



Strathcona
REGIONAL DISTRICT



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History and Purpose

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.



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.

2017 Elected Officials and 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; Director Schooner; Director Leigh*

Elected Officials

City of Campbell River
 City of Campbell River
 City of Campbell River
 City of Campbell River
 City of Campbell River
 Village of Gold River
 Village of Sayward
 Village of Tahsis
 Village of Zeballos
 Electoral Area A – Kyuquot-Nootka/Sayward
 Electoral Area B – Cortes Island
 Electoral Area C – Discovery Islands-Mainland Inlets
 Electoral Area D – Oyster Bay-Buttle Lake

Andy Adams
 Charlie Cornfield
 Larry Samson
 Michele Babchuk (Chair)
 Ron Kerr
 Brad Unger (Vice Chair)
 John MacDonald
 Brenda Overton (Acting)
 Julie Colborne
 Gerald Whalley
 Noba Anderson
 Jim Abram
 Brenda Leigh

SRD Associate Member

Ka:'yu:'k't'h' / Che:k'tles7e't'h (Kyuquot/Checlesaht) First Nations

Kevin Jules

Appointed Officers

Chief Administrative Officer
 Officer Responsible for Financial Administration
 Officer Responsible for Corporate Administration

David Leitch
 Myriah Foort
 Tom Yates

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.



Message from the Chair

The Strathcona Regional District (SRD) is entering its 10th year of operation, and we continue to improve, strengthen and streamline our operations and services. In 2017, we reached milestones, pushed our strategic priorities and rose to meet challenges. As a Board, we are finding new and better ways to work together for the betterment of the SRD and the services and programs provided to residents.



The year started with the successful purchase of 990 Cedar Street in Campbell River. We had been renting space in the building, but with the purchase, we have added to our capital asset infrastructure at no extra cost to the public as the purchase was cost neutral. We continued to engage with residents on important issues such as the redevelopment of Strathcona Gardens, known as the REC-REATE project. We consulted with user-groups and a community advisory panel, as well as with the public through on-site events and online surveys. From this process, we received overwhelming public support to further explore the possibility of a partial rebuild and renovation for the facility.

We continued to advocate for the extension of affordable high-speed internet and cellular coverage in the SRD – now known as the Connected Coast project - and in early 2018, the SRD and project partner CityWest were awarded \$45.4 million to construct backbone infrastructure which will provide rural and remote communities across Vancouver Island, Coastal BC, Haida Gwaii and north of Prince Rupert the opportunity to connect digitally to the world.

The implementation of the new First Nations Relations Committee has helped the SRD move towards building stronger relationships with local First Nations. We are happy to welcome Kevin Jules, from the Kyuquot/Checlesaht First Nations to the Board and look forward to participation from other Nations in the future.

Continued senior government advocacy has allowed us to implement other strategic priorities such as our Community Health Network, Connected Coast, REC-REATE, the impact of flooding and sea level rise on our region, as well as asset and record management improvements.

We are very proud of the work we have completed across the region, including housing studies, park and access improvements, regional land-use studies, community planning, infrastructure projects, and solid and liquid waste management. As well as serving our public with ongoing services such as permitting, zoning, bylaw enforcement, safety and emergency management.

As a team, the SRD Board would like to thank our SRD staff for their ongoing support and dedication to a common goal of improving the lives of SRD residents. I would also like to thank the residents of the SRD for participating in our public engagement, getting involved and sharing your voices. The SRD is here to ensure the safety of our residents and our hope is that we add enrichment and improvements to every-day life. Recognizing that there has been challenges, the SRD is striving to meet the public's expectations of professional and respectful governance, knowing this is how organizations grow and strengthen.

On behalf of my colleagues on the Board and SRD staff, I am honoured to share with you some of our achievements in the following 2017 Annual Report.

Michele Babchuk
Chair

Message from the Chief Administrative Officer

As an organization, we have a lot to celebrate when looking back on 2017.

We continued to strengthen our team and build on skills and resources. We provided support to the SRD Board to ensure their strategic priorities are being delivered and help deliver on several large-scale projects.

We continued to improve and streamline the services we provide for residents. We listened to feedback and made amendments, changed or created new bylaws to address the changing needs of our communities. We hosted public engagement on important issues such as the development and renovation of Strathcona Gardens, land use planning and dozens of proposed bylaw and community plan changes.



The Quathiaski Cover Sewer Extension project was completed in late 2017. The new sewer extension will provide environmental protections over the long-term, will help the community achieve its long-term planning goals and addresses the request made by area residents for inclusion in the system.

Several infrastructure projects were completed in 2017. Working alongside the Read Island Access Society, the SRD successfully completed safety and access improvements at the Evans Bay Wharf on Read Island. Playground improvements – such as installation of new playground and fitness equipment at Hagel Park – were completed across the region. The emergency response team, working with volunteers and other emergency organizations improved radio connectivity in the region through the establishment of repeaters and coordinated radio communications protocols.

In the fall of 2017, the SRD was recognized by the Green Communities Committee (a joint Provincial and Union of British Columbia Municipalities committee) for its efforts to undertake significant organization and region-wide climate action to reduce greenhouse gas (GHG) emissions. The SRD has been awarded Level 3 recognition – Accelerating Progress on Charter Commitments.

