



Consolidated Financial Statements of

# Town of Comox

Year Ended December 31, 2021

# Town of Comox

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### Year Ended December 31, 2021

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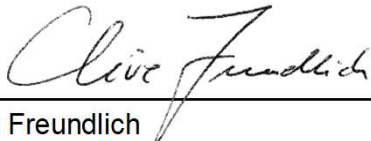
# Town of Comox

## Management's Responsibility for Financial Reporting

The preparation of information in these Consolidated Financial Statements is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and are outlined under "Significant Accounting Policies" in the notes to the consolidated financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary statements and schedules.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management also maintains a program of proper business compliance.

MNP LLP, the Town's independent auditors, have conducted an examination of the consolidated financial statements in accordance with Canadian auditing standards and have expressed their opinion in a report accompanying this statement.



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Clive Freundlich  
Director of Finance

To Mayor and Council of Town of Comox:

## Opinion

We have audited the consolidated financial statements of Town of Comox (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information, consisting of the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Courtenay, British Columbia

July 6, 2022

*MNP LLP*

Chartered Professional Accountants

**MNP**  
LLP

Town of Comox  
 Consolidated Statement of Financial Position  
 as at December 31, 2021

	2021	2020
<b>Financial Assets:</b>		
Cash	\$ 6,944,651	\$ 4,780,525
Short-term investments (Note 2b)	41,700,222	37,506,463
Receivables (Note 3)	1,934,291	1,356,690
Land for resale	9,847	9,847
	<b>50,589,011</b>	<b>43,653,525</b>
<b>Financial Liabilities:</b>		
Payables (Note 4)	3,370,741	3,437,345
Deferred revenue (Schedule 3)	1,523,179	1,308,489
Restricted revenue (Schedule 3)	9,816,952	8,738,067
Deposits	4,496,680	2,939,409
Net debenture debt (Note 5)	64,350	106,459
Future payroll obligations (Note 8)	1,173,695	1,062,225
	<b>20,445,597</b>	<b>17,591,994</b>
<b>Net Financial Assets</b>	<b>30,143,414</b>	<b>26,061,531</b>
<b>Non-financial assets:</b>		
Tangible capital assets (Schedule 5)	86,858,945	87,712,572
Supply inventory	239,163	242,783
Prepaid expenses	36,033	122,756
Shares in Courtenay Golf Club Ltd.	8,750	8,750
	<b>87,142,891</b>	<b>88,086,861</b>
<b>Accumulated surplus (Note 16)</b>	<b>\$ 117,286,305</b>	<b>\$ 114,148,392</b>

Contingent liabilities (Note 6)

Commitment (Note 18)

Significant event (Note 19)



Clive Freundlich, Director of Finance, responsible for  
 financial administration for the Town of Comox

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

Town of Comox  
 Consolidated Statement of Operations  
 Year Ended December 31, 2021

	Budget (Note 15)	2021	2020
<b>Revenue</b>			
Property taxation	\$ 12,138,242	\$ 12,294,935	\$ 11,592,418
Sale of services	9,642,152	11,040,045	9,301,044
Government transfers	4,713,951	1,824,776	4,156,106
Investment income	400,000	754,654	515,209
Development contributions	714,375	741,875	1,301,364
Other	72,300	113,104	174,948
Gain on disposal of tangible capital assets	-	-	9,591
	<b>27,681,020</b>	<b>26,769,389</b>	<b>27,050,680</b>
<b>Expenses</b>			
General government	2,949,970	2,603,389	2,680,774
Protective services	4,371,000	4,091,778	3,298,731
Solid waste management	1,482,680	1,404,944	1,618,758
Development services	729,780	700,043	624,985
Transportation	3,692,458	3,756,710	3,566,254
Parks, recreation, and culture	4,644,893	4,806,970	3,934,665
Marina	266,225	289,806	305,995
Water services	2,872,654	3,004,835	2,720,337
Sewer services	3,065,467	2,973,001	2,642,695
	<b>24,075,127</b>	<b>23,631,476</b>	<b>21,393,194</b>
<b>Annual surplus</b>	<b>3,605,893</b>	<b>3,137,913</b>	<b>5,657,486</b>
Accumulated surplus, beginning of year	114,148,392	114,148,392	108,490,906
<b>Accumulated surplus, end of year</b>	<b>\$ 117,754,285</b>	<b>\$ 117,286,305</b>	<b>\$ 114,148,392</b>

