Governance, Priorities & Finance Committee

Agenda

Thursday, May 26, 2016
2:00 p.m. – 4:00 p.m.
Capital Region Board Office, Large Boardroom
1100 Bell Tower, 10104 103 Avenue, Edmonton

Agenda Items

1. **Call to Order** – Mayor Camille Berube, Chair

2. **Chair’s Opening Remarks**

3. **Approval of Agenda** – Mayor Camille Berube, Chair

4. **Approval of Minutes** – Mayor Camille Berube, Chair
   a. February 25, 2016
   b. April 25, 2016

5. **2016/17 Budget** – Mayor Camille Berube, Chair
   a. **Recommended Motion:** That the Governance, Priorities & Finance Committee move in-camera, in accordance with the provisions of Section 24 – Advice from officials, of the Freedom of Information and Protection of Privacy Act (FOIP), R.S.A. 2000, c.F-25.

   b. **Recommended Motion:** That the Governance, Priorities & Finance Committee reconvene in public.

   c. **Recommended Motion:** That the Governance, Priorities & Finance Committee direct administration to use the information discussed in-camera to create a revised budget for the Capital Region Board for approval.
6. **Policy G023 - Pay-to-Participate Recommendation** – *Mayor Camille Berube, Chair*

   **Recommended Motion:** That the Governance, Priorities & Finance Committee recommend the Capital Region Board municipal members review draft *Policy G023 – Pay-to-Participate* and provide comments to administration no later than August 26, 2016.

7. **Policy Updates Recommendation** – *Mayor Camille Berube, Chair*

   **Recommended Motion:** That the Governance, Priorities & Finance Committee recommend Policy A003, G007, G012 to the Capital Region Board for approval.

8. **2015/16 Audited Financial Statements Recommendation** – *Mayor Camille Berube, Chair*

   **Recommended Motion:** That the Governance, Priorities & Finance Committee recommend the Capital Region Board approve the CRB Audited Financial Statements for the year ended March 31, 2016.

9. **Next Meeting** – *Mayor Camille Berube, Chair*

   - Tuesday, June 28, 2016 2:00 – 4:00 p.m., Capital Region Boardroom, CRB Office

10. **Adjournment** – *Mayor Camille Berube, Chair*
Governance, Priorities & Finance Committee

Thursday, February 25, 2016
2:00 p.m. – 4:00 p.m.
Capital Region Board Office, Large Boardroom
1100 Bell Tower, 10104 103 Avenue, Edmonton

Members:
Camille Berube, Town of Beaumont (Chair)
Randy Boyd, Town of Bon Accord
Art Erickson, Village of Wabamun
Glen Finstad, City of Leduc
Phyllis Kobasiuk, Parkland County
Tim Osborne, City of St. Albert
Karen Shaw, Sturgeon County
Wayne Worldanski, Lamont County
Wally Yachimetz, Town of Calmar

Regrets:
Michael Walters, City of Edmonton

CRB Staff & Consultants:
Malcolm Bruce, CEO
Loreen Lennon, Communications Manager
Leslie Chivers, Operations Manager
Charlene Chauvette, Office Manager
Amanda Borman, Executive Assistant

Guests:
Gibby Davis, City of Edmonton
Marnie Lee, Strathcona County

1. CALL TO ORDER
Chair, Mayor Camille Berube called the meeting to order at 2:00 p.m.

2. Chair’s Opening Remarks

3. Approval of Agenda

Motion: That the agenda of February 25, 2016 be approved.
Moved by: Councillor Glen Finstad, City of Leduc
Decision: Carried unanimously
4. Approval of Minutes of December 14, 2015

Motion: That the minutes of December 14, 2015 be approved.
Moved by: Councillor Phyllis Kobasiuk, Parkland County
Decision: Carried unanimously

5. Terms of Reference Review and Recommendation

Motion: That the Governance, Priorities & Finance Committee recommend the Governance, Priorities & Finance Committee Terms of Reference to the Capital Region Board for approval.
Moved by: Mayor Tom Flynn, Sturgeon County
Decision: Carried unanimously

6. 2016/20 Capital Region Board Business Plan

Motion: That the Governance, Priorities & Finance Committee recommend the 2016/20 Capital Region Board Business Plan to the Capital Region Board for approval.
Moved by: Reeve Wayne Woldanski, Lamont County
Decision: Carried unanimously

7. Policy Updates Recommendation

Motion: That the Governance, Priorities & Finance Committee recommend Policy A004, F002, F003, G003, G004, G006, G009, G012, G015, G016, G017, G018 to the Capital Region Board for approval as amended.
Moved by: Mayor Randy Boyd, Town of Bon Accord
Decision: Carried unanimously

8. Revised Capital Region Board Voting structure Recommendation

Motion: That the Governance, Priorities & Finance Committee recommend the updated voting structure to the Capital Region Board for approval and that the Board approve the following motion.

That the Capital Region Board support the updated voting structure and request that the Minister of Municipal Affairs and lieutenant Governor in Council take such steps as are required to enact a regulation replacing or amending the Capital Region Board Regulation, ALTA. Reg. 38/2012, to give effect to the new voting structure;

Moved by: Councillor Glen Finstad, City of Leduc
Decision: Carried unanimously

9. CEO Update

a. CRB Mandate
b. Committee Membership Report
c. Pay-to-Participate Policy

d. Potential impacts from Growth Plan Update – Committee Structure

10. Next Meeting

Thursday, May 26, 2016 at 2:00 p.m., Large Boardroom, CRB Office

11. ADJOURNMENT

The Chair declared the meeting adjourned at 3:15 p.m.

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Committee Chair, Camille Berube
Governance, Priorities & Finance Committee

Monday, April 25, 2016
2:30 p.m. – 4:30 p.m.
Capital Region Board Office, Large Boardroom
1100 Bell Tower, 10104 103 Avenue, Edmonton

Members:
Camille Berube, Town of Beaumont (Chair)
Randy Boyd, Town of Bon Accord
Dana Smith, City of Leduc (alternate)
Phyllis Kobasiuk, Parkland County
Tom Flynn, Sturgeon County (alternate)
Wayne Woldanski, Lamont County
Michael Walters, City of Edmonton

Regrets:
Wally Yachimetz, Town of Calmar
Art Erickson, Village of Wabamun
Tim Osborne, City of St. Albert

CRB Staff & Consultants:
Malcolm Bruce, CEO
Leslie Chivers, Operations Manager
Charlene Chauvette, Office Manager
Amanda Borman, Executive Assistant

1. CALL TO ORDER

Chair, Mayor Camille Berube called the meeting to order at 2:33 p.m.

2. Chair’s Opening Remarks

3. Approval of Agenda

Motion: That the agenda of April 25, 2016 be approved.
Moved by: Councillor Randy Boyd, Town of Bon Accord
Decision: Carried unanimously
4. **2016/17 Budget**

   a. **Motion:** That the Governance, Priorities & Finance Committee move in-camera, in accordance with the provisions of Section 24 – Advice from officials, of the Freedom of Information and Protection of Privacy Act (FOIP), R.S.A. 2000, c.F-25.
      
      **Moved by:** Councillor Michael Walters, *City of Edmonton*
      
      **Decision:** Carried unanimously

   b. **Motion:** That the Governance, Priorities & Finance Committee reconvene in public.
      