The SRD also provided information to residents regarding the Tlowitsis First Nation Addition to Reserve application. We asked for feedback and ensured it was delivered to the proper channels within the consultation period. This was an important step for the SRD as it marks the start of a relationship between the Tlowitsis First Nation and the SRD. We are happy to report that the Addition to Reserve application was successful, and the SRD is now home to the Tlowitsis First Nation reserve.

Over the course of 2017, the SRD was awarded over \$1.6 million in grant funding and transfers to support the various programs and work underway. This includes almost \$482,000 through the federal Community Works Funds, and over \$670,000 from the federal Clean Water and Waste Fund for the Quathiaski Cove Sewer Extension project. Other grant money was spent on the Oyster River (Glenmore) Dike Assessment, the Vancouver Island Health Authority Community Health Network initiative, as well as dozens of safety programs, emergency preparedness programs, parks and infrastructure projects. This grant funding offsets the amount required from taxation, while ensuring that the SRD can continue to offer and expand services and programs as well as deliver projects and initiatives to local residents.

When we look back at what was accomplished in 2017, while continuing to maintain the day-to-day operations of the region, I am proud of the work that staff has accomplished.

2018 is well underway, and it has been an exciting year of opportunities, new ventures and change for us in the region. All of the planning and consultation work completed in 2017 is already paying dividends as we move forward with exciting, large-scale projects in 2018 and future years. We will continue to look to you, our residents, for guidance and input on the initiatives and projects that you feel are important.

David Leitch
Chief Administrative Officer

Board 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 a 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.

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

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

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

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

Functions and Participating Areas

FUNCTION	PARTICIPATING AREA
General Government Services	
Electoral Areas Administration and Election Services Feasibility Studies – Electoral Areas and Regional	All electoral areas 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
Unsightly 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

FUNCTION	PARTICIPATING AREA
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

2017 Highlights

REC-REATE

Public engagement and consultation for the REC-REATE project continued in 2017. The REC-REATE project was launched in 2016 by the Strathcona Gardens Commission and SRD Board to scope and plan for a potential partial rebuild and renovation of the aging Strathcona Gardens Recreation Complex.



In May 2017, after several rounds of public engagement, the completion of a feasibility study, findings from technical investigations of the facility and business case analysis, a refined project concept was shared with the public. Through the process, the public showed overwhelming support for a partial rebuild of the facility partnered with major renovations. In late 2017, the Strathcona Gardens Commission gave staff direction to proceed with the commissioning of a traffic study for the approved option, as well as the schematic design for the project.

The SRD has created a reserve fund for the project and has started allocating funds for the revitalization work. This fund will also help better position the project to help attract future federal and provincial grant and funding opportunities.

Public engagement, consultation and feedback are the cornerstone for the REC-REATE project. Throughout the process, input gathered from residents and facility user groups have formed the basis for the work being completed. As the project continues to move forward through the various stages, the public and user groups will continue to be informed of the project status and proposed design through the project website at www.recreatesg.ca, through open house sessions, online feedback opportunities and meetings with the REC-REATE Community Users Advisory group as well as the Facility User-Group.



Hagel Park Improvements

In the fall of 2017, the SRD completed the installation of new playground and outdoor fitness equipment in Hagel Park in Area D.

The park was originally built in 1997, and after 20 years of use, was in need of update and repair. The new playground reflects input received from the community, provides play structures for children of various age groups - from 18-months to approximately 12 years-old - and provides children with a modern and safe space to explore and play. The fitness equipment can be used by adults as well as older children and provides residents with the opportunity to exercise while enjoying the beautiful park surroundings.



Quathiaski Cove Sewer Extension

In late 2017, the construction of the Quathiaski Cove Sewer System Extension Project infrastructure was started and the work to connect individual properties began with completion of the project planned for 2018.

The sewer extension project on Quadra Island adds 43 new properties to the Quathiaski Cove Sewer System. The service extension addresses key community sustainability goals, specifically around protecting the environment and supporting a village 'hub' in the Quathiaski Cove area, as well as responding to landowner requests for inclusion on the system.

Federal Clean Water and Wastewater grant funding significantly reduced the borrowing required as approved by referendum in 2014 to complete the long planned project.



Completion of Evans Bay Wharf Improvements

Much needed upgrades and improvements were made in late 2017 to the Evans Bay Wharf including the construction of a new floating dock, pilings and a new gangway (walkway).

The SRD took possession of the wharf from Transport Canada in 2010. During the period of 2010 to 2017, the Read Island Access Society completed several upgrades to the wharf, including rebuilding the approach, repainting the gangway and replacing boards on the dock.

The SRD would like to thank the Read Island Access Society for their hard work and input into the recent 2017 upgrades.





2017

Financial Statements



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Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for British Columbia local governments and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the supplementary statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

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

A handwritten signature in black ink, appearing to read "Myriah Foort".