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

## Town of Comox

### Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2021

	<b>Budget</b>	<b>2021</b>	<b>2020</b>
	(Note 15)		
<b>Annual surplus</b>	\$ 3,605,893	\$ 3,137,913	\$ 5,657,486
Acquisition of tangible capital assets	(9,072,417)	(2,077,686)	(961,997)
Tangible capital assets contributed	-	(358,310)	(1,123,355)
Additions of Capital Assets	(9,072,417)	(2,435,996)	(2,085,352)
Amortization of tangible capital assets	3,250,000	3,288,082	3,277,386
Disposition of tangible capital assets	-	1,541	18,407
	(2,216,524)	3,991,540	6,867,927
Decrease / (increase) in supply inventory	-	3,620	(20,553)
Decrease / (increase) in prepaid expenses	-	86,723	(39,006)
	-	90,343	(59,559)
Increase (decrease) in Net Financial Assets	(2,216,524)	4,081,883	6,808,368
Net Financial Assets at beginning of year	26,061,531	26,061,531	19,253,163
<b>Net Financial Assets at end of year</b>	<b>\$ 23,845,007</b>	<b>\$ 30,143,414</b>	<b>\$ 26,061,531</b>

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



Town of Comox  
Consolidated Statement of Cash Flows  
as at December 31, 2021

	2021	2020
Net inflow (outflow) of cash related to the following activities:		
<b>Operating activities:</b>		
Annual surplus	\$ 3,137,913	\$ 5,657,486
Non-cash items included in operations:		
Contribution from developers	(358,310)	(1,123,355)
Amortization of tangible capital assets	3,288,082	3,277,386
Disposition of tangible capital assets	1,541	18,407
Actuarial adjustment on debt	(18,884)	(17,097)
Net changes to financial assets & liabilities through operations:		
(Increase) / decrease in receivables	(577,601)	215,285
(Decrease) in payables	(66,604)	(586,897)
Increase in deferred revenue	214,690	76,600
Increase in restricted revenue	1,078,885	2,384,719
Decrease in other deposits	1,557,271	1,148,524
Increase in future employee obligations	111,470	149,289
Decrease / (increase) in supply inventory	3,620	(20,553)
Decrease / (increase) in prepaid expenses	86,723	(39,006)
	8,458,796	11,140,788
<b>Investing Activities</b>		
Short-term investing	(4,193,759)	(10,760,303)
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(2,077,686)	(961,997)
<b>Financing activities:</b>		
Debenture principal repaid	(23,225)	(23,225)
Increase / (decrease) in cash and cash equivalents	2,164,126	(604,737)
Cash and cash equivalents, beginning of year	4,780,525	5,385,262
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,944,651</b>	<b>\$ 4,780,525</b>
Supplemental cash flow information		
Interest paid	\$ 19,121	\$ 23,495
Interest received	\$ 754,654	\$ 515,209

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

# Town of Comox

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

### 1. PURPOSE

The Town of Comox was incorporated in 1946 to provide municipal services to its residents, and is governed by the Community Charter and the Local Government Act of British Columbia.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) British Columbia Municipalities

It is the policy of the Town to follow accounting principles generally accepted for British Columbia municipalities and to apply such principles consistently. As part of this policy, the resources and operation of the Town are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it.

The consolidated financial statements are prepared in accordance with recommendations of the Public Sector Accounting Board (PSAB). The consolidated financial statements include the financial position, financial operations, change in net financial assets, and change in cash flows of the one economic entity of the Town of Comox. Inter-fund transactions and fund balances have been eliminated on consolidation.

#### (b) Short-term Investments

Investments are comprised of various investment funds of the Municipal Finance Authority of BC which have fluctuating returns and are carried at the market value, which is equal to the carrying value, and Guaranteed Investment Certificates.

Short-term Investments	2021	2020
Municipal Finance Authority of BC Funds:		
Short-term Bond Fund *	\$ 4,880	\$ 4,880
Intermediate Bond Fund	4,544,178	2,067,332
Money Market Fund	13,954	13,932
* Adjusted for Trust Fund	4,563,011	2,086,144
Guaranteed Investment Certificates		
Scotiabank (30-day Note Plan)	10,434,211	3,398,677
Coast Capital Savings	17,703,000	26,021,642
Coastal Community Credit Union	-	-
Raymond James	9,000,000	6,000,000
Subtotal	37,137,211	35,420,319
	\$ 41,700,222	\$ 37,506,463

#### (c) Trust Fund

A Town-administered trust fund has been excluded from the consolidated financial statements. The balance in the fund was \$271,945 at December 31, 2021 (\$274,175 in 2020). It was invested in the MFA Short-term Bond Fund in 2021 and 2020. The bond value declined \$2,230 in 2021 (increased \$5,271 in 2020).

# Town of Comox

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Tangible Capital Assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. Acquisitions exceeding the capitalization thresholds are capitalized. The Town records certain infrastructure assets as one network without breaking down the asset into component parts. Expenditures to replace components of such a network are expensed as incurred. Amortization is calculated straight line over the estimated life of the class of assets. Amortization is not taken until the asset is in use. Repairs and maintenance are not capitalized, but are expensed in the period in which they occur. Betterments which enhance the asset life or capacity are capitalized.