      **Moved by:** Councillor Dana Smith, *City of Leduc*
      
      **Decision:** Carried unanimously

   c. **Motion:** That the Governance, Priorities & Finance Committee reconvene in public.
      
      **Moved by:** Councillor Michael Walters, *City of Edmonton*
      
      **Decision:** Carried unanimously

5. **Next Meeting**

   Thursday, May 26, 2016 at 2:00 p.m., Large Boardroom, CRB Office

6. **ADJOURNMENT**

   The Chair declared the meeting adjourned at 3:40 p.m.

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Committee Chair, Camille Berube
Policy G023 - Pay-to-Participate

Recommended Motion
That the Governance, Priorities & Finance Committee recommend the Capital Region Board members review draft Policy G023 – Pay-to-Participate and provide comments to administration no later than August 26, 2016.

Background
The Capital Region Board has established a consistent approach and philosophy for the development, review and approval of policies and has chosen to pursue the development of new policies as the Board examines new collaborative opportunities.

- At the October 8, 2015 Board meeting the Board passed the following motion:

  
  That a “Pay to Participate Policy” be proposed by Administration to the Governance, Priorities & Finance Committee and subsequently to the Board in 2016 as a possible enabler for Board-endorsed matters.

- On November 6, 2015, there was discussion with the CAO Advisory Committee regarding the development of a Pay-to-Participate policy for the Capital Region Board. At that time, discussion focused on developing a mechanism that could encourage collaboration among fewer than 24 members, but still within the CRB framework. After the meeting concluded a briefing note was sent to member CAOs for further review and comment.

- Based on comments received, a policy was drafted for review and to help encourage further discussion. Board members are being asked to submit their comments and feedback to CRB Administration no later than August 26, 2016.

Timeline for review:

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<tr>
<td>Governance, Priorities &amp; Finance review</td>
<td>Q2 2016</td>
</tr>
<tr>
<td>Board membership review</td>
<td>Q2-Q3 2016</td>
</tr>
<tr>
<td>Revision</td>
<td>Q3-Q4 2016</td>
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<tr>
<td>Governance, Priorities &amp; Finance review of revision and recommendation</td>
<td>Q1 2017</td>
</tr>
<tr>
<td>Board approval</td>
<td>Q1 2017</td>
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Rationale

The current governance model for the CRB only enables a Board action through the adoption of the Motion by the Board’s double majority voting structure. If adopted by the Board, a motion is binding on all Members. If a Motion fails, that too is binding on the Members. It is all or nothing. The development of a Pay-to-Participate policy could help encourage independent intra-regional collaboration while ensuring alignment with CRB planning documents.

Attachments:

1. Policy G023 – Pay-to-Participate
PURPOSE

To promote greater regional collaboration by establishing a pay-to-participate policy for projects amongst self selected Capital Region Board members, and funded only by those participating member municipalities.

POLICY

The Capital Region Board (CRB) shall maintain a pay-to-participate policy that shall encourage willing members to participate in and pay for identified regional initiatives, without having the cost of those initiatives borne by non-participating members of the Board, nor having any impact on the Board’s core operating budget.

While any number of regional or sub-regional pay-to-participate initiatives may be undertaken by any municipalities (as is done today) this policy shall only apply to such new initiatives that the Board legitimately shall have oversight on or fits with the Board Mandate.

PRINCIPLES

Initiatives realized through a pay-to-participate project charter shall be:

1. Finite, with a defined goal and objectives,
2. Aligns with The Capital Region Board’s Growth Plan,
3. Amendable to add or remove participating municipalities as the scope and scale of the initiative changes,
4. Complementary to items mandated through Capital Region Board Regulation.
5. Scalable in scope to evolve as the region grows,
6. Reported to the Board on a regular basis, for information, or for possible next step endorsement
7. Acted upon in good faith,
8. In alignment with other Capital Region Board initiatives.
GUIDELINES

1. Core projects resulting from the Capital Region Board mandate and Regulation shall be exempt from pay-to-participate consideration and shall be funded from the Capital Region Board’s approved budget. These core projects include The Capital Region Growth Plan and work arising from the Growth Plan, Geographic Information Systems (GIS), Regional Housing, Regional Transit, Regional Land Use, Planning of Transportation, and other initiatives as designated by the Board.

2. Projects identified as being pay-to-participate shall align with the Capital Region Board mandate, Growth Plan, and its objectives.

3. Approved projects for pay-to-participate shall have a Project Charter approved by the group of participating municipalities.

4. Pay-to-participate projects shall be initially facilitated by Capital Region Board administration and funded by willing municipalities on a per project basis.

5. Cost for administrating pay-to-participate projects shall be included in the overall costing of pay-to-participate projects.

6. Pay-to-participate projects shall use a consistent Project Charter template with criteria to determine membership, funding, and reporting. The project charter shall, at a minimum, include governance, goals, objectives, obligations of participating municipalities, and a process for municipalities to opt-in or opt-out as applicable.

7. A member municipality wishing to participate but unable to pay to participate may be allowed to participate in the initiative if 100% of other participating municipalities agree to cover the cost of that municipality.

8. Pay-to-participate projects shall be able to access other Board functions such as advocacy, support for grant funding.

9. Approved projects will be project managed by the municipalities working on the pay-to-participate project and not by the Capital Region Board.

PROCESS

To determine a pay to participate project;

1. Municipalities wishing to engage in a pay-to-participate project must fill out a standard CRB project charter and submit it to the CRB.

2. At a Capital Region Board meeting, the participating municipalities will present the project to the CRB membership.

3. The CRB membership will have 30 calendar days to review the project charter.
4. At the next Board meeting, the CRB shall vote on a motion that the CRB support the pay-to-participate project.

5. If the CRB approves a motion to support a pay-to-participate project then the CRB shall amend its business plan if necessary.

6. This business plan will be proposed to GPF to review and ultimately recommend to the Board for review.

Nolan Crouse, Board Chair

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Capital Region Board Policies

**Recommended Motion**

*That the Governance, Priorities & Finance Committee recommend Policy A003, G007, G012 to the Capital Region Board for approval.*

**Background**

The Capital Region Board has established a consistent approach and philosophy for the development, review and approval of policies according to Policy G001 - Policy Development. Since 2010, the Board has approved corporate policies pertaining to administration, finance, governance.

**Rationale**

In 2014, the CRB reviewed and approved 32 corporate policies to update and align with the Capital Region Board’s new committee structure approved in 2013. The CRB policy review updated existing policy with comments from member municipalities and administrative changes.

Current policies and procedures continue to be updated as a result of the 2013 CRB committee structure decision and new policies developed based on Board direction and needs. The attached policies are to be reviewed by the Governance, Priorities & Finance Committee for Board approval.

There are three policies remaining to review as part of the four year review process:

1. G005 - Board Meeting Procedures
2. G011 - Board and Committee Member Code of Conduct and Ethics
3. F007 - Reserves

One policy is up for an annual review in Q3 2016:

1. G019 - Capital Region Board Membership Review

**Attachments:**

1. A003 - Records and Information Management
2. G007 - Insurance
3. G012 - Committee and Task Force Terms of Reference
PURPOSE
To adopt a corporate records and information management program that standardizes the processes of managing the retention and destruction of the Capital Region Board’s records and information.

POLICY
A systematic and standardized process shall be established in place to manage the retention and destruction of its records, correspondence and email, and information in order to comply with federal legislation, provincial legislation, privacy legislation and the Capital Region Board regulation, and fulfill its legal, fiscal, operational, and administrative obligations.

