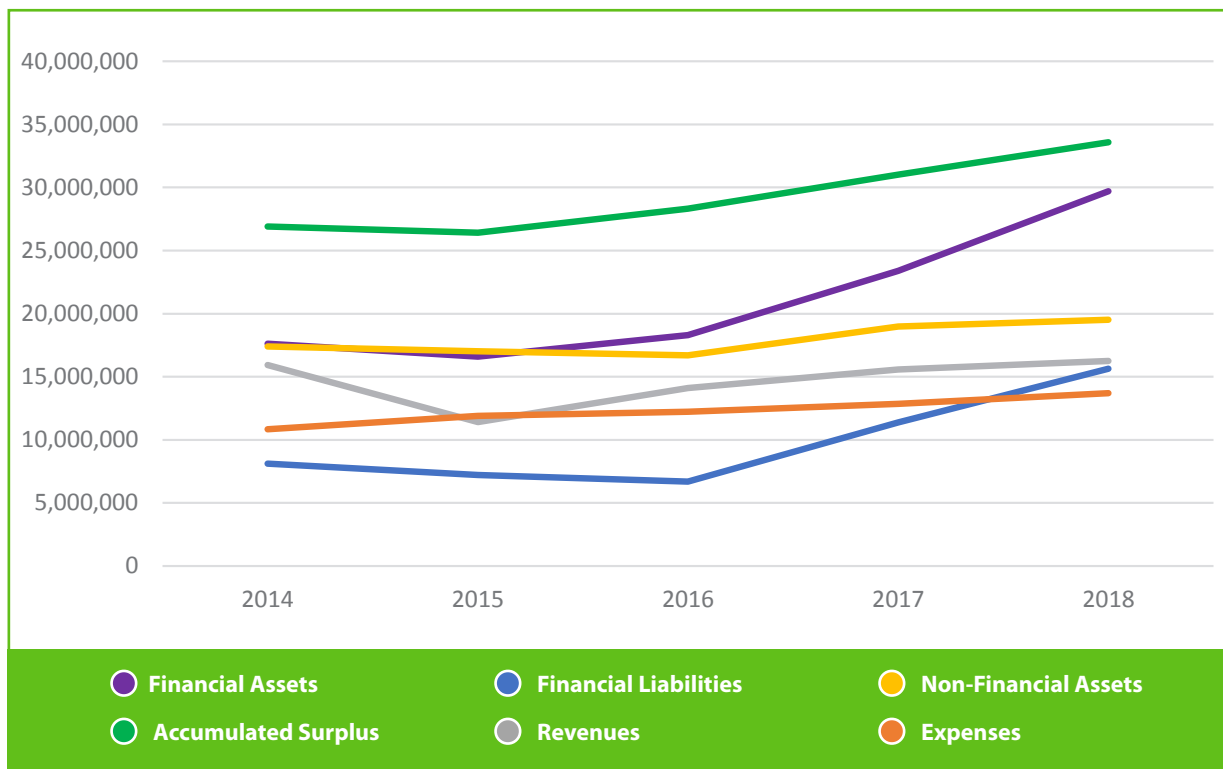
2018 was another busy year for the SRD, focusing on moving forward many strategic priorities of the Board, primarily the Strathcona Gardens REC-REATE upgrade project, Connected Coast connectivity project, the Strathcona Community Health Network initiatives and many amenity and infrastructure upgrade projects. The SRD continues to obtain significant external grant funding, which is enhancing service levels for its residents while managing ongoing cost increases.

In 2019, the SRD will develop a reserves and surplus policy to ensure that funds available are utilized in the most efficient and effective manner, with a focus on stabilizing property tax requisitions and user fees for the services levels in the Regional District. Additionally, to support ongoing sustainable service delivery and maximization of internal and external funding, the Regional District will be implementing the first phase of asset management practices, with the development of an asset management plan. This will provide the Board and staff with report cards on the state of our current asset infrastructure including sewer, water, facilities, wharves, parks, and IT and estimated costs for replacement and renewal. This plan will compare the existing funding levels for asset replacement and strategies to maintain and upgrade these assets in the future. Lastly, the finance department is undertaking a purchasing bylaw and process review to ensure that the SRD is obtaining the best value for its purchases in delivering services and is following current practices in public procurement.

Myriah Foort, BBA, CPA, CA
Chief Financial Officer

SRD Financial Position (5 year trend)

	2014	2015	2016	2017	2018
Financial Assets	17,606,672	16,595,524	18,307,555	23,405,652	29,701,359
Financial Liabilities	8,105,378	7,203,512	6,691,980	11,369,344	15,635,942
Non-Financial Assets	17,392,521	17,023,912	16,696,703	18,994,103	19,517,682
Accumulated Surplus	26,893,815	26,415,924	28,312,278	31,030,411	33,583,099
Revenues	15,934,504	11,408,497	14,109,262	15,570,446	16,251,136
Expenses	10,840,170	11,886,388	12,212,908	12,852,313	13,698,448



2018 CONSOLIDATED FINANCIAL STATEMENTS

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 responsibility. Management is also responsible for all the supplementary 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 fulfills 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. The external auditors have full and free access to the Board of Directors and meet with it at least once per year.