Major Asset Category	Threshold	Estimated Life
Land	\$ 10,000	Indefinite
Land improvements	\$ 10,000	25 years
Buildings	\$ 10,000	50 years
Vehicles, Machinery and Equipment	\$ 10,000	8 to 20 years
Computers and programs	\$ 10,000	5 years
Engineered Structures		
Road surfaces	\$ 10,000	25 years
Road sub-surfaces	\$ 10,000	50 years
Sidewalks	\$ 10,000	50 years
Storm drains surface	\$ 10,000	25 years
Storm drains sub-surface	\$ 10,000	75 years
Water	\$ 10,000	75 years
Sewer	\$ 10,000	75 years
Other surface structures	\$ 10,000	25 years

#### (e) Future Payroll Obligations

- Earned but unpaid vacation is fully accrued and recorded in the financial statements.
- An accrual is made for expected payments of employee sick leave, payout on retirement, disability or death, and termination pay discounted from expected future values to net present value at year-end.

#### (f) Inventory

Inventory of supplies is recorded as a non-financial asset and is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

# Town of Comox

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Funds

The financial operations of the Town of Comox are divided into seven funds: General Operating Fund, General Capital Fund, Reserve Fund, Water Operating Fund, Water Capital Fund, Sewer Operating Fund and Sewer Capital Fund. Functionally, the Water and Sewer Funds are used for the services of distribution of potable water and collection and treatment of sanitary sewage respectively. The General Operating Fund is used for all other Town services. Capital Funds (General, Water and Sewer) are used to segregate tangible capital assets and related debt). All revenue and expenses for services are recognized in the operating funds. The Reserve Fund is used to segregate capital and other statutory reserves.

#### (h) Revenue Recognition

Property tax revenues are recognized in the year they are levied. User fees and garbage revenues are recognized when the service is provided. Interest and operating grants are recognized as earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees, garbage collection and disposal are recognized as revenue on an accrual basis according to rates set in various fees and charges bylaws. Permit fees are recognized once the permit has been approved and the fee collected. Development cost charges are deferred and recognized as revenue in the year an acquisition authorized by bylaw is incurred. Contributed tangible capital assets are recorded at fair market value when the contribution is received.

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

#### (i) 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 Town 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, 2021.

At each financial reporting date, the Town 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 Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2021 the Town has not recorded any liability for contaminated sites as no such sites have been identified.

# Town of Comox

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the estimated life of tangible capital assets (used to establish amortization), determination of future payroll obligation, collectability of accounts receivable and provisions for contingencies. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Town is responsible for.

### 3. RECEIVABLES

Receivables are composed of the following amounts:

	2021	2020
Governments	\$ 179,619	\$ 133,528
Other	1,751,549	1,223,162
Total receivables	\$ 1,934,291	\$ 1,356,690

### 4. PAYABLES

Payables are composed of the following amounts:

	2021	2020
Wages payable	\$ 293,926	\$ 536,451
Governments	2,216,828	2,231,525
Trade & Other	859,987	669,370
Total payables	\$ 3,370,741	\$ 3,437,345

Town of Comox  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2021

5. DEBENTURES ISSUED FOR THE TOWN

The Town's debenture debt arises from participation in debenture issued by the Municipal Finance Authority (MFA) of B.C. These are sinking-fund type debentures with various terms and interest rates.

The outstanding debt reported is the original amount borrowed less the actuarial value of the sinking fund, including interest. The outstanding debentures at December 31, 2021 are:

Issued / Bylaw #	Purposes of Borrowing	Terms	Interest Rate	Amount Borrowed	Sinking Fund	Net Owing	Debt Reserve	Promissory Note
Apr 2004 B/L #2426	Kye Bay Water & Sewer system	19 yrs	2.40%	\$ 317,250	\$ 277,478	\$ 39,772	\$ 5,516	\$ 9,731
Apr 2008 B/L #1520	Pt. Holmes Water	14 yrs	4.65%	270,000	\$ 245,422	24,578	3,965	10,958
Total at December 31, 2021				\$ 587,250	\$ 522,900	\$ 64,350	\$ 9,481	\$ 20,689
Total at December 31, 2020				\$ 587,250	\$ 480,791	\$ 106,459	\$ 9,323	\$ 20,869

Scheduled payments and net balances for the above issues over the next two years are:

Year	Schedule Annual Payments			Sinking Fund	Net Debt
	Principal	Interest	Total	Actuarial Earnings	Outstanding
2022	23,225	9,714	32,939	20,753	20,371
2023	8,465	6,204	14,669	11,907	-

At the time the debentures were issued, the MFA deposited 1% of the amount borrowed to its Debt Reserve Fund. This is managed by the MFA and used to secure the debenture issue as a whole (see Note 6 Contingent Liabilities). Once the MFA has repaid the debenture issue, the Town is entitled to the proceeds of its share of the Debt Reserve Fund, including accrued interest.