GUIDELINES

1. This policy applies to all Board Members, Committee Members, Task Force Members, employees, agents, and contractors of the Capital Region Board.

2. CRB administration is responsible for ensuring compliance with Provincial and Federal records management requirements for a Growth Management Board, the requirements set out in the records and information management program and Policy G004—Board Meeting Minutes.

3. The records and information management program is a comprehensive plan that manages all CRB’s information assets, regardless of format, through standardized processes and procedures that are compliant with applicable legislation such as the Freedom of Information and Protection of Privacy Act (FOIP), the Municipal Government Act (MGA) and the Capital Region Board Regulation.

4. Central to the program is a Schedule of Records Retention, which determines the retention and disposition of all official records of the CRB. The Schedule of Records Retention, and any amendments to it, shall be approved by the Chief Executive Officer.

5. Records in the care and custody of the CRB and its employees are the sole property of the CRB and, as such, shall be dated and managed in accordance with the CRB’s records and information management program.

6. This policy applies to all records created, acquired or received by the CRB, its agents, or contractors.

7. Where records are in the possession of an agent or contractor such records shall be under the CRB’s control when:
   a. the record is specified in the contract as being under the control of CRB;
   b. the content of the record relates to the CRB’s mandate and functions;
   c. the CRB has the authority to regulate the record’s use and disposition;
   d. the agent or contractor is a consultant and the record was created for the public body;
e. the contract permits the CRB to inspect, review or copy the records produced, received, or acquired.

9.6. Where the CRB requires an individual’s personal information for administrative purposes, the CRB shall ensure that access to personal information is strictly limited to a “need to know” basis and that all personal information is protected from unauthorized access.

10.7. Personnel Records
   a. Personnel records are the property of the CRB and shall contain data pertinent to recruitment and selection, leaves of absence, performance appraisal and evaluation, payroll and benefit data, discipline and commendation data, termination of employment, correspondence between the CRB and the employee, and information respecting staff development and achievement.
   b. Personnel records shall be in the possession of the Chief Executive Officer or other authorized staff at all times.
   c. Access to personnel records is limited to those employees who require the data contained in the file in order to perform their duties.
   d. Employees shall have access to their record in the presence of the Chief Executive Officer or authorized staff, but shall not be allowed to remove the record or any part thereof, from the office where the personnel records are kept.
   e. Upon request, employees shall be able to obtain copies of any documents in their personnel records.
   f. CRB employees shall not divulge, in any form, information contained in personnel records except as required by law or with the written consent of said employee.

11.8. Documents shall all be date stamped or electronically dated.

Nolan Crouse, Board Chair

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<tr>
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<td>May 5, 2016</td>
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Committee Meeting: May 26, 2016
PURPOSE
To adopt a corporate records and information management program that standardizes the processes of managing the retention and destruction of the Capital Region Board’s records and information.

POLICY
A systematic and standardized process shall be in place to manage the retention and destruction of its records, correspondence, email, and information in order to comply with federal legislation, provincial legislation, privacy legislation and the Capital Region Board regulation, and fulfill its legal, fiscal, operational, and administrative obligations.

GUIDELINES
1. This policy applies to all Board Members, Committee Members, Task Force Members, employees, agents, and contractors of the Capital Region Board.

2. CRB administration is responsible for ensuring compliance with Provincial and Federal records management requirements for a Growth Management Board.

3. Records in the care and custody of the CRB and its employees are the sole property of the CRB and, as such, shall be dated and managed in accordance with the CRB’s records and information management program.

4. This policy applies to all records created, acquired or received by the CRB, its agents, or contractors.

5. Where records are in the possession of an agent or contractor such records shall be under the CRB’s control when:
   a. the record is specified in the contract as being under the control of CRB;
   b. the content of the record relates to the CRB’s mandate and functions;
   c. the CRB has the authority to regulate the record’s use and disposition;
   d. the agent or contractor is a consultant and the record was created for the public body;
   e. the contract permits the CRB to inspect, review or copy the records produced, received, or acquired.

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b. Personnel records shall be in the possession of the Chief Executive Officer or other authorized staff at all times.

c. Access to personnel records is limited to those employees who require the data contained in the file in order to perform their duties.

d. Employees shall have access to their record in the presence of the Chief Executive Officer or authorized staff, but shall not be allowed to remove the record or any part thereof, from the office where the personnel records are kept.

e. Upon request, employees shall be able to obtain copies of any documents in their personnel records.

f. CRB employees shall not divulge, in any form, information contained in personnel records except as required by law or with the written consent of said employee.

8. Documents shall all be date stamped or electronically dated.

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Nolan Crouse, Board Chair

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<tr>
<td>May 5, 2016</td>
<td>Update</td>
<td>Removed clauses that do not apply to CRB’s current records management structure.</td>
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Purpose

To ensure that CRB members, employees and all assets owned by the Capital Region Board are covered by insurance. **The role of insurance is to mitigate risk to the Capital Region Board.**

Policy

Capital Region Board shall maintain property insurance coverage for all of its physical assets, liability insurance for CRB members and employees, and employee dishonesty insurance.

Guidelines

1. The Capital Region Board shall ensure that all physical assets are insured for at least the acquired value.

2. The Capital Region Board shall carry a minimum of $10,000,000 liability insurance for coverage of Members and employees as per Policy G002 Indemnification of CRB Members and Employees.

3. The Capital Region Board shall carry a minimum of $1,000,000 employee dishonesty insurance.

4. The Capital Region Board shall obtain and maintain in effect directors’ and officers’ liability insurance with such insurers, in such amounts, and with such coverage, exclusions, deductibles, terms of conditions as are reasonable and prudent, having regard to the nature of the operations of the Board.

5. The Capital Region Board shall maintain a risk matrix in the Capital Region Board Business Plan. The risk Matrix will be based on the following criteria:
   a. Impact reaches across CRB
   b. Potential reputational impact or risk to CRB and the jurisdictional support
   c. An issue of public interest

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Nolan Crouse, Board Chair
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Incorporation of Directors insurance clause

Chief Officer
PURPOSE
To ensure that CRB members, employees and all assets owned by the Capital Region Board are covered by insurance. The role of insurance is to mitigate risk to the Capital Region Board.

POLICY
Capital Region Board shall maintain property insurance coverage for all of its physical assets, liability insurance for CRB members and employees, and employee dishonesty insurance.

GUIDELINES
1. The Capital Region Board shall ensure that all physical assets are insured for at least the acquired value.
2. The Capital Region Board shall carry a minimum of $10,000,000 liability insurance for coverage of Members and employees as per Policy G002 Indemnification of CRB Members and Employees.
3. The Capital Region Board shall carry a minimum of $1,000,000 employee dishonesty insurance.
4. The Capital Region Board shall obtain and maintain in effect directors’ and officers’ liability insurance with such insurers, in such amounts, and with such coverage, exclusions, deductibles, terms of conditions as are reasonable and prudent, having regard to the nature of the operations of the Board.
5. The Capital Region Board shall maintain a risk matrix in the Capital Region Board Business Plan. The risk Matrix will be shall be based on the following criteria:
   a. Impact reaches across CRB
   b. Potential reputational impact or risk to CRB and the jurisdictional support
   c. An issue of public interest

Nolan Crouse, Board Chair

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<td>Update</td>
<td>Changed signatory, incorporated links to business plan risk matrix</td>
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<td>May 10, 2016</td>
<td>Update</td>
<td>Incorporation of Directors insurance clause</td>
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PURPOSE

To establish common terms of reference for committees and task forces.

