



City of Campbell River
Statement of Financial Information (SOFI)
For the Year Ended December 31, 2017

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

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STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

MANAGEMENT REPORT

Prepared under the Financial Information Regulation, Schedule 1, section 9

The Financial Statements contained in this Statement of Financial Information under the **Financial Information Act** have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the 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 Council is responsible 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 Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Act*. Their examination includes a review and evaluation of the municipality's system of internal control 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 Council.

On behalf of the City of Campbell River



Myriah Foort, BBA, CPA, CA
Chief Financial Officer

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the **Financial Information Regulation**, Schedule 1, subsection 9 (2), approves all the statements and schedules, included in this Statement of Financial Information, produced under the **Financial Information Act**.



Myriah Foort, BBA, CPA, CA
Chief Financial Officer

Andrew Adams
Mayor

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE

Prepared Under the Financial Information Regulation, Schedule 1, Section 6

Elected Officials	Position	Remuneration		Expenses	
ADAMS, ANDREW	Mayor	\$	63,420	\$	6,461
BABCHUK, MICHELE	Councillor		23,279		9,100
CORNFIELD, CHARLES	Councillor		23,279		9,817
EVANS, COLLEEN	Councillor		23,279		7,154
KERR, RON	Councillor		23,279		5,294
SAMSON, LARRY	Councillor		23,279		360
WRIGHT, MARLENE	Councillor		23,279		6,936
		\$	203,092	\$	45,122

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration		Expenses
AMES, MURRAY	Electrician/Operator	\$	77,548	\$ 1,871
ANDERSON, CAROL	Alarm Room Operator		87,216	3,318
ARNOLD, NICK	Airport Coordinator		85,908	3,416
BAIKIE, IAN W	Fire Chief		152,346	6,679
BAKER, JOHN	Fire Captain		132,357	1,429
BATE, TRACY	Deputy City Clerk		82,697	974
BELLEFLEUR, KELLY	Deputy Fire Chief		129,922	6,483
BOWLES, RONALD	GM, Corporate Services		142,155	11,080
BRODIE, SARA	Development Engineering Supervisor		93,248	2,136
BRODIE, DENNIS	Finance Operations Supervisor		89,831	1,535
BROOKS, KEVIN	Development Services Supervisor		95,543	7,053
BROOKS, TERRY	Engineering Technologist III		82,009	86
BROVOLD, ELLE	Property Manager		105,903	6,670
BRYLA, WAYNE	Equipment Operator III		75,891	17
CLARKE, THOMAS	Parks Foreman II		80,543	1,422
CLARKSON, CASEY	Foreman II		83,662	614
COLLINS, VICCI	Police Records Services Coordinator		83,081	3,537
COULTER, MARK	Acting Finance Supervisor		84,888	2,818
DAWSON, KEN	Fire Captain		140,313	601
DECKSHEIMER, JASON	Asset Management Supervisor		97,245	4,192
DOHERTY, THOMAS	Deputy Fire Chief		136,060	12,181
DOUGHERTY, DAVID	Capital Works Supervisor		83,127	2,753
DOUGLAS, JULIE	Communications Advisor		98,012	5,205
DUMONT, STEWART	Firefighter		115,672	1,063
DUMONT, MICHAEL	Fire Prevention Inspector		105,837	4,353
EPPLER, ANDREW	Firefighter		109,099	890
EPPLER, PAULA	Alarm Room Operator		89,077	3,858
FALK, WESLEY	Mechanic		78,598	2,006
FOORT, MYRIAH	Finance Manager		110,770	3,625
GEORGE, KEVIN	Instrumentation & Telemetry Analyst		82,583	5,248
GIRVIN, SHEILA	Human Resources Advisor		88,471	4,974
HADFIELD, ANDREW	Transportation Manager		115,768	6,141
HALL, SHAWN	Firefighter		98,021	2,642
HARTLEY, JASON	Capital Works Manager		127,543	4,603
HILDEBRAND, SETH	Firefighter		104,598	2,377
HOFMANN, JAMIE	Alarm Room Operator		83,254	228
HOLBROOK, BRUCE	Firefighter		119,350	3,440
IDIENS, CRAIG	Firefighter		101,697	1,116

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration	Expenses
ISFELD, JON	Roads and Drainage Supervisor	95,062	2,607
JACOBS, CARRIE	RCMP Municipal Manager	96,604	8,282
KALYN, WARREN	Information Technology Manager	115,153	6,206
KLUKAS, ROSE	Economic Development Officer	113,887	14,907
KOBUS, SCOTT	Alarm Room Operator	85,151	2,802
KRATZMANN, SCOTT	Firefighter	111,124	1,506
LAGOS, DAVID	Firefighter	112,693	3,251
LANGFORD, KAREN	Recreation & Culture Supervisor	87,733	4,984
LIMOGES, JOSEPH	Fleet Services Coordinator	80,794	4,051
LOVELY, DAVID	Safety Advisor	88,371	595
MARTIN, TERRI	Environmental Science Officer	82,441	5,159
MASSE, TYLER D	Airport Manager	98,025	3,581
MCKENZIE, MARK	Fire Captain	135,835	3,452
MORRIS, DAVID	GM, Facilities & Supply Management	156,292	6,269
NEUFELD, RONALD	Deputy City Manager	159,975	12,888
O'BRIEN, CHRIS	Crime Analyst	79,731	-
OSBORNE, CHRISTOPHER	Senior Planner	88,373	5,976
PARKER, GRANT	Parks Operations Supervisor	98,085	5,120
PENDERGAST, LEE	Firefighter	108,220	628
PETERS, JENNIFER	Utilities Manager	114,973	7,807
POSLOWSKY, BARRY	Roads And Drainage Co-Ordinator	75,883	1,868
RALPH, JAMES	Engineering Technologist III	88,379	3,585
RIPLEY, PAULA ANNE	Alarm Room Operator	94,982	380
ROEHR, STEVEN	Foreman II	89,329	3,035
ROGERS, DEBRA	Firefighter	97,468	4,248
RYKERS, MATTHEW	Environmental Science Officer	83,865	2,426
SANDBERG, LORNE	Wastewater Supervisor	90,520	7,061
SARGENT, DEBORAH	City Manager	188,862	11,483
SAXBY, TYLER	Firefighter	107,848	2,055
SCHIEFELE, PATRICK	Firefighter	97,472	1,531
SCHULTE, CHRIS	Firefighter	107,905	944
SEPHTON, BRAD	Parks Green Space Coordinator	76,286	3,244
SIRETT, MICHELE	Recreation & Culture Supervisor	98,015	3,669
STEWART, ANDREW	Firefighter	102,041	660
STUART, DONNA	Alarm Room Operator	80,826	1,018
TILLAPPAUGH, COLLEEN	Human Resources Manager	110,380	5,704
TOEWS, ZAK	Network Administrator	81,357	1,318
TRAVANUT, ED	Foreman II	90,449	2,027