Myriah Foort, BBA, CPA, CA
Officer responsible for Financial Administration,
pursuant to Section 237 of the *Local Government Act*

May 8, 2019

Independent Auditor's Report

To the Board of the Strathcona Regional District:

Opinion

We have audited the consolidated financial statements of Strathcona Regional District (the "Regional District"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Regional District as at December 31, 2018, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Regional 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 Regional District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Regional 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 Regional 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 consolidated 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 Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Campbell River, British Columbia

May 8, 2019

MNP LLP
Chartered Professional Accountants

MNP LLP

Strathcona
REGIONAL DISTRICT


Consolidated Statement of Financial Position - As at December 31, 2018**Statement A**

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents (Note 3)	20,410,194	\$ 17,408,941
Receivables (Note 4)	723,691	1,203,200
Inventory for resale	11,079	11,904
Investments (Note 5)	149,985	149,985
Municipal debt receivable (Note 6)	8,406,410	4,631,622
Total financial assets	<u>29,701,359</u>	<u>23,405,652</u>
Financial liabilities		
Accounts payable and accrued liabilities (Note 7)	1,151,720	1,204,053
Deferred revenue (Note 8)	3,757,322	3,639,581
Long-term debt		
Member municipalities (Note 6)	8,406,411	4,631,622
Regional District (Note 10) (Schedule 4)	2,320,489	1,894,088
Total financial liabilities	<u>15,635,942</u>	<u>11,369,344</u>
Net financial assets	<u>14,065,417</u>	<u>12,036,308</u>
Non-financial assets		
Prepaid expenses	44,662	32,833
Tangible capital assets (Schedule 3)	19,473,020	18,961,270
Total non-financial assets	<u>19,517,682</u>	<u>18,994,103</u>
Accumulated surplus (Note 11)	<u>33,583,099</u>	<u>\$ 31,030,411</u>

Contingent liability (Note 13)



Myriah Foort, BBA, CPA, CA

Officer responsible for Financial Administration,
pursuant to Section 237 of the *Local Government Act*

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

Consolidated Statement of Operations - Year ended December 31, 2018

Statement B

	2018 <u>Actual</u>	2018 <u>Budget</u> (Note 20)	2017 <u>Actual</u>
Revenue			
Frontage and parcel taxes	11,323	\$ 11,323	\$ 11,323
Grants in lieu of taxes	205,338	129,660	201,009
Property tax requisition	11,209,982	11,209,982	11,041,478
Government grants and transfers	986,330	13,572,006	1,601,887
Sales of services	2,901,056	3,018,989	2,380,492
Other revenue from own sources	225,078	147,328	163,038
Contributions from others	13,093	13,500	5,400
Contributed tangible capital assets	349,300	-	4,129
Gain on disposal of tangible capital assets	1,869	-	(19,722)
Interest earned	345,259	32,440	179,181
Actuarial adjustment of debenture debt	2,508	-	2,231
Total revenue	<u>16,251,136</u>	<u>28,135,228</u>	<u>15,570,446</u>
Expense			
General government services	3,101,365	3,934,095	3,012,070
Protective services	1,559,790	1,535,038	1,361,825
Transportation services	203,317	237,893	192,791
Environmental health services	1,732,600	1,985,835	1,467,853
Development services	503,974	746,482	496,184
Parks, recreation and cultural services	6,597,402	6,706,598	6,321,590
Total expense	<u>13,698,448</u>	<u>15,145,941</u>	<u>12,852,313</u>
Annual surplus	<u>2,552,688</u>	<u>12,989,287</u>	<u>2,718,133</u>
Accumulated surplus, beginning	<u>31,030,411</u>	<u>31,030,411</u>	<u>28,312,278</u>
Accumulated surplus, ending	<u>33,583,099</u>	<u>\$ 44,019,698</u>	<u>31,030,411</u>

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

Consolidated Statement of Changes in Net Financial Assets - Year ended December 31, 2018 **Statement C**

	2018	2018	2017
	Actual	Budget	Actual
		(Note 20)	
Annual surplus	\$ 2,552,688	\$ 12,989,287	\$ 2,718,133
Acquisition of tangible capital assets	(1,077,806)	(16,950,891)	(3,193,518)
Contributed tangible capital assets	(349,300)	-	(4,129)
Disposal of tangible capital assets	-	-	23,222
Amortization of tangible capital assets	915,357	-	863,895
Change in prepaid expenses	(11,829)	-	13,130
Increase (decrease) in net financial assets	2,029,109	(3,961,604)	420,733
Net financial assets, beginning	12,036,308	12,036,308	11,615,575
Net financial assets, ending	\$ 14,065,417	\$ 8,074,704	\$ 12,036,308

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

Consolidated Statement of Cash Flows - Year ended December 31, 2018	2018	2017
	<u>2018</u>	<u>2017</u>
Operating activities		
Annual surplus	\$ 2,552,688	\$ 2,718,133
Items not affecting operating activities:		
Actuarial adjustment of debenture debt	(2,508)	(2,231)
Amortization of tangible capital assets	915,357	863,895
Change in prepaid expenses	(11,829)	13,130
Loss (gain) on disposal of tangible capital asset	(1,869)	19,722
Contributed tangible capital assets	(349,300)	(4,129)
Decrease (increase) in non-cash financial assets:		
Receivables	479,508	(800,170)
Inventory for resale	825	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(52,333)	229,888
Deferred revenue	117,741	485,157
Cash provided by operating activities	<u>3,648,280</u>	<u>3,523,395</u>
Capital activities		
Acquisition of tangible capital assets	(1,077,806)	(3,193,518)
Proceeds on disposition of tangible capital asset	1,869	3,501
Cash applied to capital activities	<u>(1,075,937)</u>	<u>(3,190,017)</u>
Financing activities		
Debt principal repaid	(1,747,512)	(153,635)
Proceeds for borrowing	2,176,422	1,624,880
Cash provided by (applied to) financing activities	<u>428,910</u>	<u>1,471,245</u>
Net change in cash and cash equivalents	<u>3,001,253</u>	<u>1,804,623</u>
Cash and cash equivalents, beginning	<u>17,408,941</u>	<u>15,604,318</u>
Cash and cash equivalents, ending	<u>\$ 20,410,194</u>	<u>\$ 17,408,941</u>
 Supplemental information		
Interest received	<u>\$ 328,703</u>	<u>\$ 171,950</u>
Interest paid	<u>\$ 76,344</u>	<u>\$ 10,343</u>