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 6. CONTINGENT LIABILITIES

##### (a) Regional District Debt

Regional District debt is, under the provisions of the Local Government Act (Section 836), a direct, joint and several liability of the District and each member municipality within the District, including the Town of Comox. Readers are referred to the Comox Valley Regional District 2021 Audited Financial Statements for specific information and detail.

##### (b) Municipal Finance Authority Debentures

The Town is also contingently liable to the Municipal Finance Authority (MFA) of B.C. for a Debt Reserve Fund, to help secure its participation MFA Debentures (see Note 5). The MFA has the right, if one or more participants in that issue default, to draw upon the Town's share of the Debt Reserve Fund (\$9,481 at December 31, 2021; \$9,323 in 2020), plus Promissory Notes issued by the Town at the time of issue (\$20,689 at December 31, 2021; \$20,689 in 2020).

##### (c) Comox Fire Department

The Comox Fire Department protects both the Town of Comox and the Comox Rural Fire Protection Improvement District, and so is jointly funded by the Town and the District. In the event that this relationship ended, the Town would have to compensate the District for its share of the equity of Fire Department assets. At December 31, 2021 the District's share of those tangible capital assets (at cost and net book value) were \$881,665 and \$428,135 respectively (\$1,074,219 and \$470,940 in 2020) and its share of a Fire Department Capital Reserve was \$354,725 (\$181,304 in 2020).

##### (d) Claims

At December 31st there existed outstanding claims against the Town. These claims have been referred to legal counsel and to the Town's liability insurers. It is not possible to determine the Town's potential liability, if any, with respect to these matters.

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 7. PENSION INFORMATION

The Town of Comox and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Town of Comox paid \$560,136 for employer contributions to the plan in fiscal 2021 (\$468,538 in 2020). The 2020 amount has been restated for this note.

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.

#### 8. FUTURE PAYROLL OBLIGATIONS

The Town calculates the value of vacation, sick, severance, and meritorious service accruals to be \$1,173,695 at December 31, 2021 (\$1,062,225 in 2020).

Vacation Accrual is calculated to be \$624,218, at December 31, 2020 (\$564,380 in 2020). Sick, Severance, & Meritorious Service is calculated to be \$388,312 at December 31, 2021 (\$497,845 in 2020). In 2021, an unamortized net actuarial gain of \$161,165 was recognized as a result of an overvaluation from prior years.

Meritorious Service is for Town employees who have worked at least 10 years for the Town and then retire, become permanently disabled, or die receive 2 days pay for each year of service. The reported liability reflects the likelihood that employees will become eligible for this benefit. The calculations were projected into the future with an inflation factor of 2.0% and discounted back at a discount rate of 2.10% (2% and 2.10% respectively in 2020). Employee retirement benefit payments are being funded by an accounting charge on wages paid in the year.



## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 9. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, short-term investments, receivables, payables, debenture debt, and deposits. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

#### 10. ENVIRONMENTAL REGULATIONS

The Town makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenses to meet applicable standards. Amounts required to meet these obligations will be charged to operations when incurred or set aside as future reserves when they can be reasonably estimated.

#### 11. FEDERAL PAYMENTS IN LIEU OF TAX

Although the Town is not economically dependent upon receipt of Federal Payments in Lieu of Tax (PILT), it normally receives 15% of its revenue from taxation from this source of revenue. Were the Government of Canada to halt its PILT, there would be a significant impact on operations that could result in either a reduction in service levels and/or an increase in property tax rates.

#### 12. RESTRICTION ON DEFERRED REVENUE

The Town receives Development Cost Charges from developers. Section 935 of the Local Government Act requires that these funds are deposited to reserves and limits the use of those reserves (including the interest earned on them) to capital costs related to the purpose for which the charge was collected. Section 941 of the Local Government Act similarly limits the use of cash payments received in lieu of the 5% parklands provided at subdivision of land, for acquisitions of parkland.

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 13. SEGMENTED INFORMATION

The Town of Comox is a local government that provides a wide range of services to its citizens. For management and reporting purposes the Town's operations are organized and reported by segments. Schedules 6 and 7 (for 2021 and 2020, respectively) of these Financial Statements disclose the Town's revenue and expenses split into the following segments:

General Government – including the activities of Council plus general Town administration, finance, and enforcement of Town bylaws.

Protective Services – including the activities of the RCMP on behalf of Comox, plus the Comox Volunteer Fire Department, building inspection, emergency planning and animal control.

Transportation – including roads, sidewalks, street lighting, traffic control and storm drains.

Solid Waste Management – including collection and disposal of garbage, recyclables and yard waste. The Town does not operate any landfills or transfer facilities.

Development Services – including Town planning and our annual grants to the Downtown Business Improvement Area Association.

Marina – is operation of the Town's marina.

Parks, Recreation, and Culture – including operating the Town's recreation centre and public recreation programs, Town parks and greenways, cultural grants from the Town and events sponsored for the Town, Christmas lighting, and Town buildings used for recreation and cultural activities. The Town is a member of the Vancouver Island Regional Library (VIRL), and owns library space that it rents to VIRL, which operates the Comox library branch.