POLICY

This policy provides the common terms of reference that Board committees and task forces shall apply in carrying out their specific mandates.

GUIDELINES

All committees and task force terms will be established with its own specific description, mandate and deliverables. However, unless deemed otherwise by the Board, all committees and task forces will share the following common terms:

1. AUTHORITY
   a. All meeting groups established by the Board are considered advisory bodies to the Board and therefore must, by a passed motion, provide recommendation(s) to the Board for decision.
   b. Task forces that have been established under the guidance of a specific committee are expected to seek counsel and support for any motions by their sponsoring committee before proceeding to the Board for decision.

2. AMENDMENTS TO THE TERMS OF REFERENCE
   At any time, a committee may consider changes to its Terms of Reference and recommend the proposed changes to the Governance, Priorities, and Finance Committee, through to the Board for review and approval.

3. MEMBERSHIP AND MEMBERSHIP TERMS
   Member Municipality Representation on committees and task forces shall be established by approved Terms of Reference for each committee or task force.

4. APPOINTMENT AND TERM OF THE CHAIR AND VICE-CHAIR
   Upon establishing a committee or task force, the committee or task force membership will appoint the Chair for each committee and task force. For committees, at the end of a two year period, once the membership has been reset, the committee may choose to elect its Chair and Vice-Chair.
5. **EX-OFFICIO**
   
a. The Board Chair will be considered non-voting ex-officio in all meeting groups with the exception of the Board and Performance Advocacy Monitoring and Monitoring Committee unless otherwise specified in a committee’s or task force’s terms of reference.
   
b. The CRB CEO will be considered non-voting in all meetings groups with the exception of the CAO Advisory Committee.

6. **DECISION MAKING**
   
a. Decisions, recommendations, and actions determined by each committee/task force will be driven by the desired outcome to do what is in the best interests of the Capital Region. Only elected officials that are designated as voting members of a committee or task force, or their designated alternate, may vote. Each member will have one vote.
   
b. All motions must be moved by a voting member. Motions require a simple majority of members in attendance to pass a motion (50 percent plus one).

7. **QUORUM**
   
Quorum is defined as 50 percent plus one of standing membership.

8. **DISPUTE RESOLUTION**
   
The committee and task force Chairs are accountable for ensuring effective and collaborative committee operations and decision making. Where the Chair’s efforts are unable to resolve a dispute, the matter will be brought to the applicable standing committee or Board for discussion and resolution.

9. **SUPPORT/RESOURCES**
   
Committees and task forces will be supported by the Chief Executive Officer, Capital Region Board staff and consultant resources, and others as determined by its mandate and the Board’s approved business plan and budget. The Chief Executive Officer may establish an administrative working or advisory group as deemed necessary to support a committee or task force project.

10. **COMMUNICATIONS**
    
The Chief Executive Officer will act as the single point of contact for all communications requests for the Board and will determine the appropriate level of response required. This may result in responses being required from the Board Chair/Interim Chair, a committee or task force Chair, members, Board administration, or the Chief Executive Officer.

11. **STATUS OF MEETINGS**
    
a. Committee and task force meetings are open to the public including all members of the CRB (elected officials and their alternates), administrative representatives from all CRB member municipalities and members of the public. Committees and task forces may invite individuals from the province, industry, the general public or other Board, committee, task force members to participate in specific agenda items. Matters emerging and voted on from committees and task forces will become a matter of public record.
    
b. Section 602.08 (1) of the Municipal Government Act (MGA) states that the committee may close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1 of the Freedom of Information and Protection of Privacy Act.
c. All members (elected and administrative) attending the in camera session shall respect the confidentiality of the in camera items.

12. REPORTING

Committees and task forces are expected to provide the Board, through established communication channels and schedules, sage advice, descriptions and recommendations to resolve existing issues, status and progress as it relates to its mandate and expected deliverables.

a. All CRB meeting agendas, minutes, reports, briefings and supporting documentation will be provided in an electronic format.

b. In general, CRB meeting agendas and pre-read materials, where available, will be provided at least one week in advance of a scheduled meeting.

c. All committees and task forces will include their meeting minutes with the next Board meeting agenda package.

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<th>Revisions</th>
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<tr>
<td>November 16, 2015</td>
<td>Update</td>
<td>Provision regarding chair positions being occupied by municipally appointed Board Member.</td>
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<tr>
<td>February 8, 2016</td>
<td>Update</td>
<td>Clarify CAO ability to vote, typos.</td>
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<tr>
<td>March 9, 2016</td>
<td>Update</td>
<td>Removal of provision regarding chair positions being occupied by municipally appointed Board Member, as per GPF’s request.</td>
<td></td>
</tr>
<tr>
<td>April 18, 2016</td>
<td>Update</td>
<td>Removal of conflict regarding Board Chair’s ability to vote.</td>
<td></td>
</tr>
</tbody>
</table>

Nolan Crouse, Board Chair
PURPOSE

To establish common terms of reference for committees and task forces.

POLICY

This policy provides the common terms of reference that Board committees and task forces shall apply in carrying out their specific mandates.

GUIDELINES

All committees and task force terms will be established with its own specific description, mandate and deliverables. Unless deemed otherwise by the Board, all committees and task forces will share the following common terms:

1. AUTHORITY
   a. All meeting groups established by the Board are considered advisory bodies to the Board and therefore must, by a passed motion, provide recommendation(s) to the Board for decision.
   b. Task forces that have been established under the guidance of a specific committee are expected to seek counsel and support for any motions by their sponsoring committee before proceeding to the Board for decision.

2. AMENDMENTS TO THE TERMS OF REFERENCE
   At any time, a committee may consider changes to its Terms of Reference and recommend the proposed changes to the Governance, Priorities, and Finance Committee, through to the Board for review and approval.

3. MEMBERSHIP AND MEMBERSHIP TERMS
   Member Municipality Representation on committees and task forces shall be established by approved Terms of Reference for each committee or task force.

4. APPOINTMENT AND TERM OF THE CHAIR AND VICE-CHAIR
   Upon establishing a committee or task force, the committee or task force membership will appoint the Chair for each committee and task force. For committees, at the end of a two year period, once the membership has been reset, the committee may choose to elect its Chair and Vice-Chair.
5. **EX-OFFICIO**
   
a. The Board Chair will be considered non-voting ex-officio in all meeting groups with the exception of the Board and Advocacy and Monitoring Committee unless otherwise specified in a committee’s or task force’s terms of reference.
b. The CRB CEO will be considered non-voting in all meetings groups.

6. **DECISION MAKING**
   
a. Decisions, recommendations, and actions determined by each committee/task force will be driven by the desired outcome to do what is in the best interest of the Capital Region. Only elected officials that are designated as voting members of a committee or task force, or their designated alternate, may vote. Each member will have one vote.
b. All motions must be moved by a voting member. Motions require a simple majority of members in attendance to pass a motion (50 percent plus one).

7. **QUORUM**
   
Quorum is defined as 50 percent plus one of standing membership.

8. **DISPUTE RESOLUTION**
   
The committee and task force Chairs are accountable for ensuring effective and collaborative committee operations and decision making. Where the Chair’s efforts are unable to resolve a dispute, the matter will be brought to the applicable standing committee or Board for discussion and resolution.