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

Notes to Consolidated Financial Statements - Year ended December 31, 2018

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 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 for resale

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.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

2. Significant accounting policies (continued)

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

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

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations are settled.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

2. Significant accounting policies (continued)

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, 2018.

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. As at December 31, 2018 no such contamination in excess of an environmental standard requiring remediation exists.

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 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.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

2. Significant accounting policies (continued)

m) Related Parties

Effective January 1, 2018, the Regional District adopted the recommendations related to PS 2200 Related Party Disclosures and PS 3240 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspectives.

There was no material impact on the consolidated financial statements of adopting the new Sections.

n) Assets, Contingent Assets and Contractual Rights

Effective January 1, 2018, the Regional District adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the consolidated financial statements of adopting the new Sections.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

3. Cash and cash equivalents

Included in cash and cash equivalents is \$1,595,774 (2017 – \$1,567,837) 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 \$2,874,797 (2017 – \$2,974,795) that is externally restricted by contribution agreements for wharves contributed to the Regional District from Transport Canada.

4. Receivables

	2018	2017
Government of Canada	\$ 33,877	\$ 54,410
Province of British Columbia	47,433	709,728
Regional and local governments	47,392	40,434
Utility service customers	340,308	224,552
Other trade receivables	254,681	174,076
	<u>\$ 723,691</u>	<u>\$ 1,203,200</u>

5. Investments

Investments comprise a five-year 2.2% non-redeemable Guaranteed Investment Certificate at a cost of \$149,985 (2016 – \$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.

	2018	2017
City of Campbell River	\$ 8,335,041	\$ 4,551,389
Village of Sayward	71,369	80,233
	<u>\$ 8,406,410</u>	<u>\$ 4,631,622</u>

7. Accounts payable and accrued liabilities

	2018	2017
Government of Canada	\$ 1,394	\$ 47,269
Province of British Columbia	64,810	123,083
Regional and local governments	194,894	219,287
Accrued interest on long-term debenture debt	19,909	1,315
Payroll liabilities	472,176	427,129
Other trade payables	398,537	385,970
	<u>\$ 1,151,720</u>	<u>\$ 1,204,053</u>

Notes to Consolidated Financial Statements - Year ended December 31, 2018

8. Deferred revenue

	2018	2017
Deferred grants	\$ 749,530	\$ 675,244
Transport Canada (Note 9)	2,836,805	2,827,491
Parkland acquisition	87,082	80,000
Unearned revenue	83,905	56,846
	<u>\$ 3,757,322</u>	<u>\$ 3,639,581</u>

9. Transport Canada port divestiture contributions

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 November 14, 2024. The unused portions of the contributions have been deposited in separate Canadian interest-bearing bank accounts dedicated exclusively for the operation and upgrade of the Ports.

	2018	2017
Beginning balance	\$ 2,827,491	\$ 2,831,152
Add: Interest earned on funds	53,040	32,795
Add: Other revenue	363	363
Less: Eligible expenses	(44,089)	(36,819)
Ending balance	<u>\$ 2,836,805</u>	<u>\$ 2,827,491</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, 2018 the CDOR rate was 2.80% (2017 – 1.94%). 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 Debt.

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

2019	\$ 88,535
2020	47,573
2021	47,573
2022	47,573
2023	47,573
Thereafter	1,087,063
Total	<u><u>\$ 1,365,890</u></u>

Interest on long-term debt recorded in the Consolidated Statement of Operations in 2018 is \$53,031 (2017 – \$10,527). The above figures do not include anticipated actuarial earnings on debenture sinking funds.

At December 31, 2018 there was \$168,793 of short-term debt for the Quathiaski Cove sewer expansion project which is under construction and will be finalized in spring 2019, at which time the related debt repayment will be determined.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

11. Accumulated surplus

	<u>2018</u>	<u>2017</u>
Equity in tangible capital assets	\$ 17,152,528	\$ 17,067,182
Capital funds	527,966	(11,550)
Appropriated surplus	1,533,956	1,430,674
Reserve funds	11,842,017	10,392,300
Operating funds	2,526,632	2,151,805
	<u>\$ 33,583,099</u>	<u>\$ 31,030,411</u>

12. 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 and projects.

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,521,577	\$ 4,390,514
Add: Adjustment to opening balance	17,148	-
Add: Amounts received during the year	498,795	481,963
Add: Interest earned on funds	81,383	47,578
Less: Eligible expenses spent	(42,035)	(398,478)
Ending balance	<u>\$ 5,076,868</u>	<u>\$ 4,521,577</u>

13. Contingent liability

As at December 31, 2018, there existed one outstanding claims against the Regional District. Subsequent to year end, this legal claim was dismissed.

14. 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.

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, 2018 the Regional District had debt reserve funds of \$22,609 (2017 – \$1,992).