Water Service – is the distribution of water to Town residents. The Town buys treated bulk water from the Comox Valley Regional District, so the Town neither produces nor treats the water it distributes.

Sanitary Sewer Service – is the collection of sanitary sewage and transmission of the same to the sanitary sewer treatment system operated by the Comox Valley Regional District. The Regional District charges the Town for a share of the costs to operate its system.

Certain allocations are employed in the preparation of segmented financial information. General Property Taxation, Payments in Lieu thereof, and Investment income are not allocated between segments, but are allocated to General Government. Government grants and DCCs used for capital acquisitions are allocated to segments depending on the purpose of the grant. Investment income is allocated to segments depending on the nature of the capital reserves that it has been earned on. Some expenses are allocated to segments based on an estimated use of resources.

The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 2.

There are no inter-segment sales of goods or services.

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 14. COMMUNITY WORKS (FEDERAL GAS TAX) FUNDS

The Town receives transfers of Community Works (federal gas tax) Funds through the Union of BC Municipalities that can be used to fund eligible expenditures.

Continuity of Funds:	2021	2020
Opening balance at start of year	\$ 4,501,880	\$ 3,840,484
Transfers received during year	1,321,151	645,872
Interest on investments	6,878	75,277
Draws to fund eligible projects	(490,000)	(59,753)
Closing balance at end of year	\$ 5,339,909	\$ 4,501,880

These transfers are recorded as conditional grant revenue because they can only be used for eligible expenditures under the terms of a 2014 agreement between the Government of Canada and the Union of BC Municipalities.

#### 15. RECONCILIATION OF 2021 BUDGET

The Town's budget figures come from a five-year Financial Plan adopted May 12, 2021 in accordance with Section 165 of the Community Charter of BC. That section requires that municipalities must set out for each year of their Plan, the proposed expenditures (including debt principal repayments, transfers to reserves, and tangible capital asset acquisitions) and the proposed funding sources for them (including debt issues and transfers from reserves and accumulated surplus). However, for financial reporting purposes the Town follows public sector accounting standards and reports revenues and expenses, so the following adjustments must be made to the budgeted figures to reconcile them to the Town's 2021 Financial Plan:

Reconciliation of 2021 Budget Reported to Financial Plan:	
Net budget for 2021 reported	\$ 3,605,893
Capital acquisitions in Financial Plan	(9,072,417)
Transfers from capital reserves in Financial Plan	7,240,651
Transfers to capital reserves in Financial Plan	(5,000,877)
Debt principal repayments in Financial Plan	(23,250)
Amortization expense	3,250,000
Net of Financial Plan	\$ -

# Town of Comox

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

### 16. ACCUMULATED SURPLUS

Operating Funds - comprise the principal operating activities of the Town and are separated into General, Water, and Sanitary Sewer Funds.

Capital Funds - used to record the acquisition and disposal of tangible capital assets and related financing and are similarly separated into General, Water and Sanitary Sewer Funds. The General Capital Fund also contains shares in Courtenay Golf Club Ltd. carried at a value of \$8,750.

Reserve Funds - created to hold cash, and investments for specific future requirements. They are comprised of the funds shown in Schedule 2.

Accumulated Surplus	2021	2020
Operating Funds:		
General Operating Fund	\$ 6,489,168	\$ 4,955,835
Water Operating Fund	1,468,107	1,379,290
Sanitary Sewer Operating Fund	3,158,944	3,107,075
	<hr/>	<hr/>
	11,116,219	9,442,200
Capital Funds:		
General Capital Fund	70,103,917	70,795,874
Water Capital Fund	8,704,208	8,688,660
Sanitary Sewer Capital Fund	7,995,219	8,130,329
	<hr/>	<hr/>
	86,803,344	87,614,863
Reserve Funds (Schedule 2)	19,366,742	17,091,329
	<hr/>	<hr/>
	\$ 117,286,305	\$ 114,148,392

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 17. COVID SAFE RESTART FUNDS

COVID-19 Safe Restart funding is provided by the Province of British Columbia. COVID-19 Safe Restart funding may be used towards designated categories that address the impacts of COVID-19. Eligible costs will include:

- addressing revenue shortfalls;
- facility reopening and operating costs;
- emergency planning and protective services;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (eg., persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

Revenues under the COVID-19 Safe Restart program have been recognized when allocated to the Municipality. The Municipality continues to track the unspent amounts in the COVID-19 Safe Restart Reserve. The continuity of this fund is presented in the table below:

COVID-19 Safe Restart Reserve	2021	2020
Opening balance of unspent funds	\$ 2,067,000	\$ -
Add: Amounts received		3,067,000
Interest on investments	3,158	-
Less: Revenue shortfall - recreation	(438,664)	(770,667)
COVID related expenses	(561,336)	(229,333)
Closing balance, unspent funds	\$ 1,070,158	\$ 2,067,000

#### 18. COMMITMENT

The Town of Comox has an agreement with Emterra Environmental for garbage, recycling and yard waste collection that is valid until April 30, 2022.