9. **SUPPORT/RESOURCES**
   
Committees and task forces will be supported by the Chief Executive Officer, Capital Region Board staff and consultant resources, and others as determined by its mandate and the Board’s approved business plan and budget. The Chief Executive Officer may establish an administrative working or advisory group as deemed necessary to support a committee or task force project.

10. **COMMUNICATIONS**
    
The Chief Executive Officer will act as the single point of contact for all communications requests for the Board and will determine the appropriate level of response required. This may result in responses being required from the Board Chair/Interim Chair, a committee or task force Chair, members, Board administration, or the Chief Executive Officer.

11. **STATUS OF MEETINGS**
    
a. Committee and task force meetings are open to the public including all members of the CRB (elected officials and their alternates), administrative representatives from all CRB member municipalities and members of the public. Committees and task forces may invite individuals from the province, industry, the general public or other Board, committee, task force members to participate in specific agenda items. Matters emerging and voted on from committees and task forces will become a matter of public record.
b. Section 602.08 (1) of the *Municipal Government Act* (MGA) states that the committee may close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1 of the Freedom of Information and Protection of Privacy Act.
c. All members (elected and administrative) attending the in camera session shall respect the confidentiality of the in camera items.

12. REPORTING

Committees and task forces are expected to provide the Board, through established communication channels and schedules, advice, descriptions and recommendations to resolve existing issues, status and progress as it relates to its mandate and expected deliverables.

a. All CRB meeting agendas, minutes, reports, briefings and supporting documentation will be provided in an electronic format.

b. In general, CRB meeting agendas and pre-read materials, where available, will be provided at least one week in advance of a scheduled meeting.

c. All committees and task forces will include their meeting minutes with the next Board meeting agenda package.

Revisions

<table>
<thead>
<tr>
<th>Date</th>
<th>Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 16, 2015</td>
<td>Update</td>
<td>Provision regarding chair positions being occupied by municipally appointed Board Member.</td>
</tr>
<tr>
<td>February 8, 2016</td>
<td>Update</td>
<td>Clarify CAO ability to vote, typos.</td>
</tr>
<tr>
<td>March 9, 2016</td>
<td>Update</td>
<td>Removal of provision regarding chair positions being occupied by municipally appointed Board Member, as per GPFs request.</td>
</tr>
<tr>
<td>April 18, 2016</td>
<td>Update</td>
<td>Removal of conflict regarding Board Chair’s ability to vote.</td>
</tr>
</tbody>
</table>
CRB Audited Financial Statements

Recommended Motion

That the Governance, Priorities & Finance Committee recommend the Capital Region Board approve the CRB Audited Financial Statements for the year ended March 31, 2016.

Background

- Section 9 of the CRB Regulation requires the Board to submit an annual report of its activities in the preceding year to the Minister of Municipal Affairs, including audited financial statements.

- The Ministry of Minister of Municipal Affairs provided the Capital Region Board with an operating Grant in the amount of $3.0 million for the period from April 1, 2015 to March 31, 2016. This Grant Agreement requires that the Board submit financial statements as part of the reporting requirements.

- Following approval of the 2015/16 Audited Financial Statements by the Board, CRB administration will incorporate them into the CRB’s Annual Report and forward them to the Ministry of Municipal Affairs.

- This is the second year of a two year transition to align the CRB budget with the provincial budget (April 1-March 31).

Attachments:

1. 2016 Audit Findings Letter
2. 2015/16 Audited Financial Statements
3. 2016 Analytical Review
June 09, 2016

Capital Region Board
Suite 1100, Bell Tower
10104-103 Avenue
Edmonton, Alberta T5J 0H8

Attention: Board of Directors

Dear Board Members:

RE: 2016 AUDIT FINDINGS LETTER

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to the Board. Additionally, during the course of our audit we identified matters that may be of interest to management.

This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Board and should not be distributed to external parties without our prior consent. Hawkings Epp Dumont LLP accepts no responsibility to a third party who uses this communication.

AUDIT FINDINGS

It is important for the Board to understand the responsibilities that rest with Capital Region Board and its management and those that belong to the auditor in relation to the financial statement audit.

Our audit of Capital Region Board’s financial statements was performed in accordance with Canadian Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and fund balances, and cash flows of Capital Region Board in accordance with Canadian public sector accounting standards.

Accordingly, we planned and performed our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.
The audit included consideration of internal control relevant to the preparation of the 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 internal control.

Canadian Auditing Standards do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate to the Board. Accordingly, our audit would not necessarily identify all such matters that may be of interest to the Board and management and it is inappropriate to conclude that no such matters exist.

MANAGEMENT RESPONSIBILITIES

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

AUDIT APPROACH

In gathering our audit evidence, we utilized a substantive approach to the audit of Capital Region Board. This approach allowed us to issue an audit opinion on the financial statements in the most cost-effective manner, while still obtaining the assurance necessary to support our audit opinion. In performing our audit, our work focused on, but was not limited to, areas that we believed had a higher risk of being materially misstated. A substantive approach is more appropriate when an entity processes a relatively low volume of transactions and may not have strong internal controls due to limited segregation of duties. In obtaining the required audit evidence to support our report, we did not place reliance on any internal controls that may exist at Capital Region Board.

MATERIALITY

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

A misstatement, or the aggregate of all misstatements in financial statements, is considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. The materiality decision ultimately is based on the auditors’ professional judgment.

The auditor's determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial information needs of users of the financial statements. In planning our audit, we have concluded that a materiality level of 2% of expenses is appropriate. However, we anticipate that management will record any adjustments that we propose that are of a non-trivial nature.
SIGNIFICANT FINDINGS FROM THE AUDIT

Our objective is to communicate appropriately to the Board and management deficiencies in internal control that we have identified during the audit and that, in our professional judgment, are of sufficient importance to merit being reported to the Board.

The audit findings contained in this letter did not have a material effect on Capital Region Board’s financial statements, and as such, our audit report is without reservation with respect to these matters.

Significant Deficiencies in Internal Control

Our audit procedures did not reveal any significant deficiencies in internal control.

Significant Qualitative Aspects of Accounting Practices

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of operations of Capital Region Board. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management, and the related financial disclosures, do not materially misstate the financial statements taken as a whole.

During the year, Management developed new and updated existing policies designed to enhance financial management control. We wanted to compliment Management and emphasize the importance of these policies.

Uncorrected Misstatements

There were no uncorrected misstatements aggregated by our Firm, for the year ended March 31, 2016.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board.

OTHER MATTERS

Comparative figures

The comparative statement of operations, changes in net financial assets, and cash flows for the year ended March 31, 2015 were not readily available. As a result, comparative figures are for the three-month period ended March 31, 2015, the last set of audited financial statements.
Management Representations

Management's representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management’s representations in writing to support the content of our report.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of Capital Region Board for the year ended March 31, 2016.

We believe it is important to communicate, at least annually, with you regarding all relationships between the Capital Region Board and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Alberta and applicable legislation, covering such matters as:

(a) holding a financial interest, either directly or indirectly, in a client;
(b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
(c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
(d) economic dependence on a client; and
(e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between Capital Region Board and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from April 1, 2015 to June 09, 2016.

During the period April 1, 2015 to June 09, 2016, we billed fees for audit services of $8,000 for the three-month period ended March 31, 2015.