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration	Expenses
TRIPPLE, SUSAN	Alarm Room Operator	81,270	189
VANDENDRIES, CRIS	Firefighter	102,985	2,677
VATON, JOHN	Fire Captain	129,646	1,119
VIAU, NATHALIE	Water Supervisor	98,772	5,825
WADE, MARIANNE	Development Services Manager	94,376	3,641
WAFFLE, RHIANNON	Alarm Room Operator	85,760	4,039
WARK, LYNN	Recreation & Culture Manager	114,793	9,773
WESTDORP, BRIAN	Foreman II	92,027	-
WHARTON, REID	Fire Captain	137,553	723
WILLIS, JAMIE	Firefighter	110,873	-
WIPPER, PETER	City Clerk	114,973	3,973
Total employees with remuneration greater than \$75,000		\$ 8,883,259	\$ 320,917
Add: employees with remuneration less than \$75,000		9,460,610	222,081
Add: mayor and council		203,092	45,122
Total remuneration and expenses		\$ 18,546,961	\$ 588,119
Reconciliation			
Total remuneration		\$ 18,546,961	
Employer's portion of CPP and EI		889,961	
Change in accrued wages and benefits, severance agreements, non-taxable benefits paid to third party, allocated overhead and other		2,730,103	
Wages and benefits per Consolidated Financial Statements		\$ 22,167,024	

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

STATEMENT OF SEVERANCE AGREEMENTS

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

There were two severance agreements made between the City of Campbell River and its non-unionized employees during fiscal year 2017.

One agreement represents 4 months of compensation*

One agreement represents 8 months of compensation*

* "Compensation" means that the agreement was determined based on the value of the salary and benefits. The benefits included pension, medical services plan, extended health, dental, life and accidental death and dismemberment and dependant life insurance.

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000***Prepared Under the Financial Information Regulation, Schedule 1, section 7*

Supplier Name	Amount Paid
A. WOOD BULLDOZING LTD	\$ 68,104
AB EDIE EQUITIES INC	78,750
ACE COURIER SERVICES LTD	31,220
ACKLANDS-GRAINGER INC	33,610
ACME SUPPLIES LTD	58,426
AECON FRONTIER KEMPER JV	1,697,751
ANDERSON REFRIGERATION LTD	73,313
ANDREW SHERET LIMITED	159,020
ARCHIE JOHNSTONE PLUMBING & HEATING LTD	29,140
ARNIE'S PAINTING INC	45,923
ASHDOWN CONSTRUCTION	25,707
ASSOCIATED FIRE SAFETY	52,904
AUTO-QUIP	77,414
BAILEY WESTERN STAR TRUCKS INC	296,714
BC HYDRO & POWER	1,435,729
BC HYDRO PAYMENT CONTROLS DEPT	121,813
BC TRANSIT	1,799,966
BEE-LINE TAXI LTD	28,576
BELL MOBILITY INC	79,670
BERRY & VALE CONTRACTING LTD	133,034
BILL HOWICH CHRYSLER LTD	136,391
BLACK CREEK FARM & FEED SUPPLY	38,733
BLACK PRESS GROUP LTD	133,048
C & L SUPPLY 1988 LTD	38,195
C R METAL FABRICATORS LTD	73,990
CAMPBELL RIVER ARTS COUNCIL	52,040
CAMPBELL RIVER DISTRICT CONTRACTING	222,189
CAMPBELL RIVER SENIORS CENTRE SOCIETY (CRSCS)	45,000
CAMPBELL RIVER VOLUNTEER FIRE DEPT NO 1	64,794
CANADIAN IMPERIAL BANK OF COMMERCE	75,000
CDW CANADA	112,840
CLARO ENVIROMENTAL TECHNOLOGIES	87,595
CLEAN TEAM JANITORIAL INC	83,883
CLOVERDALE PAINT	45,494
COAST ENVIRONMENTAL LTD PORTABLE DIVISION	41,252
COASTAL ANIMAL CONTROL SERVICES OF BC LTD	160,897
COHLMAYER ARCHITECTURE LIMITED	111,089
COMOX VALLEY REGIONAL DISTRICT	557,112
CRES 1986 LTD	36,433
D.K.I. SERVICES LTD	62,885
D.S.G. COMMUNICATIONS LTD.	65,550
DA TOWNLEY	1,413,072
DAYTECH LIMITED	47,258

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Supplier Name	Amount Paid
DESTINATION THINK! PROFESSIONAL SERVICES INC	581,976
DEVAN GREENHOUSES LTD	28,697
DEVON TRANSPORT LTD - BUDGET CAR & TRUCK RENTAL	80,624
DISCOVERY COAST GREENWAYS LAND TRUST	63,000
DOWNTOWN CAMPBELL RIVER BUSINESS IMPROVEMENT ASSOCIATION	71,875
DUNCAN ELECTRIC MOTOR LTD	54,038
EB HORSMAN & SON	41,970
ED ROSSE PLUMBING LTD	53,018
EMCON SERVICES INC	110,661
EMTERRA ENVIRONMENTAL	1,789,831
ENEX FUELS LTD.	294,134
ERAMOSA ENGINEERING INC.	125,575
ESRI CANADA	53,219
FACILITY CONDITION ASSESSMENT PORTFOLIO	178,584
FORTIS BC-NATURAL GAS	97,853
FRED SURRIDGE LTD	36,251
GO FLEET CORPORATION	30,032
GO4OBJECTIVES LTD	30,350
GRAYBAR CANADA	31,148
GUILLEVIN INTERNATIONAL CO	47,468
HACH SALES & SERVICE CANADA LP	39,409
HAND-IN-HAND EARLY YEARS NATURE EDUCATION PROGRAM	39,396
HENDERSON BILL	60,000
HIGHLAND ENGINEERING SERVICES LTD	56,104
HOULE ELECTRIC LIMITED	248,000
ICBC - INSURANCE CORPORATION OF BC	99,650
INFILM	50,000
INLAND KENWORTH LTD	129,520
INTERCONTINENTAL TRUCK BODY	41,819
JIM CREIGHTON ENTERPRISES	79,814
KAL TIRE	50,069
KETZA PACIFIC CONSTRUCTION 1993 LTD	124,026
KNAPPETT PROJECTS INC	10,169,414
KOERS & ASSOCIATES ENGINEERING LTD	80,546
LAFRENTZ ROAD MARKING DIV OF CDN ROAD BUILDERS INC	53,788
LANARC 2015 CONSULTANTS LTD.	28,515
LIDSTONE & COMPANY BARRISTERS AND SOLICITORS	31,416
M.J. PAWLOWSKI AND ASSOCIATES	91,205
MAR-TECH UNDERGROUND SERVICES LTD	86,920
MAXXAM ANALYTICS	38,622
MCELHANNEY CONSULTING SERVICES LTD	88,724
MICROSOFT LICENSING GP WRC-CA	48,866
MNP LLP	44,100
MODUS PLANNING DESIGN & ENGAGEMENT	64,495