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

July 18, 2018

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

Independent Auditors' Report

To the Board of Directors of the Strathcona Regional District:

We have audited the accompanying consolidated financial statements of the Strathcona Regional District, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and related schedules 1 to 4 for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2017, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Campbell River, British Columbia

July 18, 2018

MNP LLP

Chartered Professional Accountants

**Strathcona Regional District
Consolidated Statement of Financial Position
As at December 31, 2017**

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and cash equivalents (Note 3)	\$ 17,408,941	\$ 15,604,318
Receivables (Note 4)	1,203,200	403,030
Inventory for resale	11,904	11,904
Investments (Note 5)	149,985	149,985
Municipal debt receivable (Note 6)	<u>4,631,622</u>	<u>2,138,318</u>
Total financial assets	<u>23,405,652</u>	<u>18,307,555</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	1,204,053	974,164
Deferred revenue (Note 8)	3,639,581	3,154,423
Long-term debt		
Member municipalities (Note 6)	4,631,622	2,138,318
Regional District (Note 10) (Schedule 4)	<u>1,894,088</u>	<u>425,075</u>
Total liabilities	<u>11,369,344</u>	<u>6,691,980</u>
Net financial assets	<u>12,036,308</u>	<u>11,615,575</u>
Non-financial assets		
Prepaid expenses	32,833	45,963
Tangible capital assets (Schedule 3)	<u>18,961,270</u>	<u>16,650,740</u>
Total non-financial assets	<u>18,994,103</u>	<u>16,696,703</u>
Accumulated surplus (Note 11)	<u>\$ 31,030,411</u>	<u>\$ 28,312,278</u>
Contingent liabilities (Note 13)		



Myriah Foort, BBA , CPA, CA
Officer responsible for financial administration,
pursuant to Section 237 of the Local Government Act (RSBC 2015)

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

Statement B

**Strathcona Regional District
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2017**

	<u>2017 Actual</u>	<u>2017 Budget (Note 20)</u>	<u>2016 Actual</u>
Revenue			
Frontage and parcel taxes	\$ 11,323	\$ 11,323	\$ 12,324
Grants in lieu of taxes	201,009	129,660	178,758
Property tax requisition	11,041,478	11,041,478	10,404,577
Government grants and transfers	1,601,887	3,102,144	752,194
Sales of services	2,380,492	2,608,067	2,315,213
Other revenue from own sources	163,038	104,058	119,269
Contributions from others	5,400	35,267	11,208
Contributed tangible capital assets	4,129	-	169,600
Gain (loss) on disposal of tangible capital assets	(19,722)	-	200
Interest earned	179,181	37,142	139,921
MFA surplus repatriation	-	-	1,836
Actuarial adjustment of debenture debt	2,231	-	4,162
Total revenue	<u>15,570,446</u>	<u>17,069,139</u>	<u>14,109,262</u>
Expense			
General government services	3,012,070	3,561,095	2,545,468
Protective services	1,361,825	1,361,856	1,242,476
Transportation services	192,791	209,909	172,678
Environmental health services	1,467,853	1,447,294	1,330,978
Development services	496,184	678,406	469,092
Recreation and cultural services	6,321,590	6,193,587	6,452,216
Total expense	<u>12,852,313</u>	<u>13,452,147</u>	<u>12,212,908</u>
Annual surplus	<u>2,718,133</u>	<u>3,616,992</u>	<u>1,896,354</u>
Accumulated surplus, beginning	<u>28,312,278</u>	<u>28,312,278</u>	<u>26,415,924</u>
Accumulated surplus, ending	<u>\$ 31,030,411</u>	<u>\$ 31,929,270</u>	<u>\$ 28,312,278</u>

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

**Strathcona Regional District
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2017**

	<u>2017 Actual</u>	<u>2017 Budget (Note 20)</u>	<u>2016 Actual</u>
Annual surplus	\$ 2,718,133	\$ 3,616,992	\$ 1,896,354
Acquisition of tangible capital assets	(3,193,518)	(4,273,485)	(322,884)
Contributed tangible capital assets	(4,129)	-	(169,600)
Disposal of tangible capital assets	23,222	-	-
Amortization of tangible capital assets	863,895	-	825,450
Change in prepaid expenses	13,130	-	(5,757)
Increase (decrease) in net financial assets	420,733	(656,493)	2,223,563
Net financial assets, beginning	11,615,575	11,615,575	9,392,012
Net financial assets, ending	\$ 12,036,308	\$ 10,959,082	\$ 11,615,575

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

Statement D

**Strathcona Regional District
Consolidated Statement of Cash Flows
Year ended December 31, 2017**

	<u>2017</u>	<u>2016</u>
Operating activities		
Annual surplus	\$ 2,718,133	\$ 1,896,354
Items not affecting operating activities:		
Actuarial adjustment of debenture debt	(2,231)	(4,162)
Amortization of tangible capital assets	863,895	825,450
Change in prepaid expenses	13,130	(5,757)
Loss (gain) on disposal of tangible capital asset	19,722	(200)
Contributed tangible capital assets	(4,129)	(169,600)
Increase in non-cash financial assets:		
Receivables	(800,170)	(55,737)
Inventory for resale	-	(1,850)
Increase in liabilities:		
Accounts payable and accrued liabilities	229,888	112,188
Deferred revenue	485,157	223,932
Cash provided by operating activities	<u>3,523,395</u>	<u>2,820,618</u>
Capital activities		
Acquisition of tangible capital assets	(3,193,518)	(322,884)
Proceeds on disposition of tangible capital asset	3,501	200
Cash applied to capital activities	<u>(3,190,017)</u>	<u>(322,684)</u>
Financing activities		
Debt principal repaid	(153,635)	(161,067)
Net debt issued for capital	1,624,880	11,147
Cash provided by (applied to) financing activities	<u>1,471,245</u>	<u>(149,920)</u>
Net change in cash and cash equivalents	<u>1,804,623</u>	<u>2,348,014</u>
Cash and cash equivalents, beginning	<u>15,604,318</u>	<u>13,256,304</u>
Cash and cash equivalents, ending	<u>\$ 17,408,941</u>	<u>\$ 15,604,318</u>
Supplemental information		
Interest received	<u>\$ 171,950</u>	<u>\$ 138,549</u>
Interest paid	<u>\$ 10,343</u>	<u>\$ 17,273</u>

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

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

1. Purpose

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

2. Significant accounting policies

a) Principles of consolidation

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

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

b) Cash equivalents

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

c) Inventory

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

d) Financial instruments

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

e) Non-financial assets

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

f) Tangible capital assets

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

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

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

2. Significant accounting policies (continued)

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

g) Accrued employee benefits

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

h) Post employment benefits

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

i) Government transfers

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

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, 2017.