Our quoted fees for the year ended March 31, 2016 are $12,000.
We wish to thank Charlene Chauvette, Office Manager for her assistance during our audit work. We appreciate the opportunity to provide audit services to Capital Region Board and we extend our best wishes for a successful fiscal 2017.

Yours very truly,

HAWKINGS EPP DUMONT LLP

Michael H. Epp, CA, CMA
Partner

MHE/dh

cc: Malcolm Bruce, Chief Executive Officer;
    Charlene Chauvette, Office Manager
CAPITAL REGION BOARD
EDMONTON, ALBERTA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016
INDEPENDENT AUDITORS' REPORT

To the Members of Capital Region Board

We have audited the accompanying financial statements of the Capital Region Board, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net financial assets, and cash flows for the year ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Capital Region Board as at March 31, 2016, the results of its operations, change in its net financial assets and its cash flows for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
June 09, 2016

Hawkings Epp Dumont LLP
Chartered Accountants
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements on a quarterly basis and external audited financial statements yearly.

The external auditors, Hawkings Epp Dumont LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Capital Region Board and meet when required.

On behalf of Capital Region Board:

______________________________________
Malcolm Bruce, MSM
Chief Executive Officer

Edmonton, Alberta
June 09, 2016
## CAPITAL REGION BOARD

### STATEMENT OF FINANCIAL POSITION

**AS AT MARCH 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Note 3)</td>
<td>$1,156,398</td>
<td>$585,531</td>
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<tr>
<td>Short term investments (Note 4)</td>
<td>1,500,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>37,000</td>
<td>-</td>
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<tr>
<td>Goods and Services Tax receivable</td>
<td>$34,395</td>
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<tr>
<td><strong>Total Financial assets</strong></td>
<td><strong>2,727,793</strong></td>
<td><strong>2,613,038</strong></td>
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<tr>
<td><strong>Liabilities</strong></td>
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<td>Accounts payable and accrued liabilities</td>
<td>130,160</td>
<td>181,097</td>
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<tr>
<td>Deferred revenue (Note 5)</td>
<td>2,359,871</td>
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<td>Deferred lease inducement (Note 6)</td>
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<td>193,231</td>
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<td><strong>Total Liabilities</strong></td>
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<td><strong>2,581,745</strong></td>
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<td><strong>Net financial assets</strong></td>
<td><strong>66,614</strong></td>
<td><strong>31,293</strong></td>
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<tr>
<td><strong>Non-financial assets</strong></td>
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<tr>
<td>Tangible capital assets (Note 7)</td>
<td>$217,631</td>
<td>252,952</td>
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<tr>
<td>Accumulated surplus (Note 8)</td>
<td>$284,245</td>
<td>$284,245</td>
</tr>
</tbody>
</table>

**ON BEHALF OF THE BOARD:**

_____________________________ Chair

_____________________________ Vice Chair

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

Committee Meeting: May 26, 2016
**CAPITAL REGION BOARD**

**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED MARCH 31, 2016**

<table>
<thead>
<tr>
<th></th>
<th>2016 Budget (12 months)</th>
<th>2016 Actual (12 months)</th>
<th>2015 Actual (3 months)</th>
</tr>
</thead>
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<tr>
<td><strong>Revenues</strong></td>
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<td></td>
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<tr>
<td>Grants (Note 5)</td>
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<tr>
<td>Province of Alberta:</td>
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<td></td>
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<td>Operations</td>
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<td>$2,873,552</td>
<td>$443,916</td>
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<td>Alberta Community Partnership</td>
<td>-</td>
<td>493,390</td>
<td>443,006</td>
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<tr>
<td>Economic Development Initiative</td>
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<td>50,000</td>
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<tr>
<td>Member Municipalities:</td>
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<tr>
<td>Alberta Community Partnership</td>
<td>315,000</td>
<td>147,604</td>
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<tr>
<td>Symposium</td>
<td>-</td>
<td>38,389</td>
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<tr>
<td>Interest and other income</td>
<td>-</td>
<td>24,641</td>
<td>1,041</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>4,760,832</td>
<td>3,627,576</td>
<td>887,963</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and committee expenses:</td>
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<td></td>
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<tr>
<td>Honoraria</td>
<td>139,000</td>
<td>113,079</td>
<td>26,400</td>
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<tr>
<td>Meetings</td>
<td>66,000</td>
<td>79,789</td>
<td>18,208</td>
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<tr>
<td>Travel</td>
<td>37,900</td>
<td>23,649</td>
<td>4,976</td>
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<td>Chair retainer</td>
<td>24,000</td>
<td>24,000</td>
<td>6,000</td>
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<tr>
<td><strong>Total Administrative expenses:</strong></td>
<td>266,900</td>
<td>240,517</td>
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<td>Consulting fees</td>
<td>2,019,449</td>
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<td>Office lease and operating costs</td>
<td>290,000</td>
<td>241,799</td>
<td>58,137</td>
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<td>Administration</td>
<td>45,000</td>
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<td>8,565</td>
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<td>Travel</td>
<td>80,000</td>
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<tr>
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<td>-</td>
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<td>9,133</td>
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<tr>
<td>Communications</td>
<td>49,000</td>
<td>20,811</td>
<td>5,734</td>
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<td>Professional fees</td>
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<td>19,763</td>
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<td>Information technology</td>
<td>25,000</td>
<td>16,073</td>
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<tr>
<td>Insurance</td>
<td>8,000</td>
<td>4,001</td>
<td>4,259</td>
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<tr>
<td>Meetings</td>
<td>30,000</td>
<td>1,967</td>
<td>1,075</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>4,492,349</td>
<td>3,627,576</td>
<td>887,963</td>
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<tr>
<td><strong>Surplus</strong></td>
<td>$268,483</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accumulated surplus, beginning of year</td>
<td>284,245</td>
<td>284,245</td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus, end of year</td>
<td>$284,245</td>
<td>$284,245</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th></th>
<th>2016 (12 months)</th>
<th>2015 (3 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>35,321</td>
<td>9,133</td>
</tr>
<tr>
<td>Increase in net financial assets</td>
<td>35,321</td>
<td>9,133</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>31,293</td>
<td>22,160</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 66,614</td>
<td>$ 31,293</td>
</tr>
</tbody>
</table>
## CAPITAL REGION BOARD
### STATEMENT OF CASH FLOWS
#### FOR THE YEAR ENDED MARCH 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016 (12 months)</th>
<th>2015 (3 months)</th>
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</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Items not involving cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>35,321</td>
<td>9,133</td>
</tr>
<tr>
<td>Change in non-cash working capital balances from operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term investments</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>(37,000)</td>
<td>-</td>
</tr>
<tr>
<td>Goods and Services Tax receivable</td>
<td>(6,888)</td>
<td>68,566</td>
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<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(50,937)</td>
<td>46,017</td>
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<tr>
<td>Deferred revenue</td>
<td>152,454</td>
<td>(11,922)</td>
</tr>
<tr>
<td>Unamortized deferred lease inducement</td>
<td>(22,083)</td>
<td>(5,521)</td>
</tr>
<tr>
<td></td>
<td>570,867</td>
<td>106,273</td>
</tr>
</tbody>
</table>

Change in Cash and Cash Equivalents During the Year

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, Beginning of Year</td>
<td>585,531</td>
<td>479,258</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, End of Year</td>
<td>$ 1,156,398</td>
<td>$ 585,531</td>
</tr>
</tbody>
</table>
1. NATURE OF OPERATIONS

Capital Regional Board (the "Board") was established by the Capital Region Board Regulation 49/2008 (the "Regulation") under the Municipal Government Act of the Province of Alberta on April 15, 2008. On December 11, 2013, the Regulation was updated (38/2012). The updated Regulation is in effect until November 30, 2018. The Board is an other government entity and is exempt from income taxes.