STATEMENT OF FINANCIAL INFORMATION (SOFI)

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For the Year Ended December 31, 2017

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000***Prepared Under the Financial Information Regulation, Schedule 1, section 7*

Supplier Name	Amount Paid
MONK OFFICE	160,586
MORFCO SUPPLIES LTD	26,496
MUNICIPAL INSURANCE ASSOCIATION OF BRITISH COLUMBIA	294,173
MUNICIPAL PENSION PLAN	186,940
MUSEUM AT CAMPBELL RIVER	115,023
NATIONAL ENERGY EQUIPMENT INC	396,361
NELSON ROOFING & SHEET METAL LTD	131,784
NEW HORIZONS CARE CORP	91,685
NORTH ISLAND COMMUNICATIONS INC	28,336
OAKCREEK GOLF & TURF LP	79,755
OPUS INTERNATIONAL CONSULTANTS (CANADA)LTD	87,353
ORGANIZED CRIME AGENCY OF BC	28,730
OUTLOOK ENGINEERING AND LANDSCAPE ARCHITECTURE	51,465
PARAGON STRATEGIC SERVICES LTD	45,310
PERFECTMIND INC	45,305
PIONEER HOME HARDWARE LTD	52,247
PIPE EYE VIDEO INSPECTIONS AND SERVICES	46,108
RALEIGH FIRE SAFETY INC	30,319
RAYLEC POWER LP	326,727
RBC DOMINION SECURITIES	29,803
RECEIVER GENERAL FOR CANADA E DIVISION FSS	270,641
RECEIVER GENERAL FOR CANADA RCMP POLICING	6,800,211
RIDGELINE MECHANICAL LTD	223,914
ROBBINS PARKING SERVICE LTD	35,136
ROCKY MOUNTAIN PHOENIX	303,759
ROGERS COMMUNICATIONS CANADA INC	29,989
SAFETY NET SECURITY LTD	63,122
SERVICE PRO PLUMBING & HEATING	43,395
SHEEN ARNOLD MCNEIL	49,000
SPANMASTER STRUCTURES LTD	67,557
STANTEC CONSULTING LTD	542,178
STEVE MARSHALL FORD 1996 LTD	70,364
STEWART MCDANNOLD STUART	614,688
STICKS 'N STONES NURSERY	48,933
STRATHCONA REGIONAL DISTRICT	571,117
SUPER SAVE DISPOSAL INC	27,818
SUPERIOR CITY CONTRACTING SERVICES LTD	240,565
SUPERIOR PROPANE	51,443
SYLVIS ENVIRONMENTAL SERVICES INC	49,970
TAYCO PAVING COMPANY	1,013,871
TELUS	112,235
TEMPEST DEVELOPMENT GROUP INC.	83,341

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Supplier Name	Amount Paid
TERASPAN NETWORKS INC	163,429
TETRA TECH CANADA INC	51,740
THINK COMMUNICATIONS INC	44,964
TRADEWIND SCIENTIFIC LTD	31,238
TREMAIN MEDIA	37,204
TREMCAR INDUSTRIES INC.	61,435
UPLAND CONTRACTING LTD	232,311
UPLAND READY MIX	29,119
US BANK - VISA	577,129
VADIM COMPUTER MANAGEMENT GROUP LTD	43,241
VALLEY TRAFFIC SYSTEMS INC	36,682
VANCOUVER ISLAND TREE SERVICE LTD	48,187
VAN-KEL IRRIGATION A DIVISION OF EMCO	36,491
WACOR HOLDINGS LTD	313,045
WATT CONSULTING GROUP	30,453
WILLIS CANADA INC (VANCOUVER)	131,073
WILLOW POINT BUSINESS IMPROVEMENT AREA SOCIETY	37,555
WILLOW POINT FIRE FIGHTERS	61,135
WORKSAFE BC	97,955
WORLD FUEL SERVICES CANADA	762,917
Total suppliers over \$25,000	42,071,305
Total suppliers under \$25,000	3,580,082
Total suppliers	\$ 45,651,387

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Add: Grants exceeding \$25,000

CAMPBELL RIVER ART GALLERY	56,500
MUSEUM AT CAMPBELL RIVER	179,214
TIDEMARK THEATRE SOCIETY	175,000
Total grants over \$25,000	410,714

Total suppliers and grants

\$ 46,062,101

Adjustments

Debt and Lease Principal Payments	(308,156)
Amortization Expenses	8,903,210
Tangible Capital Asset Expenditures	(17,507,149)
Wages, Salaries and Benefits	22,167,024
Insurance allocation	(99,559)
Inventory disbursements	(1,959,756)
Change in accounts payable and accrued expenses, and payments for non-expense items and other	(1,150,092)
Total Expenses per Consolidated Statement of Financial Activities	\$ 56,107,623

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2017

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

Prepared under the Financial Information Regulation, Schedule 1, Section 5

This organization has not given any guarantees or indemnities under the *Guarantees and Indemnities Regulation*.