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, 2017 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.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

2. Significant accounting policies (continued)

l) Measurement uncertainty

The preparation of consolidated 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 consolidated 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.

m) Recent accounting pronouncements

a. PS 2200 Related Party Disclosure

In March 2015, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 *Related Party Disclosures*.

This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

2. Significant accounting policies (continued)

b. PS 3210 Assets

In June 2015, new PS 3210 *Assets* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 *Financial Statement Concepts*. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

2. Significant accounting policies (continued)

c. PS 3320 Contingent Assets

In June 2015, new PS 3320 *Contingent Assets* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

d. PS 3380 Contractual Rights

In June 2015, new PS 3380 *Contractual Rights* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section 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 standard 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.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

2. Significant accounting policies (continued)

e. PS 3420 Inter-entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued new PS 3420 *Inter-entity Transactions*. The new Section establishes standards on how to account for an report transactions between public sector entities that comprise of a government's reporting entity from both a provider and recipient perspective. The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 Related Party Disclosures.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

f. PS 3430 Restructuring Transactions

In June 2015, new PS 3430 *Restructuring Transactions* was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is permitted.

The Regional District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

3. Cash and cash equivalents

Included in cash and cash equivalents is \$1,567,837 (2016 – \$1,559,596) 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 \$2,974,795 (2016 – \$3,017,223) that is externally restricted by contribution agreements with Transport Canada.

4. Receivables

	<u>2017</u>	<u>2016</u>
Government of Canada	\$ 54,410	\$ 37,750
Province of British Columbia	709,728	31,088
Regional and local governments	40,434	41,785
Utility service customers	224,552	173,443
Other trade receivables	174,076	118,964
	<u>\$1,203,200</u>	<u>\$403,030</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.

	<u>2017</u>	<u>2016</u>
City of Campbell River	\$4,551,389	\$2,049,521
Village of Sayward	80,223	88,797
	<u>\$4,631,622</u>	<u>\$2,138,318</u>

7. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Government of Canada	\$47,269	\$46,399
Province of British Columbia	123,083	73,898
Regional and local governments	219,287	115,993
Accrued interest on long-term debenture debt	1,315	1,315
Payroll liabilities	427,129	485,754
Other trade payables	385,970	250,805
	<u>\$1,204,053</u>	<u>\$974,164</u>

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

8. Deferred revenue

Included in deferred revenue are contributions from developers collected under the Local Government Act for the acquisition of parkland. These contributions will be recognized as revenue in future years when these funds are used to acquire parkland.

	2017	2016
Deferred grant contributions	\$675,224	\$255,125
Transport Canada deferred contribution (Note 12)	2,827,491	2,831,152
Parkland acquisition	80,000	-
Unearned revenue	56,846	67,558
	\$3,639,581	\$3,154,423

9. Community Works Fund

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

	2017	2016
Community Works Fund, beginning balance	\$4,390,514	\$3,983,192
Add: Amounts received during the year	481,963	476,076
Interest earned on funds	47,578	41,746
Less: Amounts allocated to projects during the year	(398,479)	(110,500)
Community Works Fund, ending balance	\$4,521,576	\$4,390,514

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, 2017 the CDOR rate was 1.94% (2016 – 0.94%). 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 municipal debt, for the next five years are:

2018	\$ 81,670
2019	121,104
2020	4,648
2021	4,648
2022	1,629,528
Thereafter	52,490
Total	\$1,894,088

Interest on long-term debt recorded in the Consolidated Statement of Operations in 2017 is \$10,257 (2016 – \$14,336). The above figures do not include anticipated actuarial earnings on debenture sinking funds.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

11. Accumulated surplus

	2017	2016
Equity in tangible capital assets	\$17,067,182	\$16,225,665
Operating funds	2,151,805	1,273,977
Capital funds	(11,550)	122,712
Reserve funds	10,392,300	9,386,599
Appropriated surplus	1,430,674	1,303,325
Accumulated surplus	\$31,030,411	\$28,312,278

12. Transport Canada port divestiture contributions

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

	2017	2016
Evans Bay Port Facility reserve, beginning balance	\$ 113,539	\$ 123,810
Add: Interest earned on funds	1,336	1,191
Less: Amount applied to eligible expenses	(97,726)	(11,462)
Evans Bay Port Facility reserve, ending balance	17,149	113,539
Owen Bay, Port Neville and Surge Narrows Port Facilities deferred revenue, beginning balance	2,831,152	2,867,557
Add: Interest earned on funds	32,795	27,556
Add: Other revenue	363	363
Less: Amount applied to eligible expenses	(36,819)	(64,334)
Owen Bay, Port Neville and Surge Narrows Port Facilities deferred revenue, ending balance (Note 8)	2,827,491	2,831,152
	\$2,844,640	\$2,944,691

13. Contingent liabilities

As at December 31, 2017, there existed no outstanding claims against the Regional District. Subsequent to year end, the Regional District has been served a claim. This claim has been referred to the Regional District's legal counsel. It is not possible to determine the Regional District's potential liability, if any, with respect to this matter.