Notes to Consolidated Financial Statements - Year ended December 31, 2018

16. 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, 2017, the plan has approximately 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Regional District paid \$375,100 (2017 – \$365,829) for employer contributions while employees contributed \$326,527 (2017 – \$309,682) to the plan in fiscal 2018.

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

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

17. 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.

18. North Island 911 Corporation

The 911 emergency answering and fire dispatch services for northern Vancouver Island and part of the Sunshine Coast are provided by the North Island 911 Corporation which is owned by the Regional Districts of Alberni-Clayoquot, Comox Valley, Mount Waddington, Nanaimo, qathet (Powell River) and Strathcona. The Strathcona Regional District owns four of the twenty-one shares in the corporation which are recorded at cost.

Notes to Consolidated Financial Statements - Year ended December 31, 2018

19. Segmented information

The Strathcona Regional District is a diversified local government providing a wide range of services to 44,500 residents, including parks, recreation centre, community halls, fire protection, emergency programs, and 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 2018 revenues and expenses can be found in Schedule 1 of the accompanying financial statements, Schedule 2 contains 2017 comparative figures.

General Government Services

General government comprises member municipality and electoral area governance, general administration which includes corporate services, finance, human resources and information systems, feasibility studies and grants in aid.

Protective Services

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

Transportation Services

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

Environmental Health Services

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 Services

Development services consist of rural land use planning, economic development, geographic information systems and house numbering.

Park, Recreation and Culture Services

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

Notes to Consolidated Financial Statements - Year ended December 31, 2018

20. Reconciliation to 2018 Budget Bylaw

The budget amounts presented throughout these financial statements are audited and represent the 2018-2023 Financial Plan and Capital Expenditure Program Bylaw No. 300, as approved by the Regional District Board on March 7, 2018.

The financial plan bylaw was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The financial plan anticipated the use of surpluses accumulated in prior years to reduce the current year revenues to fund current year expenditures. In addition, capital acquisitions are recognized as expenditures in the financial plan rather than including amortization expense, and debt proceeds and principal payments are excluded from the Statement of Operations on the financial statements.

The summary below reconciles the 2018 adopted financial plan to the financial statement budget figures on Statement B:

	<u>2018</u>
Balanced Financial Plan Bylaw	\$ -
Add:	
Debt principal payments	165,570
Capital acquisitions	16,950,891
Deficit prior year	221,574
Budgeted transfers to reserves/appropriated surplus	2,605,234
Less:	
Proceeds from borrowing	(2,313,578)
Budgeted transfers from prior year surpluses	(2,231,189)
Budgeted transfers from reserves/appropriated surplus	(2,409,215)
Statement of Operations Budgeted Surplus/(Deficit)	<u><u>\$ 12,989,287</u></u>

21. Subsequent Event

In 2018, the Regional District was awarded grants totaling \$33 million from the Government of Canada and Province of British Columbia for the Connected Coast project. The purpose of this project is to bring or improve high-speed internet accessibility for rural and remote communities along the BC Coast in partnership with City West, a wholly-owned subsidiary of Prince Rupert who received \$12 million for their portion of the project for a total project budget of \$45 million. To construct and operate this initiative, the Regional District has created a wholly-owned subsidiary company called Strathcona Connected Coast Network Corporation. No activity occurred in this company in 2018, with planned construction to start in 2019 and expected completion of installing the capital infrastructure for this project to occur by 2021.

Schedule 1

Consolidated Schedule of Segment Disclosure by Service - Year ended December 31, 2018

	General Government	Protective	Transporta- tion	Environmental Health	Development and Cultural	Park, Recreation and Cultural	2018 Actual	2018 Budget (Note 20)
Revenue								
Frontage and parcel taxes	\$ -	\$ -	\$ -	\$ 11,323	\$ -	\$ -	\$ 11,323	\$ 11,323
Grants in lieu of taxes	143,747	5,380	34	276	2	55,899	205,338	129,660
Property tax requisition	1,825,380	1,436,879	211,488	599,344	599,245	6,537,646	11,209,982	11,209,982
Government grants and transfers	796,541	65,365	-	41,302	-	83,122	986,330	13,572,006
Sales of services	52,779	13,795	-	1,280,022	1,325	1,553,135	2,901,056	3,018,989
Other revenue from own sources	52,391	65,172	358	33,080	60,730	13,347	225,078	147,328
Contributions from others	-	-	-	-	-	13,093	13,093	13,500
Contributed tangible capital assets	-	-	-	-	-	349,300	349,300	-
Gain on disposal of tangible capital assets	1,869	-	-	-	-	-	1,869	-
Interest earned	249,071	6,979	1,138	8,343	784	78,944	345,259	32,440
Actuarial adjustment of debenture debt	-	-	-	2,508	-	-	2,508	-
Total revenue	3,121,778	1,593,570	213,018	1,976,198	662,086	8,684,486	16,251,136	28,135,228
Expense								
Labour and benefits	1,788,729	157,036	2,903	62,760	400,265	3,740,142	6,151,835	7,038,616
Grants	106,690	1,111,128	144,056	-	9,125	497,592	1,868,591	1,987,400
Goods and services	993,579	227,315	45,635	1,550,694	89,504	1,802,908	4,709,635	6,027,226
Interest	43,993	146	-	6,575	-	2,317	53,031	92,699
Amortization of tangible capital assets	168,374	64,165	10,723	112,571	5,080	554,443	915,356	-
Total expense	3,101,365	1,559,790	203,317	1,732,600	503,974	6,597,402	13,698,448	15,145,941
Surplus	\$ 20,413	\$ 33,780	\$ 9,701	\$ 243,598	\$ 158,112	\$ 2,087,084	\$ 2,552,688	\$ 12,989,287