Members of the Board include elected officials of 24 participating municipalities representing 5 cities (Edmonton, St. Albert, Fort Saskatchewan, Spruce Grove and Leduc), 11 towns (Beaumont, Bon Accord, Bruderheim, Calmar, Devon, Gibbons, Lamont, Legal, Morinville, Redwater and Stony Plain), 3 villages (Thorsby, Wabamun and Warburg), and 5 counties (Strathcona, Lamont, Sturgeon, Parkland and Leduc) in the Capital Region.

The Board was established by the Province to prepare a proposed Capital Region Growth Plan (the "Plan"), advise and make recommendations to the Minister of Municipal Affairs (the "Minister") regarding the preparation and implementation of the Plan, facilitate the resolution of issues arising from the preparation and implementation of the Plan, implement policies for the sharing of costs among the participating municipalities for regional projects of the Capital Region and carry out any other functions and duties as the Minister directs. Key elements of the Plan include development of a regional land use plan, a regional intermunicipal transit network plan, a plan to coordinate geographic information services, and a plan regarding non-market and market affordable housing requirements for the Capital Region.

In June 2009, the Minister requested that the Board complete additional work on the Growth Plan including land use, a cost allocation formula for the municipal portion of regional transit projects, Geographic Information Services (GIS), and the general location of housing. This work was completed in two separate Addenda to the Growth Plan in October and December 2009. The Province of Alberta approved the Growth Plan in March 2010. Since that time, the Capital Region Board has been working to accomplish the projects set out in the updated 2015-2019 business plan.

Effective January 1, 2015 the Capital Region Board was approved by Alberta Municipal Affairs to change its financial year-end from December 31 to March 31. In order to transition to this new financial year-end, the three month period January 1, 2015 to March 31, 2015 was treated as a financial year.
2. ACCOUNTING POLICIES
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for other government entities established by the Canadian Public Sector Accounting Board. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenues
Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purposes specified.

Interest income is recorded as it is earned.

(b) Cash and Cash Equivalents
Cash and cash equivalents consist of cash on deposit and term deposits with original maturities of three months or less at the date of acquisition and are recorded at cost.

(c) Tangible Capital Assets
Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, is amortized using the following methods at the following annual rates. The half year rule applies to the tangible capital assets in the year when they are purchased or disposed. Only assets with costs in excess of $2,500 are capitalized.

<table>
<thead>
<tr>
<th>Asset</th>
<th>Method</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>Declining balance</td>
<td>20%</td>
</tr>
<tr>
<td>Computer</td>
<td>Declining balance</td>
<td>30%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Straight-line</td>
<td>10 years</td>
</tr>
</tbody>
</table>

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

(d) Contributed Goods and Services
Contributed goods and services represent goods and services which the organization would normally purchase. The contribution amount is recorded at the fair value of the goods or services received.

(CONT'D)
2. ACCOUNTING POLICIES (CONT’D)

(e) Prepaid Expenses
Prepaid expenses include deposits and insurance and are charged to expense over the
periods expected to benefit from these expenditures.

(f) Measurement Uncertainty
The preparation of financial statements in conformity with Canadian public sector accounting
standards, requires management to make estimates and assumptions that affect the reported
amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date
of the financial statements, and the reported amounts of the revenues and expenses during
the period. Items requiring the use of significant estimates include the useful life of tangible
capital assets, rates for amortization, and impairment of assets.

Estimates are based on the best information available at the time of preparation of the
financial statements and are reviewed annually to reflect new information as it becomes
available. Measurement uncertainty exists in these financial statements. Actual results could
differ from these estimates.

(g) Deferred Revenue
Certain amounts are earned pursuant to legislation, regulation or agreement and may only be
used in the conduct of certain programs or in the delivery of specific services and
transactions. These amounts are recognized as revenue in the fiscal year the related
expenses are incurred, services are performed or when stipulations are met.

(h) Deferred Lease Inducement
Deferred lease inducement represents the unamortized value of an inducement received
when the Board entered into a new ten year lease arrangement for rental of the new office
space which commenced on February 1, 2014. Amortization is provided on a straight-line
basis over the 10 year term of the related lease as a reduction in office rent.

3. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating account</td>
<td>$1,156,398</td>
<td>$585,531</td>
</tr>
</tbody>
</table>

4. SHORT TERM INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed Investment Certificates</td>
<td>$1,500,000</td>
<td>$2,000,000</td>
</tr>
</tbody>
</table>

Guaranteed investment certificates bearing interest of 1.00% and maturing on October 26, 2016.
### 5. DEFERRED REVENUE

<table>
<thead>
<tr>
<th>Province of Alberta:</th>
<th>Deferred revenue</th>
<th>Amounts received/receivable</th>
<th>Revenue recognized</th>
<th>Deferred revenue end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015 Operations</td>
<td>$1,860,077</td>
<td>-</td>
<td>$1,860,077</td>
<td>-</td>
</tr>
<tr>
<td>2015-2016 Operations</td>
<td>-</td>
<td>3,000,000</td>
<td>$1,013,475</td>
<td>$1,986,525</td>
</tr>
<tr>
<td></td>
<td>1,860,077</td>
<td>3,000,000</td>
<td>2,873,552</td>
<td>1,986,525</td>
</tr>
<tr>
<td>Economic Development Initiative</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Alberta Community Partnership</td>
<td>339,573</td>
<td>352,000</td>
<td>493,390</td>
<td>198,183</td>
</tr>
<tr>
<td></td>
<td>2,199,650</td>
<td>3,402,000</td>
<td>3,416,942</td>
<td>2,184,708</td>
</tr>
<tr>
<td>Member Municipalities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta Community Partnership</td>
<td>7,767</td>
<td>315,000</td>
<td>147,604</td>
<td>175,163</td>
</tr>
<tr>
<td></td>
<td>$2,207,417</td>
<td>$3,717,000</td>
<td>$3,564,546</td>
<td>$2,359,871</td>
</tr>
</tbody>
</table>

**Operations:**

The balance carried forward of $1,860,077 was fully recognized as revenue in 2016.

During fiscal 2016, $3,000,000 was received from the province. Of this amount, $1,013,475 was recognized as revenue for the March 31, 2016 year end. An updated 2015/2016 conditional operating grant agreement between the Province of Alberta and the Board was signed on October 2, 2015. The Agreement provides a conditional contribution in the amount of $3,000,000. The contribution, including any income earned thereon, is to be used to fund the Board's operations and to allow it to carry out its mandated responsibilities for the period from April 1, 2015 to March 31, 2016, unless an extension is agreed to by the Minister.

**Economic Development Initiative:**

During the year, the Board received and recognized a $50,000 Economic Development Initiative grant. The purpose of the grant is to develop a regional economic development strategy.

**Alberta Community Partnership:**

During the year, the Alberta Municipal Affairs provided two conditional grants to the Board for a total amount of $352,000. The first grant totaled $315,000. Purpose of this grant is to support the Board's strategic initiatives focused on regional transit, economic development, and housing. An additional $315,000 required to implement these initiatives, was cost shared among 24 Capital Region Board member municipalities as a matching grant.