Service is provided by Emterra weekly to the residents in the Town of Comox and costs are expensed monthly. Contracted cost estimate for 2022 is \$908,752.

## Town of Comox

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

#### 19. SIGNIFICANT EVENT

In early 2020, there was an outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, Provincial, and Municipal governments regarding travel, municipality operations and isolation/quarantine orders. For 2021 the restrictions resulted in a continued loss of revenues at our Recreation facilities while also increasing expenses due to the increased safety protocols.

The Province provided funding to cover the shortfalls in revenue and increased expenses which should be enough to offset most of the costs.

Going forward it appears that operations are slowly returning to normal. However, restrictions could be put back in place resulting in more office closures and quarantine/isolation measures as experienced in both 2020 and 2021.

#### 20. COMPARATIVE FIGURES

Comparative figures have been reclassified to confirm to current year's presentation.

Town of Comox

Schedule of Expenses by Object (Type)

Year ended December 31, 2021

Schedule 1

	<b>Budget</b>	<b>2021</b>	<b>2020</b>
	(Note 15)		
<b>Expenses</b>			
Salaries, wages and employee benefits	\$ 8,052,547	\$ 8,312,051	\$ 7,148,414
Materials, goods, supplies and utilities	3,000,092	3,027,976	2,730,169
Contracted and general services	9,745,248	8,984,246	8,213,730
Interest and bank charges	27,240	19,121	23,495
Amortization of tangible capital assets	3,250,000	3,288,082	3,277,386
	<b>\$ 24,075,127</b>	<b>\$ 23,631,476</b>	<b>\$ 21,393,194</b>

# Town of Comox

Schedule of Continuity of Reserve Funds

Year ended December 31, 2021

Schedule 2

	2021	2020
Opening Balance of Reserve Funds	\$ 17,091,329	\$ 12,963,580
Contributions to funds from operations	4,650,000	5,551,733
Interest earned on funds	26,110	254,100
Withdrawals from funds for capital acquisitions	(2,400,697)	(1,678,084)
<b>Closing balance of Reserve Funds</b>	<b>\$ 19,366,742</b>	<b>\$ 17,091,329</b>

Represented by the following financial assets:

Cash and short-term investments	\$ 19,366,742	\$ 17,091,329
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Including the following Reserve Funds:

Federal Gas Tax (Community Works) Funds (Note 14)	\$ 5,339,909	\$ 4,501,880
COVID-19 Safe Restart reserve (Note 17)	1,070,158	2,067,000
Capital Works Reserve	3,268,197	1,932,588
Equipment Replacement Reserve	479,514	468,140
Municipal Marina Reserve	423,049	522,251
Water Utility Reserve	2,100,798	1,620,811
Sewer Enterprise Reserve	4,961,449	4,572,140
Lancaster Sewer Lift Station Capital Reserve	81,236	81,112
Point Holmes Sewer Lift Station Capital Reserve	53,574	53,493
Recreation Centre Capital Reserve	5,894	5,885
Waterfront Walkway Reserve	342	341
Affordable Housing Reserve	184,278	183,997
Public Safety Reserve	92,345	426,693
Fire Department Capital Reserve - Town Share	951,264	473,694
	19,012,007	16,910,025
Fire Department Capital Reserve CFPID share (Note 6c)	354,735	181,304
	<b>\$ 19,366,742</b>	<b>\$ 17,091,329</b>