Schedule 2

Consolidated Schedule of Segment Disclosure by Service - Year ended December 31, 2017

	General Government	Protective	Transportation	Environmental Health	Development	Park, Recreation and Cultural	2017 Actual	2017 Budget
Revenue								
Frontage and parcel taxes	\$ -	\$ -	\$ -	\$ 11,323	\$ -	\$ -	\$ 11,323	\$ 11,323
Grants in lieu of taxes	134,474	5,874	183	261	1,583	58,634	201,009	129,660
Property tax requisition	1,704,119	1,430,833	200,899	527,190	599,117	6,579,320	11,041,478	11,041,478
Government grants and transfers	872,583	11,924	-	670,384	-	46,996	1,601,887	3,102,144
Sales of services	17,835	6,890	-	797,238	2,463	1,556,066	2,380,492	2,608,067
Other revenue from own sources	11,470	66,609	358	29,606	38,165	16,830	163,038	104,058
Contributions from others	-	-	-	-	-	5,400	5,400	35,267
Contributed tangible capital assets	-	-	-	-	-	4,129	4,129	-
Gain on disposal of tangible capital assets	(19,723)	-	-	-	-	1	(19,722)	-
Interest earned	130,559	3,735	656	4,863	268	39,100	179,181	37,142
Actuarial adjustment of debenture debt	-	-	-	2,231	-	-	2,231	-
Total revenue	2,851,317	1,525,865	202,096	2,043,096	641,596	8,306,476	15,570,446	17,069,139
Expense								
Labour and benefits	1,700,998	150,511	2,520	54,070	403,648	3,616,488	5,928,235	6,324,024
Grants	341,709	1,045,443	138,036	-	25,248	489,776	2,040,212	1,933,249
Goods and services	812,208	101,364	41,512	1,303,969	57,129	1,693,532	4,009,714	5,180,192
Interest	-	507	-	6,575	-	3,175	10,257	14,682
Amortization of tangible capital assets	157,155	64,000	10,723	103,239	10,159	518,619	863,895	-
Total expense	3,012,070	1,361,825	192,791	1,467,853	496,184	6,321,590	12,852,313	13,452,147
Surplus (deficit)	\$ (160,753)	\$ 164,040	\$ 9,305	\$ 575,243	\$ 145,412	\$ 1,984,886	\$ 2,718,133	\$ 3,616,992

Schedule 3

Consolidated Schedule of Tangible Capital Assets- Year ended December 31, 2018

	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles and Fixtures	Water Infrastructure	Sewer Infrastructure	Capital Projects in Progress	2018	2017
Cost								
Balance, beginning	\$ 8,602,160	\$ 17,607,668	\$ 2,653,140	\$ 4,130,624	\$ 1,096,201	\$ 998,625	\$ 35,088,417	\$ 31,998,744
Add:								
Additions during year	523,201	211,390	126,566	-	-	565,949	1,427,106	3,197,647
Less:								
Disposals or write downs Completed during year	-	-	-	-	-	-	-	(107,974)
Balance, ending	9,125,361	17,844,275	2,779,706	4,130,624	2,032,475	603,083	36,515,523	35,088,417
Accumulated amortization								
Balance, beginning	\$ 990,078	\$ 10,195,600	\$ 1,664,387	\$ 2,739,119	\$ 537,963	\$ -	\$ 16,127,147	\$ 15,348,004
Add:								
Amortization for the year	168,919	422,698	211,168	82,619	29,952	-	915,356	863,895
Less:								
Accumulated amortization on disposals	-	-	-	-	-	-	-	(84,752)
Balance, ending	1,158,997	10,618,298	1,875,555	2,821,738	567,915	-	17,042,503	16,127,147
Net book value	\$ 7,966,364	\$ 7,225,977	\$ 904,151	\$ 1,308,886	\$ 1,464,560	\$ 603,083	\$ 19,473,020	\$ 18,961,270
Net book value prior year	\$ 7,612,082	\$ 7,412,068	\$ 988,753	\$ 1,391,506	\$ 558,238	\$ 998,625	\$ 18,961,270	

Schedule 4

Consolidated Schedule of Debt - As at December 31, 2018

Bylaw #	Maturity Date	Rate	Beginning Balance	Debt Proceeds	Principal Payments	Actuarial Additions	Ending Balance
Capital							
General Administration							
BL261	09/2048	3.04%	1,624,879	2,042,160	(1,624,879)	-	2,042,160
Cortes Island Fire Protection							
BL170	04/2018	Variable: CDOR + 0.50%	11,262	-	(11,262)	-	-
Electoral Area B Community Parks							
BL211	04/2019	Variable: CDOR + 0.50%	81,925	-	(40,963)	-	40,962
Strathcona Gardens Recreation							
BL162	02/2018	Variable: CDOR + 0.50%	65,760	-	(65,760)	-	-
Craig Road Water							
BL2789	04/2027	4.43%	75,731	-	(4,648)	(2,508)	68,575
Quathiaski Cove Sewer Extension #1							
BL217	12/2019	Variable: CDOR + 0.50%	34,531	134,262	-	-	168,793
Total debt			\$ 1,894,088	\$ 2,176,422	\$ (1,747,512)	\$ (2,508)	\$ 2,320,490

Strathcona Regional District

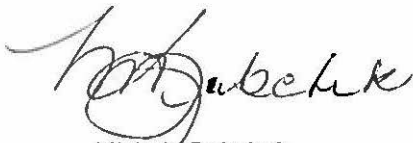
Supplementary Information and Information Pursuant to the *Financial Information Act*

Year ended December 31, 2018

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, 2018.