The second grant of $37,000 was recorded as grant receivable at year end. The purpose of the grant is to support the Board with facilitation of its mandate. Of this amount, $33,257 was recognized as revenue for the March 31, 2016 year end.
6. DEFERRED LEASE INDUCEMENT
Pursuant to a premises lease agreement for the new office, the landlord provided the Board with a total inducement of $220,835 to be used for leasehold improvements. The inducement has been deferred and is being applied as a reduction of rent expense over the term of the lease as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$22,083</td>
</tr>
<tr>
<td>2018</td>
<td>22,083</td>
</tr>
<tr>
<td>2019</td>
<td>22,083</td>
</tr>
<tr>
<td>2020</td>
<td>22,083</td>
</tr>
<tr>
<td>2021</td>
<td>22,083</td>
</tr>
<tr>
<td>2022</td>
<td>22,083</td>
</tr>
<tr>
<td>2023</td>
<td>22,083</td>
</tr>
<tr>
<td>2024</td>
<td>16,567</td>
</tr>
</tbody>
</table>

Total deferred lease inducement $171,148

7. TANGIBLE CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Furniture and Equipment</th>
<th>Computer</th>
<th>Leasehold Improvements</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>$66,517</td>
<td>$98,034</td>
<td>$220,835</td>
<td>$385,386</td>
</tr>
<tr>
<td>Closing balance</td>
<td>66,517</td>
<td>98,034</td>
<td>220,835</td>
<td>385,386</td>
</tr>
</tbody>
</table>

Accumulated amortization

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>27,215</td>
<td>79,157</td>
<td>26,063</td>
<td>132,435</td>
</tr>
<tr>
<td>Amortization</td>
<td>7,573</td>
<td>5,664</td>
<td>22,084</td>
<td>35,321</td>
</tr>
<tr>
<td>Closing balance</td>
<td>34,788</td>
<td>84,821</td>
<td>48,147</td>
<td>167,756</td>
</tr>
</tbody>
</table>

Net book value

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Openinng balance</td>
<td>$31,729</td>
<td>$13,213</td>
<td>$172,688</td>
<td>$217,631</td>
</tr>
<tr>
<td>Closing balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. ACCUMULATED SURPLUS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted surplus</td>
<td>$66,614</td>
<td>$31,293</td>
</tr>
<tr>
<td>Equity in tangible capital assets</td>
<td>217,631</td>
<td>252,952</td>
</tr>
<tr>
<td></td>
<td>$284,245</td>
<td>$284,245</td>
</tr>
</tbody>
</table>
9. FINANCIAL INSTRUMENTS
The Board's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Board is not exposed to significant interest, credit, or currency risks arising from these financial instruments.

Unless otherwise noted, the carrying values of the financial instruments approximate their fair values.

10. LOCAL AUTHORITIES PENSION PLAN
Effective January 1, 2015, Employees of the Board started to participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Board is required to make current service contributions to the LAPP consisting of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan ("CPP") and 15.84% on pensionable earnings above this amount. Employees of the Board are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions made by the Board to the LAPP in 2016 were $147,648 (2015 - $30,799). Total current service contributions made by the employees of the Board to the LAPP in 2016 were $136,814 (2015 - $28,533).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of $0.90 billion (2014 - $2.45 billion).

11. CAPITAL MANAGEMENT
The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern, so that it can continue to provide service to its member municipalities.

12. RELATED PARTY TRANSACTIONS
Capital Region Board has the following transactions with Province of Alberta:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants received from Province of Alberta (Note 5)</td>
<td>$3,402,000</td>
<td>$875,000</td>
</tr>
</tbody>
</table>
13. COMMITMENTS
The Board entered into a new ten year lease agreement which commenced on February 1, 2014. Under the terms of the lease agreement, the Board is responsible for the following annual payments:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Lease</th>
<th>Lease Inducement</th>
<th>Net Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$263,015</td>
<td>$(22,083)</td>
<td>$240,932</td>
</tr>
<tr>
<td>2018</td>
<td>$263,015</td>
<td>$(22,083)</td>
<td>$240,932</td>
</tr>
<tr>
<td>2019</td>
<td>$263,015</td>
<td>$(22,083)</td>
<td>$240,932</td>
</tr>
<tr>
<td>2020</td>
<td>$263,015</td>
<td>$(22,083)</td>
<td>$240,932</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$1,008,228</td>
<td>$(82,816)</td>
<td>$925,412</td>
</tr>
</tbody>
</table>

The above lease payments include a proportionate share of operating expenses.

14. BUDGET
Budget figures are presented for information purposes only and are unaudited.

15. COMPARATIVE FIGURES
The comparative statement of operations, changes in net financial assets, and cash flows for the year ended March 31, 2015 were not readily available. As a result, comparative figures are for the three month period ended March 31, 2015, the last set of audited financial statements.
Statement of Financial Position – Assets

- Cash and short term investments
  - No major changes in cash and short-term investments. Two GICs of $1M each matured on May and June 2015, and $1.5M of GICs was purchased on October 2015.

- Grants receivable
  - Alberta Community Partnership 2015/2016 grant of $37,000 relating to Board facilitation of its mandate was recorded as grant receivable at year-end.

- Goods and services tax receivable
  - Increase due increase in expenses.

- Tangible Capital Assets
  - Decrease is due to amortization. No new additions or disposals during the year.

Statement of Financial Position – Liabilities and Net Assets

- Accounts payable and accrued liabilities
  - Most of the trade payables balance comprised of payable to ISL engineering. Vacation accrual decreased from $38,000 to $25,000. Audit fee accrual is $12,000.

- Deferred revenue
  - Very little change from prior 3-month period as the increase in revenue was matched by the increase in expenses. Refer to Note 5 of the Financial Statements for deferred revenue continuity schedule.

Statement of Operations – Revenue

- Grants
  - Revenue recognized is higher when compared to prior 3-month period. Increase in recognized revenue is due to increase in expenses – more projects were carried during the year.
  - As part of the 50-50 cost sharing Strategic Initiatives grant, the Board levied its member municipalities for another $315,000. Portion of that amount was recognized this year.

- Housing Symposium
  - Capital Region Board raised $38,000 in symposium registration fees, sponsorship and member contribution fees.

- Interest and other income
  - Two GICs matured during the year and generated $21,000 of interest income. Other $3,600 is from interest on deposit.

- Summary of new grants received during April 1, 2015 – March 31, 2016
  - Capital Region Strategic Initiatives Grant $315,000
  - Capital Region Strategic Initiatives Grant $37,000 (grant receivable at year end)
  - Alberta Innovation and Advanced Education $50,000
  - Only a portion of the above grants was recognized in the current year. Some of the projects for which the grants were allocated will not be completed until next year.
Statement of Operations – Board and Committee Expenses

- Consistent to budget.

Statement of Operations – Administrative Expenses

- Consulting fees
  - Increase from prior period as more projects were carried out this year. This increase is in line with increase in revenue recognized.

- Salaries and benefits
  - Consistent to prior period if annualized.

- Office lease
  - Monthly rate is the same. Cost recovery amount of $5,000 was received during the year and applied against the lease expense.

- Professional fees
  - Decrease because prior period included fees paid to find a new CEO.

- Travel/Meetings/Communications
  - Not as much activity as originally budgeted for.