CITY OF CAMPBELL RIVER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

**CITY OF CAMPBELL RIVER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017**

Independent Auditors' Report

Financial Reporting Responsibility **1**


Financial Statements

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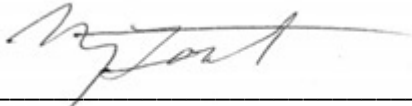
**CITY OF CAMPBELL RIVER
FINANCIAL REPORTING RESPONSIBILITY
For the Year Ended December 31, 2017**

The preparation and presentation of the Consolidated Financial Statements is the responsibility of the management of the City of Campbell River. The Consolidated Financial Statements have been prepared pursuant to Section 167 of the Community Charter and in accordance with Canadian public sector accounting standards. The financial information contained herein necessarily involves the use of estimates and judgments, which have been based on careful assessment of the data, made available through the City's information systems. The City maintains a system of internal accounting controls designed to safeguard our assets and provide reliable financial information.

MNP LLP has been appointed by Council of the City of Campbell River as the City's independent auditor. Their report accompanies the Consolidated Financial Statements.



Alaina Maher, CPA, CMA
Finance Operations Supervisor



Myriah Foort, CPA, CA
Director of Finance / Chief Financial Officer

Insert Auditor Letter Here

**CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash and investments (note 2)	77,502,234	63,283,775
Accounts receivable (note 4)	5,696,809	7,660,638
Inventory held for sale	35,284	47,695
	83,234,327	70,992,108
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	9,093,117	11,022,400
Deposits and holdbacks	4,140,309	3,157,879
Development cost charges (note 6)	9,556,225	7,887,347
Deferred revenue (note 6)	12,933,221	9,103,335
Short-term debt (note 7)	4,300,000	2,900,000
Capital lease (schedule 1)	-	13,001
Long-term debt (note 8 & schedule 1)	4,535,344	2,034,454
	44,558,216	36,118,416
NET FINANCIAL ASSETS	38,676,111	34,873,692
NON FINANCIAL ASSETS		
Inventory of supplies	316,483	308,768
Prepays	145,169	106,597
Tangible capital assets (schedule 2)	252,433,364	241,158,523
	252,895,016	241,573,888
ACCUMULATED SURPLUS (note 10)	291,571,127	276,447,580

See Contingent liabilities Note 11.



Alaina Maher, CPA, CMA
Finance Operations Supervisor



Myriah Foort, CPA, CA
Director of Finance / Chief Financial Officer

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017 Budget (see note 13)	2017 Actual	2016 Actual
REVENUE			
Taxes & parcel taxes (note 12)	30,855,604	31,245,700	29,598,161
Payments in lieu of taxes	633,000	695,387	624,287
Sale of services	22,177,580	24,066,511	21,026,411
Services provided to other governments	1,767,582	1,669,146	1,675,204
Transfers from other governments	13,168,538	9,538,502	9,555,306
Investment and other income	526,150	1,037,683	885,063
Other revenue	204,253	249,632	418,551
Development cost charges recognized	304,676	43,343	369,205
Contributed tangible capital assets	-	2,699,892	1,354,840
Gain/(loss) on disposal of tangible capital assets	-	(14,626)	74,126
	69,637,383	71,231,170	65,581,154
EXPENSES			
General government	7,302,588	7,043,186	6,785,640
Protective services	16,484,221	15,597,148	15,697,225
Transportation services	12,460,310	12,203,639	12,047,011
Environmental health services	2,451,306	2,465,339	2,354,701
Public health services	180,964	161,069	148,508
Development services	1,756,831	1,829,845	1,803,185
Parks, recreation and cultural services	8,125,378	8,029,730	7,778,699
Sewer utility services	4,261,904	4,151,845	3,917,430
Water utility services	5,196,400	4,625,822	4,242,758
	58,219,902	56,107,623	54,775,157
ANNUAL SURPLUS	11,417,481	15,123,547	10,805,997
Accumulated Surplus, Beginning of Year	276,447,580	276,447,580	265,641,583
ACCUMULATED SURPLUS (note 10)	287,865,061	291,571,127	276,447,580

See Budget legislative compliance Note 13.

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2017

	2017 Budget (see note 13)	2017 Actual	2016 Actual
ANNUAL SURPLUS	11,417,481	15,123,547	10,805,997
TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(29,305,458)	(17,507,149)	(17,838,202)
Contributed tangible capital assets	-	(2,699,892)	(1,354,840)
Proceeds on disposal of tangible capital assets	-	14,364	122,636
(Gain)/loss on tangible capital assets	-	14,626	(74,126)
Write-off of tangible capital assets	-	-	31,587
Amortization	8,798,500	8,903,210	8,828,021
	(20,506,958)	(11,274,841)	(10,284,924)
OTHER NON-FINANCIAL ASSETS			
(Increase)/decrease in inventory of supplies	-	(7,715)	(32,458)
(Increase)/decrease in prepaids	-	(38,572)	46,971
	-	(46,287)	14,513
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(9,089,477)	3,802,419	535,589
NET FINANCIAL ASSETS, BEGINNING OF YEAR	34,873,692	34,873,692	34,338,103
NET FINANCIAL ASSETS, END OF YEAR	25,784,215	38,676,111	34,873,692

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Annual surplus	15,123,547	10,805,997
Non-cash items included in annual surplus:		
Long-term debt actuarial adjustment	(103,957)	(162,034)
Contributed tangible capital assets	(2,699,892)	(1,354,840)
(Gain)/loss on tangible capital assets	14,626	(74,126)
Writedown of tangible capital assets	-	31,587
Amortization expense	8,903,210	8,828,021
Decrease in inventory of supplies	(7,715)	(32,458)
(Increase)/decrease in prepaids	(38,572)	46,971
Changes in financial assets and liabilities:		
Accounts receivable	1,963,829	(157,968)
Inventory held for resale	12,411	19,821
Accounts payable and accrued liabilities	(1,929,281)	3,271,143
Deposits and holdbacks	982,430	760,061
Development cost charges	1,668,878	496,914
Deferred revenue	3,829,886	493,703
	27,719,400	22,972,792
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	14,364	122,636
Acquisition of tangible capital assets	(17,507,149)	(17,838,202)
	(17,492,785)	(17,715,566)
FINANCING ACTIVITIES		
Debt proceeds	4,300,000	1,600,000
Debt and lease principal repaid	(308,156)	(526,605)
	3,991,844	1,073,395
INCREASE IN CASH AND INVESTMENTS	14,218,459	6,330,622
CASH AND INVESTMENTS BEGINNING OF YEAR	63,283,775	56,953,153
CASH AND INVESTMENTS, END OF YEAR	77,502,234	63,283,775
INTEREST RECEIVED	643,204	456,318
INTEREST PAID	282,736	332,803

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

The City of Campbell River ("City") was incorporated as a municipal district in 1947 under the provisions of the *British Columbia Municipal Act*, and was reinforced as a city by letters patent in 2005. Its principal activities are the provision of local government services to the residents of the City, as governed by the *Community Charter and the Local Government Act*.