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



Michele Babchuk
Chair of the Board



Myriah Foort, BBA, CPA, CA
Chief Financial Officer

Consolidated Summary of Surpluses and Reserves - As at December 31, 2018 (Unaudited)

Schedule I

Function	Appropriated Surplus <i>Note a</i>	Reserves <i>Note b</i>	Accumulated Surplus <i>Note c</i>	2018 Total	2017 Total
General Government Services					
Area A Grants in Aid	\$ -	\$ -	\$ 13,326	\$ 13,326	\$ 11,554
Area B Grants in Aid	-	-	33	33	20
Area C Grants in Aid	-	-	22,806	22,806	17,164
Area D Grants in Aid	-	-	3,456	3,456	10,134
Electoral Areas Administration and Elections	72	-	145,962	146,034	144,297
Feasibility Studies - Electoral Areas	-	-	77,817	77,817	82,946
Feasibility Studies - Regional	-	-	10,912	10,912	25,728
General Administration	504,705	5,654,956	805,388	6,965,049	6,078,790
Member Municipality Administration	80,070	-	73,476	153,546	98,890
	584,847	5,654,956	1,153,176	7,392,979	6,469,523
Protective Services					
911 Emergency Answering	33,248	-	11,188	44,436	33,713
Area D Animal Control	50,521	-	5,725	56,246	82,364
Building Inspection	61,699	99,426	75,422	236,547	222,800
Campbell River Area D Fire Protection	29,220	-	5,390	34,610	80,461
Kyuquot/Nootka Emergency Program	2,252	-	2,334	4,586	4,821
Noise Control	-	-	2,741	2,741	3,129
North Quadra Assistance Response	-	1,493	250	1,743	1,716
Sayward Valley Fire Protection	4,064	253,820	34,395	292,279	282,958
Soil Deposit and Removal Control	136	-	1	137	137
South Cortes Island Fire Protection	25,745	206,293	5,429	237,467	187,012
Strathcona Emergency Program	33,436	-	12,098	45,534	57,677
Unsanitary Premises	-	4,052	500	4,552	4,481
	240,321	565,084	155,473	960,878	961,269
Transportation Services					
Area C Street Lighting	485	-	309	794	789
Area D Street Lighting	-	-	1,887	1,887	(141)
Area D Transit	15,000	-	26,683	41,683	37,590
Oyster River Bank Protection	1,087	65,216	16,767	83,070	77,711
	16,572	65,216	45,646	127,434	115,949
Environmental Health Services					
Area D Water	34,497	257,331	149,733	441,561	247,904
Cortes Island Refuse Collection	88,194	5,175	11,702	105,071	88,814
Cortes Island Refuse Disposal	42,188	-	2,888	45,076	46,941
Craig Road Water	-	-	1,507	1,507	2,297
Kyuquot/Nootka Solid Waste Disposal	16,823	-	4,446	21,269	20,153
Liquid Waste Management Plan	29,844	-	13,896	43,740	46,642
Quathiaski Cove Sewer	981	33,592	48,020	82,593	115,131
Sayward Valley Refuse Collection	21,764	-	1,716	23,480	19,439
Sayward Valley Refuse Disposal	2,004	12,519	722	15,245	12,674
	236,295	308,617	234,630	779,542	599,995

Consolidated Summary of Surpluses and Reserves (continued) - As at December 31, 2018 (Unaudited)

Schedule I

Function	Surplus <i>Note a</i>	Reserves <i>Note b</i>	Surplus <i>Note c</i>	2018 Total	2017 Total
Development Services					
Area A House Numbering	-	-	1	1	3
Area B House Numbering	-	-	-	-	-
Area C Economic Development	4,000	-	45,245	49,245	25,428
Area C House Numbering	-	-	1	1	4
Area D House Numbering	-	-	-	-	1
Planning	77,051	191,998	217,619	486,668	408,487
Planning - Non-Part 26	-	-	2,004	2,004	2,012
Sayward Valley Economic Development	33,830	-	537	34,367	30,839
	114,881	191,998	265,407	572,286	466,774
Recreation and Cultural Services					
Area B Community Parks	5,250	251,561	1,878	258,689	255,975
Area B Heritage Conservation	-	-	3,184	3,184	2,174
Area C Community Parks	20,000	205,864	48,571	274,435	441,616
Area C Heritage Conservation	-	-	3,572	3,572	2,563
Area D Community Parks	10,000	673,996	42,813	726,809	742,997
Kyuquot Community Hall	-	-	478	478	292
Quadra Island Community Hall	-	77,419	1,498	78,917	91,854
Sayward Valley Recreation and Community Hall	30,736	124,336	1,922	156,994	156,909
Strathcona Gardens Recreation Complex	275,054	3,722,970	565,849	4,563,873	3,663,047
Vancouver Island Regional Library	-	-	2,535	2,535	3,842
	341,040	5,056,146	672,300	6,069,486	5,361,269
	\$ 1,533,956	\$ 11,842,017	\$ 2,526,632	\$ 15,902,605	\$ 13,974,779

Notes:

- 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 *Schedule of Changes in Reserve Fund Balances* 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.