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

14. Pension liability

The Regional District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability. The most recent valuation 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 \$365,829 (2016 – \$381,503) for employer contributions while employees contributed \$309,682 (2016 – \$310,961) to the plan in fiscal 2017.

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

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

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, 2017 the Regional District had debt reserve funds of \$1,992 (2016 – \$1,954).

16. North Island 911 Corporation

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

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

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

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

17. Environmental regulations

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

18. Segmented information

The Strathcona Regional District is a diversified local government providing a wide range of services to 44,500 residents, including parks, recreation centre, community halls, fire protection, water and sewer services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocations of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The following is a description of the types of services included in each of the main service segments of the Regional District's financial statements. A detailed summary of the 2017 revenues and expenses can be found in Schedule 1 of the accompanying financial statements. Schedule 2 contains 2016 comparative figures.

General Government

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

Protective Services

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

Transportation

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

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

Development

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

Recreation and Culture

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

19. Comox-Strathcona Regional Hospital District

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

**Strathcona Regional District
Notes to Consolidated Financial Statements Year
ended December 31, 2017**

20. Reconciliation of 2017 budget

The budget amounts presented throughout these financial statements are audited and represent the five year financial plan bylaw approved by the Regional District Board on February 8, 2017.

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

The summary below reconciles the 2017 adopted financial plan to the Consolidated Statement of Operations.

Consolidated deficit per the 2017 to 2021 Financial Plan and Capital Expenditure Program Bylaw No. 266, as approved February 8, 2017	(\$755,074)
Add:	
Capital acquisitions	4,273,485
Debt principal payments	153,635
Transfers to reserves and appropriated surplus	2,062,578
Less:	
Proceeds from borrowing	(344,068)
Transfers from reserves	<u>(1,773,564)</u>
Budgeted surplus per Statement of Operations	<u>\$3,616,992</u>

21. Subsequent event

Subsequent to the year end, the Regional District was awarded grants totaling \$33 million from the Government of Canada and the Province of British Columbia for the Connected Coast project to bring or improve high-speed internet accessibility for rural and remote communities. To deliver this project the Regional District has created a wholly-own subsidiary called Strathcona Connected Coast Network Corporation. The expected completion of installing the capital infrastructure for this project is 2021.

2017 ANNUAL REPORT

Schedule 1

**Strathcona Regional District
Consolidated Schedule of Segment Disclosure by Service
Year ended December 31, 2017**

	General Government	Protective Services	Transporta- tion	Environmenta l Health	Development	Recreation and Culture	2017 Actual	2017 Budget (Note 20)
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 (loss) 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

2017 ANNUAL REPORT

Schedule 2

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

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

2017 ANNUAL REPORT

Schedule 3

**Strathcona Regional District
Consolidated Schedule of Tangible Capital Assets
Year ended December 31, 2017**

	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles and Fixtures	Water Infrastructure	Sewer Infrastructure	Capital Projects in Progress	2017	2016
Cost								
Balance, beginning	\$ 7,258,248	\$ 16,888,561	\$ 2,432,186	\$ 4,130,623	\$ 1,096,201	\$ 192,925	\$ 31,998,744	\$ 31,606,162
Add:								
Additions during year	1,331,682	719,107	293,661	-	-	853,195	3,197,647	492,484
Less:								
Disposals or write downs	-	-	(107,974)	-	-	-	(107,974)	(99,902)
Completed during year	12,228	-	35,267	-	-	(47,495)	-	-
Balance, ending	<u>8,602,158</u>	<u>17,607,668</u>	<u>2,653,140</u>	<u>4,130,623</u>	<u>1,096,201</u>	<u>998,625</u>	<u>35,088,417</u>	<u>31,998,744</u>
Accumulated amortization								
Balance, beginning	835,141	9,786,362	1,552,658	2,656,469	517,374	-	15,348,004	14,622,456
Add:								
Amortization for the year	154,937	409,238	196,481	82,650	20,589	-	863,895	825,450
Less:								
Accumulated amortization on disposals	-	-	(84,752)	-	-	-	(84,752)	(99,902)
Balance, ending	<u>990,078</u>	<u>10,195,600</u>	<u>1,664,387</u>	<u>2,739,119</u>	<u>537,963</u>	<u>-</u>	<u>16,127,147</u>	<u>15,348,004</u>
Net book value	<u>\$ 7,612,080</u>	<u>\$ 7,412,068</u>	<u>\$ 988,753</u>	<u>\$ 1,391,504</u>	<u>\$ 558,238</u>	<u>\$ 998,625</u>	<u>\$ 18,961,270</u>	<u>\$ 16,650,740</u>

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Schedule 4

Strathcona Regional District Consolidated Schedule of Debt As at December 31, 2017

Issue #	Maturity Date	Rate	Beginning Balance	Net Debt Issued	Principal Payments	Actuarial Additions	Ending Balance	Interest Payments	Accrued Interest	Accrued Actuarial
Capital										
General Administration										
BL284	21/2022	Variable: CDOR + 0.50%	-	1,624,880	-	-	1,624,880	-	-	-
Strathcona Gardens Recreation										
BL162	02/2018	Variable: CDOR + 0.50%	131,520	-	(65,760)	-	65,760	1,555	-	-
Cortes Island Fire Protection										
BL170	04/2018	Variable: CDOR + 0.50%	53,525	-	(42,263)	-	11,262	507	-	-
Electoral Area B Community Parks										
BL211	04/2019	Variable: CDOR + 0.50%	122,888	-	(40,963)	-	81,925	1,620	-	-
Craig Road Water										
MFA99	10/2026	4.43%	82,611	-	(4,649)	(2,231)	75,731	6,575	1,315	502
Quathiaski Cove Sewer Extension #1										
BL217	12/2019	Variable: CDOR + 0.50%	34,531	-	-	-	34,531	549	-	-
Total long-term debt			\$ 425,075	\$ 1,624,880	\$ (153,635)	\$ (2,231)	\$ 1,894,088	\$ 10,806	\$ 1,315	\$ 502



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



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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, 2017.