The notes to the Consolidated Financial Statements are an integral part of these statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis for these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. Significant accounting policies

a) Basis of presentation

The Consolidated Financial Statements of the City are the representations of management prepared in accordance with Canadian public sector accounting standards. Budget information has been aggregated to comply with these reporting standards.

b) Reporting entity

The Consolidated Financial Statements reflect the assets, liabilities, revenues, expenses and changes in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the City. All inter-fund balances and transactions are eliminated.

The Cemetery Trust Funds administered by the City are specifically excluded from the Consolidated Financial Statements and are reported separately (Note 3).

c) Accrual accounting

Items recognized in the financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied.

d) Revenue recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Following are the types of revenue received and a description of their recognition:

i) Taxation

Taxes for Municipal Purposes are recognized in the year levied. Levies imposed by other taxing authorities (Note 12) are not included in these financial statements.

ii) Sale of services

Sale of services are recognized in the year that the service is provided or the amount is earned, provided the amount can be estimated and collection is reasonably assured.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

iii) Transfers from other governments

The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

iv) Other revenue

Investment income, taxation penalties and actuarial earnings are recorded in the year they are earned, provided the amount can be estimated and collection is reasonably assured.

v) Development cost charges and other deferred revenues

Development cost charges are recognized in the year that they are used to fund an eligible capital project that has been authorized by bylaw. Receipts which are restricted by agreement with external parties are reported as Deferred Revenue at the time they are received. When the qualifying expenses are incurred the related Deferred Revenue is brought into revenue. Deferred Revenues are comprised of the amounts shown in Note 6.

e) Cash and investments

Investments are held with the Municipal Finance Authority of BC (MFA). The Money Market Fund provides a method by which municipalities in British Columbia can access high quality investments not otherwise available to them while retaining a high degree of security and liquidity. The interest rate is variable and the funds are redeemable upon 24 hours notice. The carrying value of investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing, and any permanent decline in market value. The investment balances detailed in Note 2 are reported at market value which is also cost on December 31, 2017.

f) Long-term debt

All long-term debt is borrowed from the Municipal Finance Authority of BC (MFA). Interest payments and actuarial earnings related to long-term debt obligations are recorded on an accrual basis. Actuarial revenue is investment earnings on the City's principal payments made to, and invested by, the MFA, prior to the MFA using these funds to retire the related debt. The actuarial interest rate is set when the debt is issued to the City and may be adjusted by MFA during the term of the debt if market conditions dictate that the rate can no longer be achieved. The rates of interest on outstanding debt are 2.80% to 5.15% as disclosed on Schedule 1. Actual actuarial earnings beyond the set rate are paid to the City when the related debt is retired. Actuarial revenue is recognized and compounded annually starting in the second year of the debt term.

g) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, accounts payable and accrued liabilities, deposits and holdbacks, short-term and long-term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. Interest rates for the capital lease and long-term debt are set at fixed rates for the term. The City does not have significant foreign currency denominated transactions. Accounts receivable are due from a broad base of customers, except as otherwise commented on in Note 4.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

h) Non-financial assets

The City's non-financial assets consist of inventory of supplies, prepaids, and tangible capital assets. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Intangible assets, such as water rights and mineral resources, are not recorded in the financial statements.

i) Tangible capital assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. The useful life is applied on a straight line basis to calculate amortization that is calculated when the asset is put in use. In the year of addition amortization is calculated at one-half and no amortization is recorded in the year of disposal.

The estimated useful lives that the City uses to amortize its tangible capital assets are:

Asset	Useful life (yrs)
Land	N/A
Buildings	20-60
Furniture, machinery & equipment	3-25
Drainage infrastructure	30-80
Roads, bridges & highways	15-60
Marine infrastructure	30-40
Sewer infrastructure	20-60
Water infrastructure	20-60

Carrying costs directly attributable to the acquisition, construction or development activity, excluding interest costs, are capitalized to the point in time the asset is substantially complete and ready for use. Contributions of tangible capital assets are recorded at fair value at the date of contribution.

ii) Inventory

Inventories are recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost basis.

i) Use of estimates/measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring use of management estimates relate to the useful lives of tangible capital assets, determination of employee future benefits, accrual for retroactive wages and the outcome of litigation and claims. Accounts receivable are recorded after considering the collectability of the amounts and setting up an allowance for doubtful accounts, if necessary. Actual results will depend on future economic events and could differ from the estimates. Adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

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 City 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 City 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 City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

k) Recent accounting pronouncements

i) 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 City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

ii) 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 City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

iii) 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.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

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

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

iv) PS 2200 Related Party Disclosures

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. Early adoption is permitted.

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

v) 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 and report transactions between public sector entities that comprise 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 City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

vi) 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 City does not expect application of the new Standard to have a material effect on the consolidated financial statements.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

2. Cash and investments

	<u>2017</u>	<u>2016</u>
General operating fund	63,604,773	51,918,509
Development cost charges deferred revenue	9,556,225	7,887,347
Capital lending reserve fund	2,797,795	2,382,769
Parks acquisition & development reserve fund	906,797	676,994
Parkland acquisition reserve fund	487,488	418,156
Other bank investments (Scotia investment)	149,156	-
	<u>77,502,234</u>	<u>63,283,775</u>

3. Trust funds

The City holds trust funds under British Columbia law for purposes of maintaining public cemeteries. These funds are excluded from the Consolidated Financial Statements and are comprised of the following:

	<u>December 31, 2016</u>	<u>Collections</u>	<u>Expenses</u>	<u>December 31, 2017</u>
CR Municipal Cemetery	317,654	4,766	-	322,420
Elk Falls Memorial Cemetery	221,468	11,816	-	233,284
	<u>539,122</u>	<u>16,582</u>	<u>-</u>	<u>555,704</u>

4. Accounts receivable

	<u>2017</u>	<u>2016</u>
Property taxes	1,502,163	1,314,838
Due from other governments	2,457,681	5,315,080
Other	1,736,965	1,030,720
	<u>5,696,809</u>	<u>7,660,638</u>

Other receivables includes from one customer an amount of \$652,133 (2016 - \$702,323) which is a structured payment established through a local service agreement and is collected as part of the annual tax levy with the final payment occurring in 2027. The annual repayment amount is \$81,353 based on an interest rate of 4.71% over the 19 year repayment term.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

5. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Trade accounts payable	2,142,971	3,749,895
Due to other governments	2,497,419	2,752,992
Accrued liabilities	317,220	638,139
Accrued wages and benefits	4,086,993	3,851,769
Accrued interest	48,514	29,605
	<u>9,093,117</u>	<u>11,022,400</u>

Included in accrued liabilities is a liability for a contaminated site the City owns. The site is contaminated from its former use and requires remediation to an acceptable environmental standard. The City has estimated that the necessary remediation will cost approximately \$190,000 (2016 - \$300,000) based on a letter of opinion from the City's consultant.