Schedule of Changes in Reserve Fund Balances - As at December 31, 2018 (Unaudited)

Schedule II

Reserve Type and Function	Beginning Balance	Interest Earned	Transfers from (to) Operating	Transfers from (to) Capital	Ending Balance
Capital works, machinery & equipment reserves					
Area B Community Parks	\$ 31,408	\$ 558	\$ -	\$ -	\$ 31,966
Area C Community Parks	228,044	4,050	11,304	(81,049)	162,349
Area C Community Parks - Evans Bay Port Facility	17,149	-	-	(17,149)	-
Area D Community Parks	435,313	7,747	20,000	(15,455)	447,605
Area D Water	246,087	4,098	-	-	250,185
Building Inspection	17,706	360	30,000	-	48,066
Cortes Island Refuse Disposal	5,085	90	-	-	5,175
General Administration	451,087	8,136	169,729	(76,613)	552,339
Oyster River Bank Protection	45,985	816	-	-	46,801
Planning	26,793	705	160,000	-	187,498
Quadra Island Community Hall	3,482	62	-	-	3,544
Quathiaski Cove Sewer	33,005	587	-	-	33,592
Sayward Valley Fire Protection	167,994	2,984	82,842	-	253,820
Sayward Valley Recreation and Community Hall	49,026	871	-	-	49,897
Sayward Valley Refuse Disposal	12,301	218	-	-	12,519
South Cortes Island Fire Protection	104,313	1,853	50,922	-	157,088
Strathcona Gardens Recreation Complex	2,846,568	50,807	1,354,395	(657,797)	3,593,973
	4,721,346	83,942	1,879,192	(848,063)	5,836,417
Future expenditure reserves					
Area B Community Parks	65,888	1,171	-	-	67,059
Area C Community Parks	28,841	512	-	-	29,353
Area D Community Parks	221,460	3,934	-	-	225,394
Area D Water	188,709	3,353	(184,916)	-	7,146
Building Inspection	46,532	828	4,000	-	51,360
General Administration	25,300	449	-	-	25,749
North Quadra Assistance Response	1,467	26	-	-	1,493
Oyster River Bank Protection	18,093	322	-	-	18,415
Planning	4,421	79	-	-	4,500
Quadra Island Community Hall	70,898	1,258	1,719	-	73,875
Sayward Valley Recreation and Community Hall	73,141	1,298	-	-	74,439
South Cortes Island Fire Protection	48,347	858	-	-	49,205
Strathcona Gardens Recreation Complex	77,846	1,382	49,769	-	128,997
Unightly Premises	3,981	71	-	-	4,052
	874,924	15,541	(129,428)	-	761,037
Community parkland acquisition reserves					
Area C Community Parks	112,170	1,992	-	(100,000)	14,162
Area D Community Parks	10,547	-	(21,550)	12,000	997
	122,717	1,992	(21,550)	(88,000)	15,159
Endowments					
Area B Community Parks-Hank's Beach Forest Conservation Park	151,736	3,300	(2,500)	-	152,536
	151,736	3,300	(2,500)	-	152,536
Community Works Fund					
	4,521,577	81,383	498,795	(24,887)	5,076,868
	\$ 10,392,300	\$ 186,158	\$ 2,224,509	\$ (960,950)	\$ 11,842,017

Schedule of Service Requisition Limits - As at December 31, 2018 (Unaudited)

Schedule III

Service	Requisition Limits
General Government Administration	
General Administration	No stated limit
Grants in Aid – Areas A, B, C and D	\$0.10 per \$1,000 net taxable assessment
Electoral Areas Administration and Election Services	No stated limit
Feasibility Study – Electoral Areas and Regional	No stated limit
Member Municipalities Administration	No stated limit
Protective Services	
911 Emergency Answering	\$0.35 per \$1,000 net taxable assessment
Area D Animal Control	\$0.323 per \$1,000 net taxable assessment
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 per \$1,000 net taxable assessment
North Quadra Assistance Response	\$0.02 per \$1,000 net taxable assessment
Sayward Valley Fire Protection	\$2.00 per \$1,000 net taxable assessment
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
Unightly Premises	\$25,000 or \$0.002 per \$1,000 net taxable assessment, whichever is greater
Transportation Services	
Area C Street Lighting	\$7,880 total maximum
Area D Street Lighting	\$0.20 per \$1,000 net taxable assessment
Area D Transit	\$0.20 per \$1,000 net taxable assessment
Oyster River Bank Protection	\$18,000 total maximum

Schedule of Service Requisition Limits (continued) - As at December 31, 2018 (Unaudited)

Schedule III

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

Schedule of Guarantee and Indemnity Agreements - As at December 31, 2018 (Unaudited)**Schedule IV**

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

Schedule of Remuneration and Expenses - As at December 31, 2018 (Unaudited)