Town of Comox

Schedule of Deferred and Restricted Revenue Continuity

Year ended December 31, 2021

Schedule 3

	2020 Balance	Receipts	Interest	Refunded	Recognized as Revenue	2021 Balance
<b>Deferred Revenue</b>						
Prepaid property taxes	\$ 934,114	1,050,079	3,495	-	936,327	\$ 1,051,361
Parcel Tax Commutation, Kye Bay	7,662	-	-	-	-	7,662
Prepaid General Fees	111,584	144,030	-	-	141,129	114,485
Prepaid Recreation	255,129	765,237	-	-	670,695	349,671
<b>Total Deferred Revenue</b>	<b>1,308,489</b>	<b>1,959,346</b>	<b>3,495</b>	<b>-</b>	<b>1,748,151</b>	<b>1,523,179</b>
<b>Restricted Revenue</b>						
<u>Development Charges:</u>						
Open Space Development Cost Charges	3,505,620	202,695	5,453	-	-	3,713,768
Water Development Cost Charges	1,089,764	-	1,665	-	166,323	925,106
Major Road Development Cost Charges	1,177,499	135,676	1,889	-	-	1,315,064
Storm Drain Development Cost Charges	617,636	-	944	-	211,351	407,229
Sanitary Sewer Development Cost Charges	396,674	43,670	632	-	5,891	435,085
	<b>6,787,193</b>	<b>382,041</b>	<b>10,583</b>	<b>-</b>	<b>383,565</b>	<b>6,796,252</b>
<u>Other Restricted Revenue</u>						
5% Payment in Lieu of Parks Dedication	268,446	-	410	-	-	268,856
Developer Payments in Lieu of Parking	31,727	-	48	-	-	31,775
Developer Contribution for Public Amenities	10,069	-	15	-	-	10,084
Developer Payments for Affordable Housing	529,940	68,469	884	-	-	599,293
Provincial Government, Child Care Spaces	1,110,692	-	-	-	-	1,110,692
Provincial Government, Marine Services Building	-	1,000,000	-	-	-	1,000,000
	<b>1,950,874</b>	<b>1,068,469</b>	<b>1,357</b>	<b>-</b>	<b>-</b>	<b>3,020,700</b>
<b>Total Restricted Revenue</b>	<b>8,738,067</b>	<b>1,450,510</b>	<b>11,940</b>	<b>-</b>	<b>383,565</b>	<b>9,816,952</b>

# Town of Comox

Continuity of Equity in Tangible Capital Assets

Schedule 4

Year ended December 31, 2021

	2021	2020
Opening balance of equity in Tangible Capital Assets	87,614,863	88,784,982
Changes in Capital Assets		
Acquisitions of tangible capital assets	2,077,686	961,997
Tangible capital assets contributed	358,310	1,123,355
Additions of Capital Assets	2,435,996	2,085,352
Write-offs of assets replaced (at NBV)	(1,541)	(18,407)
Amortization expense	(3,288,082)	(3,277,386)
Changes in related liabilities		
Principal payment on debenture (to sinking fund)	23,225	23,225
Actuarial earnings on debenture sinking fund	18,884	17,097
<b>Closing Balance of Equity in Tangible Capital Assets</b>	<b>\$ 86,803,345</b>	<b>\$ 87,614,863</b>

Represented by the following:

Tangible capital assets at net book value (Schedule 5)

Capital assets at cost	\$ 142,939,030	\$ 140,503,034
Less accumulated amortization	(56,080,085)	(52,790,462)
Tangible capital assets at net book value	86,858,945	87,712,572

Net debenture debt (Note 5)	(64,350)	(106,459)
Shares in Courtenay Golf Club Ltd.	8,750	8,750

<b>\$ 86,803,345</b>	<b>\$ 87,614,863</b>
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Town of Comox  
Schedule of Tangible Capital Assets  
Year ended December 31, 2021

Schedule 5

										Totals	
	Land	Land Improvements	Buildings	Equipment	Transportation	Storm Drain	Water Service	Sewer Service	Work in Progress	2021	2020
<b>Cost</b>											
Opening costs	9,138,380	4,919,382	19,403,816	8,786,219	48,595,072	23,404,860	13,815,263	12,167,096	272,946	140,503,034	138,551,362
Additions during the year	-	82,443	35,000	543,044	1,120,518	247,435	260,071	9,500	137,985	2,435,996	2,085,352
Add/(Less): Assets put to use	-	-	-	36,157	2,360	-	-	-	(38,517)	-	-
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(133,680)
Closing costs	9,138,380	5,001,825	19,438,816	9,365,420	49,717,950	23,652,295	14,075,334	12,176,596	372,414	142,939,030	140,503,034
<b>Accumulated Amortization</b>											
Opening accum'd amortization	-	2,481,843	4,919,626	4,859,033	24,035,822	7,313,717	4,994,422	4,185,999	-	52,790,462	49,628,349
Amortization	-	165,908	401,875	640,546	1,293,585	331,359	276,792	178,017	-	3,288,082	3,277,386
Accum Amort Adj for Disp/WD	-	-	-	1,541	-	-	-	-	-	1,541	(115,273)
Closing accum'd amortization	-	2,647,751	5,321,501	5,501,120	25,329,407	7,645,076	5,271,214	4,364,016	-	56,080,085	52,790,462
Net Book Value of											
Tangible Capital Assets	9,138,380	2,354,074	14,117,315	3,864,300	24,388,543	16,007,219	8,804,120	7,812,580	372,414	86,858,945	87,712,572