Full-time permanent employees receive up to one-third or one-sixth of their sick bank on retirement, per their respective collective agreement. Permanent employees are also entitled to awards of supplemental vacation on certain anniversary years. The value of the liabilities for sick leave and supplemental vacation as at December 31, 2017 are calculated by an Actuary engaged by the City and reflect the likelihood that eligible employees will become entitled to such benefits. There are no additional liabilities accrued for these amounts as they are included in the sick leave, vacation, and banked overtime liability accounts:

Accrued wages and benefits:

	<u>2017</u>	<u>2016</u>
Employee future benefits	1,586,000	1,568,300
Vacation liability	1,215,079	1,139,851
Banked overtime liability	264,112	227,487
Wages and other accruals	1,021,802	916,131
	<u>4,086,993</u>	<u>3,851,769</u>

Employee future benefits:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation - beginning	1,568,300	1,532,300
Current service cost	127,200	125,900
Interest cost	53,500	49,600
Benefits paid	(87,100)	(50,500)
Recognition of Actuarial loss/gain	(75,900)	(89,000)
	<u>1,586,000</u>	<u>1,568,300</u>

Discount rate	2.90%	3.30%
Inflation rate	2.50%	2.50%

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. Deferred revenue

Included in deferred revenue are contributions from developers collected under the Development Cost Charges (DCC) Bylaw. These contributions will be recognized as revenue in future years when these funds are used for expenses as permitted by the Development Cost Charges Bylaw and the relevant sections of the *Local Government Act*, unless otherwise authorized by the Ministry of Municipal Affairs and Housing.

The funded DCC's are disclosed as short-term investments in Note 2 (2017 - \$9,556,225, 2016 - \$7,887,347).

	December 31, 2016	Transfers	Collections	December 31, 2017
Development cost charges				
Park development	594,730	9,505	115,857	701,082
Parkland acquisition	174,048	-	239,315	413,363
Roads	3,304,518	3,808	416,317	3,717,027
Sanitary sewer	470,911	39,535	261,906	693,282
Storm drains	725,089	-	239,902	964,991
Water	2,618,051	-	448,429	3,066,480
	7,887,347	52,848	1,721,726	9,556,225
Deferred revenue				
Future local improvements	2,627,178	3,750	-	2,630,928
Prepaid property taxes	1,707,483	(3,208,221)	3,789,103	2,288,365
Community Works Fund	3,900,939	(937,080)	1,424,064	4,387,923
Parkland acquisition	418,156	-	69,332	487,488
Other	449,578	(617,157)	3,306,096	3,138,517
	9,103,335	(4,758,708)	8,588,595	12,933,221
	16,990,682	(4,705,860)	10,310,321	22,489,446

7. Short-term debt

Short-term financing is secured through the Municipal Finance Authority of BC for capital initiatives approved under loan authorizations. Interest is calculated daily on a variable rate basis at prime less 1.28%. In 2017 the rate averaged at 1.52% (2016 - 1.39%). Short-term borrowing is replaced by long-term debt periodically when balances and interest rates are considered appropriate. The outstanding short-term debt balance at the end of 2017 will be transferred to long-term in spring of 2018.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

8. Long-term debt

Debt is reported at the gross amount. See Schedule 1 for maturity dates, interest rates and payments in the year. The principal payments for the next five years are:

Year	General	Sewer	Water	Total
2018	209,033	49,891	155,923	414,847
2019	84,846	49,891	155,923	290,660
2020	84,846	49,891	155,923	290,660
2021	84,846	49,891	155,923	290,660
2022	84,846	49,891	155,923	290,660

The City has no debt assumed by others on its behalf, and has not directly assumed any debt for others (Note 11b).

9. Municipal Finance Authority debt reserve fund

The Municipal Finance Authority (MFA) of British Columbia provides capital financing for regional districts and their member municipalities. The MFA is required to establish a debt reserve fund. Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the debt reserve fund certain amounts set out in the debt agreements. The MFA pays into the debt reserve fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts. It must then use this fund if at any time there are insufficient funds to meet payments on its obligations. When this occurs the regional districts may be called upon to restore the fund.

Upon the maturity of a debt issue, the unused portion of the debt reserve fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. The City's MFA debt reserve fund is:

	2017	2016
General	42,065	83,143
Sewer	12,258	12,023
Water	29,428	-
	83,750	95,166

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. Accumulated surplus

	2017	2016
Unappropriated surplus		
General	4,501,515	4,544,765
Sewer	800,000	800,000
Water	850,000	850,000
	6,151,515	6,194,765
Non-statutory reserves		
General	9,642,866	8,648,894
Airport	407,055	375,777
Sewer	16,652,366	13,391,485
Water	11,414,711	8,565,828
	38,116,998	30,981,984
Statutory reserves		
Capital lending	2,797,795	2,382,769
Parkland acquisition & development	906,797	676,994
	3,704,592	3,059,763
Investment in tangible capital assets	243,598,022	236,211,068
Total	291,571,127	276,447,580

The Unappropriated surplus is available to temporarily finance operations until planned revenues including property taxes are received, or for other operating or capital purposes as determined by Council.

The Non-statutory reserves have been set aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

The Statutory reserves have been established by bylaw in accordance with the Community Charter and their use is restricted by legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

Investment in tangible capital assets includes the net book value of capital assets for all City funds (General, Airport, Sewer, Water), less debt or leases outstanding on those assets.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

11. Contingent liabilities

a) Pension liability

The municipality 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 the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 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 City of Campbell River paid \$1,768,964 (2016 - \$1,660,468) for employer contributions, while employees contributed \$1,398,399 (2016 - \$1,331,153) to the Plan in fiscal 2017. The City of Campbell River expects to pay \$1,768,035 for employer contributions in the next fiscal year.