Schedule V

Name	Position/Area Represented	Remuneration	Expenses	Total
Elected and Appointed Officials				
Abram, J.	Director, Electoral Area C	\$ 44,565	\$ 18,867	\$ 63,432
Adams, A.	Director, City of Campbell River	16,059	-	16,059
Anderson, N.	Director, Electoral Area B	40,473	8,588	49,061
Babchuk, M.	Director, City of Campbell River, Board Chair	39,299	3,954	43,253
Colborne, J.	Director, Village of Zeballos	18,514	3,752	22,266
Cornfield, C.	Director, City of Campbell River	16,592	-	16,592
Davis, M.	Director, Village of Tahsis	2,684	567	3,251
Evans, C.	Alternate Director, City of Campbell River	1,743	-	1,743
Grunerud, C.	Commissioner, Strathcona Gardens Commission	1,000	-	1,000
Ives, W.	Alternate Director, Village of Sayward	165	81	246
Kerr, R.	Director, City of Campbell River	16,418	-	16,418
Lavelle, M.	Alternate Director, Electoral Area B	7,315	998	8,313
Leigh, B.	Director, Electoral Area D	39,955	2,004	41,959
MacDonald, J.	Director, Village of Sayward	15,982	1,612	17,594
MacKenzie, D.	Alternate Director, Electoral Area C	455	40	495
Moglove, C.	Director, City of Campbell River	1,840	-	1,840
Overton, B.	Alternate Director, Village of Tahsis	11,253	2,579	13,832
Samson, L.	Director, City of Campbell River	12,906	218	13,124
Schooner, J.	Director, Village of Tahsis	2,590	814	3,404
Unger, N.B.	Director, Village of Gold River	16,952	5,702	22,654
Waterman, G.	Alternate Director, Village of Gold River	185	94	279
Whalley, G.	Director, Electoral Area A	40,070	6,580	46,650
Wright, M.	Alternate Director, City of Campbell River	1,625	-	1,625
		348,640	56,450	405,090
Employees				
Clark, K.	Senior Accountant	85,711	2,932	88,643
Gage, L.	Human Resources Manager	75,986	5,413	81,399
Gurak, K.	Facility Manager, Strathcona Gardens	99,000	1,607	100,607
Hamblin, G.	Operations Manager, Strathcona Gardens	87,086	1,130	88,216
Hansen, R.	Community Services Manager	110,569	2,716	113,285
Leitch, D.	Chief Administrative Officer	144,600	10,594	155,194
Schmuland, J.	Information Technology Manager	94,363	5,573	99,936
Smith, V.	Strategic Initiatives Manager	107,000	12,198	119,198
Toews, J.	Aquatics & Administration Manager, Strathcona Gardens	76,022	5,350	81,372
Yates, T.	Corporate Services Manager	117,450	394	117,844
		997,787	47,907	1,045,694
Add: employees with remuneration less than \$75,000		3,755,955	89,610	3,845,565
		4,753,742	137,518	4,891,260
Total remuneration and expenses for elected officials and employees		\$ 5,102,382	\$ 193,968	\$ 5,296,350
Reconciling items, including adjustments for accrual-based accounting, accruals for vacation, sick leave, post-employment benefits, and employer share of CPP and EI benefits		1,049,453		
Total Labour and Benefits per Schedule 1 of Financial Statements		\$ 6,151,835		

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

Statement of Severance Agreements - As at December 31, 2018 (Unaudited)**Schedule VI**

There were no severance agreements made between the Strathcona Regional District and its non-unionized employees during the year ended December 31, 2018.

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

Schedule of Payments to Suppliers - As at December 31, 2018 (Unaudited)

Schedule VII

Supplier Name	Amount Paid
Accent Refrigeration Systems Ltd	80,168
Acklands-Grainger Inc	30,210
Aloyd Fitness Equipment	47,876
Apple Electric Ltd	76,707
B.C. Hydro	341,696
Berry & Vale Contracting Ltd	121,220
Black Press Group Ltd	63,004
CIGNA Life Insurance Company of Canada	71,678
Cimco Refrigeration	43,530
City of Campbell River	1,278,592
ClearTech Industries Inc	32,278
Comox Valley Regional District	107,126
D. Borgfjord Contracting Ltd.	31,962
DB Perks & Associates Ltd	50,549
FortisBC-Natural Gas	129,112
Green Shield Canada	248,457
HCMA Architecture & Design	318,388
Herold Engineering Limited	45,932
Koers & Associates Engineering Ltd	36,255
Michael Oviatt Trucking Ltd	78,586
Minister of Finance	46,500
MNP LLP	58,962
Municipal Finance Authority of BC	811,243
Municipal Insurance Association of Britis	59,403
Municipal Pension Plan	746,848
PerfectMind Inc	27,705
Receiver General For Canada	1,362,365
Richardson Luisa	27,494
S2 Innovative Products Group Ltd	55,505
Shaw Telecom GP	39,685
SoftwareONE Canada Inc.	44,547
Susan L. Sinnott "In Trust"	169,001
The Update Company Inc	60,270
Think Communications Inc	217,573
Troy Life & Fire Safety Ltd	26,828
United Steelworkers - Local 1-1937	46,629
Urban Matters CCC Ltd	26,250
Vadim Computer Management Group Ltd	28,160
Verschuur Margaret	50,291
Waste Management of Canada Corporation	42,257
Waypoint Insurance	68,357
WorkSafeBC	97,510
Total suppliers over \$25,000	7,346,712

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

Schedule of Payments to Suppliers (continued) - As at December 31, 2018 (Unaudited)

Schedule VII

Supplier Name	Amount Paid
City of Campbell River	624,828
Cortes Island Fire-Fighting Association	157,865
North Island 911 Corporation	407,145
Quadra Island Recreation Society	157,582
Vancouver Island Regional Library	497,592
Village of Sayward	66,392
Total grants over \$25,000	1,911,404
Total suppliers and grants under \$25,000	1,841,881
Total payments to suppliers and grants	11,099,998
Adjustments:	
Debt principal repaid	(1,747,512)
Acquisition of tangible capital assets	(1,077,806)
Amortization expense on tangible capital assets	915,356
Labour and benefits	6,151,835
Change in accounts payable and accrued expenses, and payments for non-expense items	\$ (1,643,423)
Total Expense per Consolidated Financial Statements, Statement B	\$ 13,698,448

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



Strathcona

REGIONAL DISTRICT



The Strathcona Regional District is a partnership of four electoral areas and five municipalities providing services to approximately 44,671 residents.