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

A handwritten signature in black ink, appearing to read "Michele Babchuk".

Michele Babchuk
Chair of the Board

A handwritten signature in black ink, appearing to read "Myriah Foort".

Myriah Foort, BBA, CPA, CA
Chief Financial Officer

**Strathcona Regional District
Consolidated Summary of Surpluses and Reserves
As at December 31, 2017
(Unaudited)**

Function	Appropriated Surplus <i>Note a</i>	Reserves <i>Note b</i>	Accumulated Surplus <i>Note c</i>	2017 Total	2016 Total
General Government Services					
Area A Grants in Aid	\$ -	\$ -	\$ 11,554	\$ 11,554	\$ 9,015
Area B Grants in Aid	-	-	20	20	7
Area C Grants in Aid	-	-	17,164	17,164	13,799
Area D Grants in Aid	-	-	10,134	10,134	16,194
Electoral Areas Administration and Elections	30,072	-	114,225	144,297	128,555
Feasibility Studies - Electoral Areas	-	-	82,946	82,946	81,517
Feasibility Studies - Regional	-	-	25,728	25,728	26,001
General Administration	414,474	4,997,962	666,354	6,078,790	5,671,211
Member Municipality Administration	42,538	-	56,352	98,890	99,473
	<u>487,084</u>	<u>4,997,962</u>	<u>984,477</u>	<u>6,469,523</u>	<u>6,045,772</u>
Protective Services					
911 Emergency Answering	22,180	-	11,533	33,713	29,736
Area D Animal Control	50,521	-	31,843	82,364	69,240
Building Inspection	61,699	64,238	96,863	222,800	156,418
Campbell River Area D Fire Protection	69,220	-	11,241	80,461	120,851
Kyuquot/Nootka Emergency Program	2,252	-	2,569	4,821	4,069
Noise Control	-	-	3,129	3,129	3,510
North Quadra Assistance Response	-	1,467	249	1,716	1,701
Sayward Valley Fire Protection	34,788	167,994	80,176	282,958	243,928
Soil Deposit and Removal Control	136	-	1	137	136
South Cortes Island Fire Protection	17,745	152,660	16,607	187,012	164,651
Strathcona Emergency Program	29,801	-	27,876	57,677	50,818
Unsanitary Premises	-	3,981	500	4,481	4,440
	<u>288,342</u>	<u>390,340</u>	<u>282,587</u>	<u>961,269</u>	<u>849,498</u>
Transportation Services					
Area C Street Lighting	485	-	304	789	584
Area D Street Lighting	-	-	(141)	(141)	222
Area D Transit	15,000	-	22,590	37,590	34,288
Oyster River Bank Protection	1,087	64,078	12,546	77,711	68,091
	<u>16,572</u>	<u>64,078</u>	<u>35,299</u>	<u>115,949</u>	<u>103,185</u>
Environmental Health Services					
Area D Water	34,497	434,797	(221,390)	247,904	397,067
Cortes Island Refuse Collection	57,792	-	31,022	88,814	75,388
Cortes Island Refuse Disposal	42,653	5,085	(797)	46,941	46,600
Craig Road Water	-	-	2,297	2,297	3,051
Kyuquot/Nootka Solid Waste Disposal	13,350	-	6,803	20,153	18,109
Liquid Waste Management Plan	29,844	-	16,798	46,642	43,490
Quathiaski Cove Sewer	981	33,006	81,144	115,131	30,958
Sayward Valley Refuse Collection	24,407	-	(4,968)	19,439	24,456
Sayward Valley Refuse Disposal	-	12,301	373	12,674	15,234
Walters Cove Water	-	-	-	-	-
	<u>203,524</u>	<u>485,189</u>	<u>(88,718)</u>	<u>599,995</u>	<u>654,353</u>