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 individual employers participating in the plan.

b) Regional District debt

Debt issued by the Strathcona Regional District is a direct joint and several liability of the Regional District and each member municipality, including the City of Campbell River. Readers are referred to the Strathcona Regional District 2017 Audited Financial Statements for specific information and detail.

c) Other claims and contingent liabilities

In the course of a year, the City is faced with lawsuits, assessment appeals on property values, and other claims for damages and management assess the exposure to be insignificant. As at December 31, 2017 there existed several claims which management believes may be successful against the City. The City has recorded a liability for these claims, as it believes a reasonable estimate can be made. An accrued liability of \$132,229 (2016 - \$340,355) has been recorded for these claims.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

12. Property tax collections for other governments

	2017	2016
BC Assessment Authority	278,662	313,819
Comox Strathcona Regional Hospital District	4,221,769	4,256,969
Comox Strathcona Regional Solid Waste Board	976,520	494,627
Municipal Finance Authority	1,116	1,050
Provincial School Levy	14,528,668	14,514,449
Strathcona Regional District	5,842,546	5,455,367
Regional Library	1,462,850	1,378,870
	27,312,131	26,415,151

13. Budget legislative compliance

The following table reconciles the difference between the Statement of Operations Surplus/Deficit and the Financial Plan (Budget) balance, where sources of funds equal use of funds, demonstrating how the City has complied with the legislative requirement for a balanced budget.

The budget amounts presented throughout these financial statements are based on the Ten Year Financial Plan bylaw adopted by Council on December 14, 2016, to the exception of the amounts noted below.

Adjustments to the 2018-2027 Financial Plan Annual Surplus:

Annual surplus, as per Statement of Operations	11,417,481
Adjustments for non-cash item:	
Amortization offset	8,798,500
Debt proceeds	6,810,278
Debt principal repayments	(743,665)
Capital expenses	(29,305,458)
Net transfer (to)/from reserves & unappropriated surplus	3,022,863
	-

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

14. Segmented reporting

The City of Campbell River provides various City services within various divisions. The consolidated schedule segmented reporting as disclosed in Schedule 3 reflects those functions offered by the City as summarized below:

General government - activities related to the administration of the City as a whole including central administration, finance, human resources, information technology and legislative operations.

Protective services - activities related to providing for the security of the property and citizens of the City including policing, fire protection, emergency planning, building inspection, animal control and bylaw enforcement.

Transportation services - activities related to transportation and transit services including airport operations, maintenance of roads, sidewalks, street lighting and signage.

Environmental health services - activities related to solid waste management.

Public health services - activities related to child care, victim services and cemetery maintenance.

Development services - activities related to economic development, community planning and development.

Parks, recreation & cultural services - activities related to all recreation and cultural services including the maintenance of parks, recreation and fitness programs as well cultural facilities including the museum.

Sewer utility services - activities related to gathering, transporting, storing, treating and discharging sewage and reclaimed water.

Water utility services - activities related to treating, storing, supplying and transporting water.

15. Comparative figures

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

**CITY OF CAMPBELL RIVER
FINANCIAL STATEMENTS
CONSOLIDATED SCHEDULE OF LONG-TERM LIABILITIES
As at December 31, 2017**

SCHEDULE 1

Bylaw	Description	Maturity Date	Interest Rate %	Balance at Dec 31, 2016	Debt Issued	Principal Payments	Actuarial Adjust	Balance at Dec 31, 2017
Long-term debt								
General								
2964	Issue #102	12/01/17	4.82	20,746	-	14,576	6,170	-
2966	Issue #102	12/01/17	4.82	17,782	-	12,494	5,288	-
2967	Issue #102	12/01/17	4.82	13,040	-	9,162	3,878	-
3303	Issue #103	23/04/23	4.65	104,985	-	9,713	3,580	91,693
2964	Issue #104	20/11/18	5.15	138,245	-	49,516	18,250	70,478
2966	Issue #104	20/11/18	5.15	152,661	-	54,681	20,154	77,827
3074	Issue #104	20/11/18	5.15	55,809	-	19,990	7,368	28,452
3301	Issue #104	20/11/23	5.15	370,056	-	34,235	12,618	323,204
3302	Issue #104	20/11/23	5.15	269,916	-	24,971	9,203	235,742
3302	Issue #106	10/13/24	4.13	80,853	-	6,668	2,107	72,078
3301	Issue #112	06/10/25	3.73	123,996	-	9,260	2,457	112,279
				1,348,089	-	245,264	91,073	1,011,754
Sanitary Sewer								
3345	Issue #112	06/10/25	3.73	300,934	-	22,474	5,963	272,498
3345	Issue #117	10/11/26	3.25	400,497	-	27,418	5,940	367,139
				701,431	-	49,891	11,903	639,637
Water								
3518	Issue #141	04/07/32	2.80	-	2,900,000	-	-	2,900,000
				-	2,900,000	-	-	2,900,000
Accrued actuarial adjustment				(15,066)	-	-	981	(16,047)
Total long-term debt				2,034,454	2,900,000	295,155	103,957	4,535,344
Capital leases								
Equipment		05/28/17	2.00	1,704	-	1,704	-	-
Equipment		12/28/17	2.00	11,297	-	11,297	-	-
Total capital lease				13,001	-	13,001	-	-
Total long-term liabilities				2,047,455	2,900,000	308,156	103,957	4,535,344

**CITY OF CAMPBELL RIVER
FINANCIAL STATEMENTS
CONSOLIDATED TANGIBLE CAPITAL ASSET CONTINUITY SCHEDULE
As at December 31, 2017**