Town of Comox  
Schedule of Operations by Segment  
Year ended December 31, 2021

Schedule 6

	General Government	Protective Services	Waste Disposal	Development Services	Transportation	Parks, Recreation & Culture	Marina	Water	Sanitary Sewer	Total All Segments	2021 Budget
<b>Revenue</b>											
Property taxation	\$ 11,415,653	\$ -	\$ -	\$ 73,008	\$ 4,713	\$ -	\$ -	\$ 401,746	\$ 399,815	\$ 12,294,935	\$ 12,138,242
Sale of services	202,434	1,406,981	1,789,233	161,005	14,472	1,214,187	430,686	2,945,365	2,875,682	11,040,045	9,642,152
Government transfers	1,055,516	22,392	-	15,000	675,280	56,588	-	-	-	1,824,776	4,713,951
Investment income	716,605	1,652	-	1,165	22,462	9	798	4,141	7,822	754,654	400,000
Development contributions	-	-	-	-	488,901	-	-	237,582	15,392	741,875	714,375
Other	80,770	32,334	-	-	-	-	-	-	-	113,104	72,300
	<b>13,470,978</b>	<b>1,463,359</b>	<b>1,789,233</b>	<b>250,178</b>	<b>1,205,828</b>	<b>1,270,784</b>	<b>431,484</b>	<b>3,588,834</b>	<b>3,298,711</b>	<b>26,769,389</b>	<b>27,681,020</b>
<b>Expenses</b>											
Employees	1,791,209	1,641,088	-	560,936	1,314,955	2,634,462	82,359	199,654	87,388	8,312,051	8,052,547
Materials	65,142	257,569	22,106	1,660	295,171	361,229	13,926	1,988,625	22,548	3,027,976	3,000,092
Services	540,599	2,035,532	1,382,838	137,447	256,651	1,271,515	150,214	526,329	2,683,121	8,984,246	9,745,248
Interest	4,863	-	-	-	-	-	-	12,331	1,927	19,121	27,240
Amortization	201,576	157,589	-	-	1,889,933	539,764	43,307	277,896	178,017	3,288,082	3,250,000
	<b>2,603,389</b>	<b>4,091,778</b>	<b>1,404,944</b>	<b>700,043</b>	<b>3,756,710</b>	<b>4,806,970</b>	<b>289,806</b>	<b>3,004,835</b>	<b>2,973,001</b>	<b>23,631,476</b>	<b>24,075,127</b>
Surplus for the year	\$ 10,867,589	\$ (2,628,419)	\$ 384,289	\$ (449,865)	\$ (2,550,882)	\$ (3,536,186)	\$ 141,678	\$ 583,999	\$ 325,710	\$ 3,137,913	\$ 3,605,893

Year ended December 31, 2020

Schedule 7

	General Government	Protective Services	Waste Disposal	Development Services	Transportation	Parks, Recreation & Culture	Marina	Water	Sanitary Sewer	Total All Segments	2021 Budget
<b>Revenue</b>											
Property taxation	\$ 10,841,376	\$ -	\$ -	\$ 72,922	\$ 4,106	\$ -	\$ -	\$ 337,524	\$ 336,490	\$ 11,592,418	\$ 11,504,480
Sale of services	162,179	587,834	1,760,998	30,875	53,450	993,926	389,285	2,696,112	2,626,385	9,301,044	9,231,203
Government transfers	338,541	3,152,133	-	-	645,872	19,560	-	-	-	4,156,106	1,305,240
Investment income	134,965	7,598	-	87,044	131,197	120	11,001	50,379	92,905	515,209	400,000
Development contributions	-	-	-	-	1,026,464	-	-	160,566	114,334	1,301,364	317,300
Gain (loss) on disposal of assets	-	15,000	-	-	-	(5,409)	-	-	-	9,591	-
Other	130,084	-	-	-	2,333	25,434	-	12,233	4,864	174,948	94,292
	<b>11,607,145</b>	<b>3,762,565</b>	<b>1,760,998</b>	<b>190,841</b>	<b>1,863,422</b>	<b>1,033,631</b>	<b>400,286</b>	<b>3,256,814</b>	<b>3,174,978</b>	<b>27,050,680</b>	<b>22,852,515</b>
<b>Expenses</b>											
Employees	1,615,692	1,269,923	49,003	515,307	1,296,288	2,107,993	69,673	150,100	74,435	7,148,414	7,547,426
Materials	88,051	193,978	126	4,423	277,578	315,840	14,930	1,819,063	16,180	2,730,169	1,070,402
Services	828,852	1,662,801	1,569,629	105,255	104,867	977,224	178,085	416,043	2,370,974	8,213,730	10,525,866
Interest	9,237	-	-	-	-	-	-	10,403	3,855	23,495	27,240
Amortization	138,942	172,029	-	-	1,887,521	533,608	43,307	324,728	177,251	3,277,386	3,000,000
	<b>2,680,774</b>	<b>3,298,731</b>	<b>1,618,758</b>	<b>624,985</b>	<b>3,566,254</b>	<b>3,934,665</b>	<b>305,995</b>	<b>2,720,337</b>	<b>2,642,695</b>	<b>21,393,194</b>	<b>22,170,934</b>
Surplus for the year	\$ 8,926,371	\$ 463,834	\$ 142,240	\$ (434,144)	\$ (1,702,832)	\$ (2,901,034)	\$ 94,291	\$ 536,477	\$ 532,283	\$ 5,657,486	\$ 681,581