2017 ANNUAL REPORT

Function	Appropriated Surplus <i>Note a</i>	Reserves <i>Note b</i>	Accumulated Surplus <i>Note c</i>	2017 Total	2016 Total
Development Services					
Area A House Numbering	-	-	3	3	2
Area B House Numbering	-	-	-	-	-
Area C Economic Development	4,000	-	21,428	25,428	12,632
Area C House Numbering	-	-	4	4	2
Area D House Numbering	-	-	1	1	1
Planning	77,051	31,214	300,222	408,487	320,997
Planning - Non-Part 26	-	-	2,012	2,012	2,018
Sayward Valley Economic Development	30,427	-	412	30,839	27,498
	<u>111,478</u>	<u>31,214</u>	<u>324,082</u>	<u>466,774</u>	<u>363,150</u>
Recreation and Cultural Services					
Area B Community Parks	5,250	249,033	1,692	255,975	260,641
Area B Heritage Conservation	-	-	2,174	2,174	1,166
Area C Community Parks	10,000	386,204	45,412	441,616	513,280
Area C Heritage Conservation	-	-	2,563	2,563	1,555
Area D Community Parks	10,000	667,319	65,678	742,997	804,269
Kyuquot Community Hall	-	-	292	292	105
Quadra Island Community Hall	-	74,380	17,474	91,854	104,370
Sayward Valley Recreation and Community Hall	23,370	122,167	11,372	156,909	152,633
Strathcona Gardens Recreation Complex	275,054	2,924,414	463,579	3,663,047	2,107,417
Vancouver Island Regional Library	-	-	3,842	3,842	2,507
	<u>323,674</u>	<u>4,423,517</u>	<u>614,078</u>	<u>5,361,269</u>	<u>3,947,943</u>
	<u>\$ 1,430,674</u>	<u>\$ 10,392,300</u>	<u>\$ 2,151,805</u>	<u>\$ 13,974,779</u>	<u>\$ 11,963,901</u>

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.

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Schedule II

Strathcona Regional District Schedule of Changes in Reserve Fund Balances As at December 31, 2017 (Unaudited)

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	\$ 31,087	\$ 321	\$ -	\$ -	\$ 31,408
Area C Community Parks	220,345	2,278	5,421	-	228,044
Area C Community Parks - Evans Bay Port Facility	113,539	1,336	(852)	(96,874)	17,149
Area D Community Parks	542,423	5,609	20,000	(132,719)	435,313
Area D Water	243,569	2,518	-	-	246,087
Building Inspection	17,525	181	-	-	17,706
Cortes Island Refuse Disposal	5,033	52	-	-	5,085
General Administration	484,458	5,550	86,120	(125,041)	451,087
Oyster River Bank Protection	45,514	471	-	-	45,985
Planning	21,570	223	5,000	-	26,793
Quadra Island Community Hall	22,726	235	-	(19,479)	3,482
Quathiaski Cove Sewer	22,770	235	10,000	-	33,005
Sayward Valley Fire Protection	152,975	1,582	13,437	-	167,994
Sayward Valley Recreation and Community Hall	48,453	573	-	-	49,026
Sayward Valley Refuse Disposal	12,175	126	-	-	12,301
South Cortes Island Fire Protection	95,362	986	7,965	-	104,313
Strathcona Gardens Recreation Complex	1,770,186	18,303	1,188,095	(130,016)	2,846,568
	<u>3,849,710</u>	<u>40,579</u>	<u>1,335,186</u>	<u>(504,129)</u>	<u>4,721,346</u>
Future expenditure reserves					
Area B Community Parks	65,214	674	-	-	65,888
Area C Community Parks	28,546	295	-	-	28,841
Area D Community Parks	219,194	2,266	-	-	221,460
Area D Water	186,778	1,931	-	-	188,709
Building Inspection	42,097	435	4,000	-	46,532
General Administration	25,041	259	-	-	25,300
North Quadra Assistance Response	1,452	15	-	-	1,467
Oyster River Bank Protection	17,908	185	-	-	18,093
Planning	4,376	45	-	-	4,421
Quadra Island Community Hall	70,172	726	-	-	70,898
Sayward Valley Recreation and Community Hall	72,392	749	-	-	73,141
South Cortes Island Fire Protection	47,852	495	-	-	48,347
Strathcona Gardens Recreation Complex	77,049	797	-	-	77,846
Unightly Premises	3,940	41	-	-	3,981
	<u>862,011</u>	<u>8,913</u>	<u>4,000</u>	<u>-</u>	<u>874,924</u>
Community parkland acquisition reserves					
Area C Community Parks	111,022	1,148	-	-	112,170
Area D Community Parks	22,060	487	-	(12,000)	10,547
	<u>133,082</u>	<u>1,635</u>	<u>-</u>	<u>(12,000)</u>	<u>122,717</u>
Endowments					
Area B Community Parks-Hank's Beach Forest Conservation Park	151,282	3,304	(2,850)	-	151,736
	<u>151,282</u>	<u>3,304</u>	<u>(2,850)</u>	<u>-</u>	<u>151,736</u>
Community Works Fund					
	4,390,514	47,578	242,681	(159,196)	4,521,577
	<u>\$ 9,386,599</u>	<u>\$ 102,009</u>	<u>\$ 1,579,017</u>	<u>\$ (675,325)</u>	<u>\$ 10,392,300</u>