SCHEDULE 2

	Land	Buildings	Machinery & Equipment	Engineered Structures	Assets Under Construction	Total 2017	Total 2016
COST							
Opening balance	33,228,595	35,963,551	20,558,477	319,460,853	16,764,561	425,976,036	407,548,279
Additions	-	699,171	1,552,438	5,407,079	12,548,353	20,207,041	19,193,042
Construction completed	-	12,870	57,864	417,777	(488,511)	-	-
Writedowns	-	-	-	-	-	-	(31,587)
Disposals	-	(41,701)	(276,324)	(33,765)	-	(351,790)	(733,699)
Closing balance	33,228,595	36,633,891	21,892,455	325,251,944	28,824,403	445,831,288	425,976,036
ACCUMULATED AMORTIZATION							
Opening balance	-	19,877,271	13,301,303	151,638,940	-	184,817,513	176,674,676
Asset reclassification adjustment	-	-	19,340	(19,340)	-	-	-
Amortization current year	-	992,168	916,923	6,994,119	-	8,903,210	8,828,021
Amortization from disposals	-	(41,701)	(258,803)	(22,296)	-	(322,800)	(685,184)
Closing balance	-	20,827,738	13,978,763	158,591,423	-	193,397,924	184,817,513
NET BOOK VALUE	33,228,595	15,806,153	7,913,692	166,660,521	28,824,403	252,433,364	241,158,523
NET BOOK VALUE (2016)	33,228,595	16,086,279	7,237,834	167,841,253	16,764,561		

CITY OF CAMPBELL RIVER
 FINANCIAL STATEMENTS
 CONSOLIDATED SCHEDULE OF SEGMENTED REPORTING
 For the Year Ended December 31, 2017

SCHEDULE 3
 (page 1 of 2)

	General Government		Protective Services		Transportation Services		Environmental Health Services		Public Health Services		Development Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE												
Taxes & parcel taxes (note 12)	29,784,436	28,144,356	-	-	176,574	176,085	-	-	-	-	68,636	65,366
Payments in lieu of taxes	695,387	624,287	-	-	-	-	-	-	-	-	-	-
Sale of services	455,289	393,949	1,910,819	1,855,362	2,915,901	2,624,380	2,358,340	2,334,366	82,008	67,935	1,443,848	845,620
Services provided to other governments	1,224,754	1,182,451	383,919	432,780	-	-	-	-	60,473	59,973	-	-
Transfers from other governments	858,588	899,155	380,250	432,430	1,777,620	1,199,203	54,500	8,552	-	-	-	-
Investment and other income	808,590	840,915	-	-	656	656	-	-	-	-	-	-
Other revenue	-	-	-	-	198,336	193,638	16,114	17,000	-	-	15,395	167,907
Development cost charges recognized	-	-	-	-	3,808	105,136	-	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	1,860,126	929,765	-	-	-	-	-	-
Gain/(loss) on disposal of tangible capital assets	-	-	-	-	(3,157)	89,662	-	-	-	-	-	-
	33,827,044	32,085,113	2,674,988	2,720,572	6,929,864	5,318,525	2,428,954	2,359,918	142,481	127,908	1,527,879	1,078,893
EXPENSES												
Amortization	275,436	240,668	484,783	376,046	4,234,251	4,428,956	-	-	4,392	670	779	6,523
Interest & debt issue expenses	13,420	(13,747)	-	-	180,320	293,687	-	-	-	-	-	-
Operating expenses	1,244,789	1,140,592	8,382,929	8,971,174	5,550,577	5,132,658	2,367,409	2,278,714	32,553	22,882	976,349	1,103,997
Wages & benefits	5,509,541	5,418,127	6,729,436	6,350,005	2,238,491	2,191,710	97,930	75,987	124,124	124,956	852,717	692,665
	7,043,186	6,785,640	15,597,148	15,697,225	12,203,639	12,047,011	2,465,339	2,354,701	161,069	148,508	1,829,845	1,803,185
ANNUAL SURPLUS (DEFICIT)	26,783,858	25,299,473	(12,922,160)	(12,976,653)	(5,273,775)	(6,728,486)	(36,385)	5,217	(18,588)	(20,600)	(301,966)	(724,292)

See Note 14 for description of Segment Reporting categories.

CITY OF CAMPBELL RIVER
 FINANCIAL STATEMENTS
 CONSOLIDATED SCHEDULE OF SEGMENTED REPORTING
 For the Year Ended December 31, 2017

SCHEDULE 3
 (page 2 of 2)

	Parks, Recreation & Culture Services		Total General Government		Sewer Utility Services		Water Utility Services		Consolidated Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE										
Taxes & parcel taxes	509,897	508,084	30,539,543	28,893,891	706,157	704,307	-	(37)	31,245,700	29,598,161
Payments in lieu of taxes	-	-	695,387	624,287	-	-	-	-	695,387	624,287
Sale of services	1,183,315	980,146	10,349,520	9,101,758	5,983,832	5,322,313	7,733,159	6,602,340	24,066,511	21,026,411
Services provided to other governments	-	-	1,669,146	1,675,204	-	-	-	-	1,669,146	1,675,204
Transfers from other governments	5,859	67,900	3,076,817	2,607,240	-	-	6,461,685	6,948,066	9,538,502	9,555,306
Investment and other income	-	-	809,246	841,571	134,244	26,113	94,193	17,379	1,037,683	885,063
Other revenue	16,787	25,630	246,632	404,175	3,000	14,376	-	-	249,632	418,551
Development cost charges recognized	-	14,049	3,808	119,185	39,535	250,020	-	-	43,343	369,205
Contributed tangible capital assets	-	-	1,860,126	929,765	390,392	168,287	449,374	256,788	2,699,892	1,354,840
(Gain)/loss on disposal of tangible capital assets	-	-	(3,157)	89,662	-	(2,787)	(11,469)	(12,749)	(14,626)	74,126
	1,715,858	1,595,809	49,247,068	45,286,738	7,257,160	6,482,629	14,726,942	13,811,787	71,231,170	65,581,154
EXPENSES										
Amortization	1,450,169	1,339,544	6,449,810	6,392,407	1,281,693	1,247,512	1,171,707	1,188,102	8,903,210	8,828,021
Interest & debt issue expenses	-	-	193,740	279,940	34,628	34,628	73,279	18,235	301,647	332,803
Operating expenses	2,548,461	2,529,588	21,103,067	21,179,605	1,848,907	1,662,950	1,783,768	1,686,027	24,735,742	24,528,582
Wages & benefits	4,031,100	3,909,567	19,583,339	18,763,017	986,617	972,340	1,597,068	1,350,394	22,167,024	21,085,751
	8,029,730	7,778,699	47,329,956	46,614,969	4,151,845	3,917,430	4,625,822	4,242,758	56,107,623	54,775,157
ANNUAL SURPLUS (DEFICIT)	(6,313,872)	(6,182,890)	1,917,112	(1,328,231)	3,105,315	2,565,199	10,101,120	9,569,029	15,123,547	10,805,997

See Note 14 for description of Segment Reporting categories.