**Strathcona Regional District
Schedule of Service Requisition Limits
As at December 31, 2017
(Unaudited)**

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

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

**Strathcona Regional District
Schedule of Guarantee and Indemnity Agreements
As at December 31, 2017
(Unaudited)**

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

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

2017 ANNUAL REPORT

Schedule V

**Strathcona Regional District
Schedule of Remuneration and Expenses
As at December 31, 2017
(Unaudited)**

Name	Position/Area Represented	Remuneration	Expenses	Total
Elected and Appointed Officials				
Abram, J.	Director, Electoral Area C	\$ 42,368	\$ 17,217	\$ 59,585
Adams, A.	Director, City of Campbell River	16,545	504	17,049
Anderson, N.	Director, Electoral Area B	35,270	4,610	39,880
Babchuk, M.	Director, City of Campbell River, Board Chair	19,848	514	20,362
Colborne, J.	Director, Village of Zeballos	18,293	4,191	22,484
Cornfield, C.	Director, City of Campbell River	16,615	-	16,615
Evans, C.	Alternate Director, City of Campbell River	766	-	766
Grunerud, C.	Commissioner, Strathcona Gardens Commission	1,375	322	1,697
Kerr, R.	Director, City of Campbell River	16,727	-	16,727
Lavelle, M.	Alternate Director, Electoral Area B	32,825	5,217	38,042
Leigh, B.	Director, Electoral Area D	40,130	2,374	42,504
MacDonald, J.	Director, Village of Sayward	33,592	5,214	38,806
MacKenzie, D.	Alternate Director, Electoral Area C	455	49	504
Samson, L.	Director, City of Campbell River	15,420	243	15,663
Schooner, J.	Director, Village of Tahsis	16,779	4,064	20,843
Unger, N.B.	Director, Village of Gold River	16,149	1,887	18,036
Van Solkema, L.	Alternate Director, Village of Tahsis	495	177	672
Waterman, G.	Alternate Director, Village of Gold River	475	185	660
Whalley, G.	Director, Electoral Area A	39,749	6,570	46,319
Wright, M.	Alternate Director, City of Campbell River	2,000	322	2,322
		365,876	53,660	419,536
Employees				
Clark, K.	Senior Accountant	79,508	2,629	82,137
Gurak, K.	Facility Manager, Strathcona Gardens	97,876	75	97,951
Hamblin, G	Operations Manager, Strathcona Gardens	83,937	5,618	89,555
Hansen, R.	Community Services Manager	109,164	3,254	112,418
Leitch, D.	Chief Administrative Officer	141,482	8,847	150,329
Schmuland, J.	Information Technology Manager	93,506	2,481	95,987
Smith, V.	Strategic Initiatives Manager	83,421	7,602	91,023
Yates, T.	Corporate Services Manager	115,658	321	115,979
		804,552	30,827	835,379
Add: employees with remuneration less than \$75,000		3,728,817	58,157	3,786,974
		4,533,369	88,984	4,622,353
Total remuneration and expenses for elected officials and employees		\$ 4,899,245	\$ 142,644	\$ 5,041,889
Reconciling items, including adjustments for accrual-based accounting, accruals for vacation, sick leave, post-employment benefits, and employer share of CPP and EI benefits			1,028,990	
Total Labour and Benefits per Schedule 1 of Financial Statements		\$ 5,928,235		

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

**Strathcona Regional District
Statement of Severance Agreements
As at December 31, 2017
(Unaudited)**

There were no severance agreements made between the Strathcona Regional District and its non-unionized employees during the year ended December 31, 2017.

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

**Strathcona Regional District
Schedule of Payments to Suppliers
As at December 31, 2017
(Unaudited)**

Supplier Name	Amount Paid
990 Cedar Ltd	\$ 76,681
Acklands-Grainger Inc	31,521
Apple Electric Ltd	56,680
BC Hydro	332,263
Berry & Vale Contracting Ltd	645,663
Black Press Group Ltd	25,672
Canada Savings Bonds	31,805
CIGNA Life Insurance Company of Canada	35,685
Cimco Refrigeration	31,555
City of Campbell River	1,245,365
ClearTech Industries Inc	28,339
Comox Valley Regional District	92,992
D A Townley & Associates Ltd	262,315
FortisBC-Natural Gas	128,477
Green Shield Canada	108,844
Habitat Systems Incorporated	103,950
Hazelbrae Holdings Ltd	31,267
HCMA Architecture & Design	55,675
IKEN Services Ltd	26,565
Koers & Associates Engineering Ltd	106,986
Master Charters Inc - I.C.S. International	194,574
McElhanney Consulting Services Ltd	103,861
McGrath Contracting Ltd dba Coastal Welding	47,064
Minister of Finance	88,263
MNP LLP	25,358
Michael Oviatt Trucking Ltd	43,159
Microserve	32,899
Municipal Finance Authority of BC	583,702
Municipal Insurance Association of British Columbia	53,742
Municipal Pension Plan	649,023
Myra Systems Corp.	118,725
PerfectMind Inc	38,308
Quadra Island Recreation Society	154,824
Receiver General For Canada	1,339,948
SoftwareONE Canada Inc.	29,525
Telus	34,748
United Steelworkers - Local 1-1937	41,022
Vadim Computer Management Group Ltd	27,543
Vancouver Island Enterprises	56,776
Verschuur Margaret	49,911
Waste Management of Canada Corporation	48,509
Waypoint Insurance	65,630
WorkSafeBC	113,655
Zinc Public Relations Inc	35,854
Total suppliers over \$25,000	7,434,923

Supplier Name	Amount Paid
City of Campbell River	520,247
Comox Valley Regional District	112,300
Cortes Island Fire Fighters Association	151,691
North Island 911 Corporation	414,434
Southern Cortes Community Association	73,010
Vancouver Island Regional Library	489,776
Village of Sayward	25,730
Total grants over \$25,000	1,787,188
Total suppliers and grants under \$25,000	1,496,016
Total payments to suppliers and grants	10,718,127
Adjustments:	
Debt principal repaid	(153,635)
Acquisition of tangible capital assets	(3,193,518)
Amortization expense on tangible capital assets	863,895
Labour and benefits	5,928,235
Change in accounts payable and accrued expenses, and payments for non-expense items	\$ (1,310,791)
Total Expense per Consolidated Financial Statements, Statement B	\$ 12,852,313

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



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