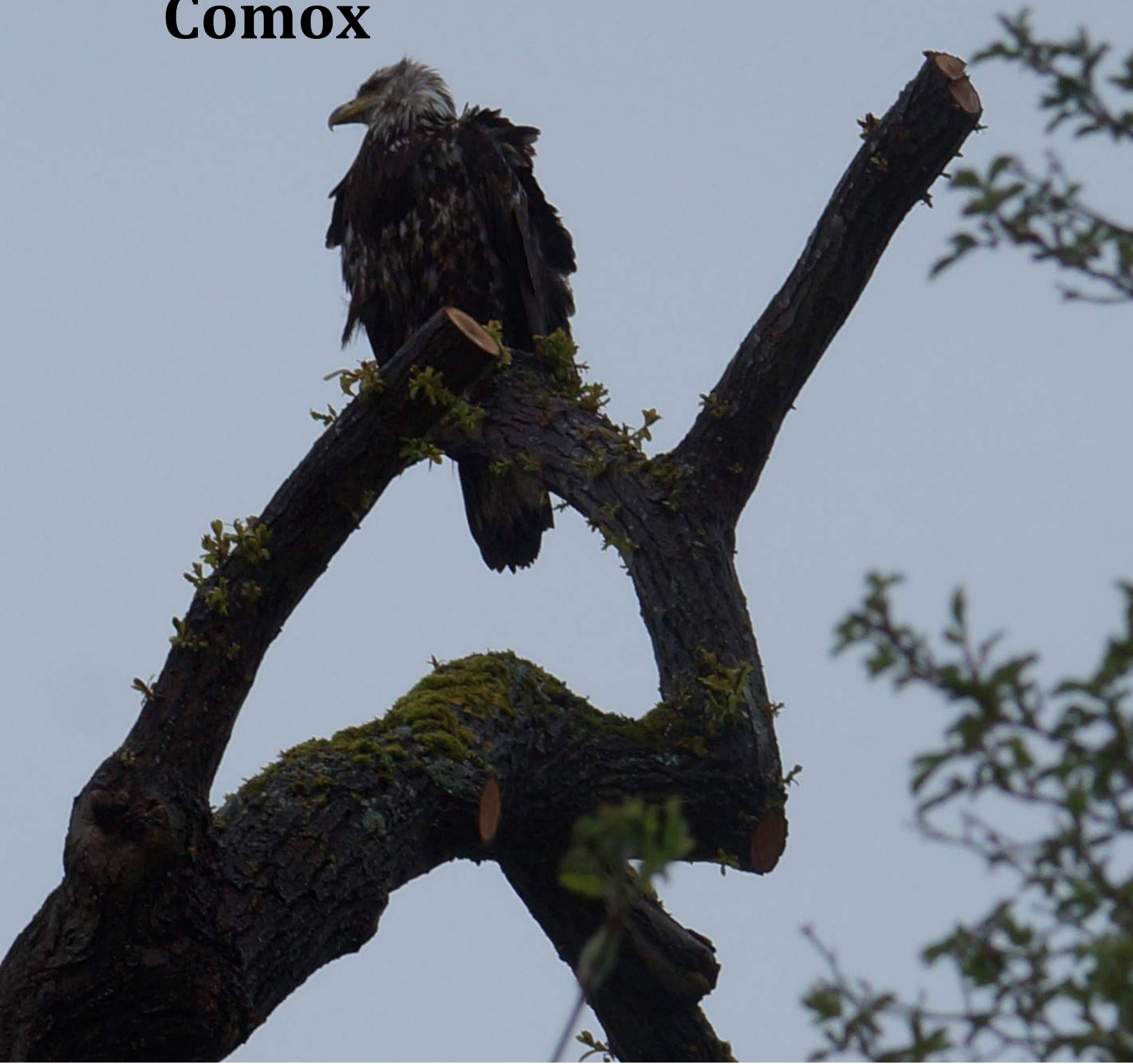




**Town of
Comox**

2018 **ANNUAL** **REPORT**





New road surface on Bambrick Place

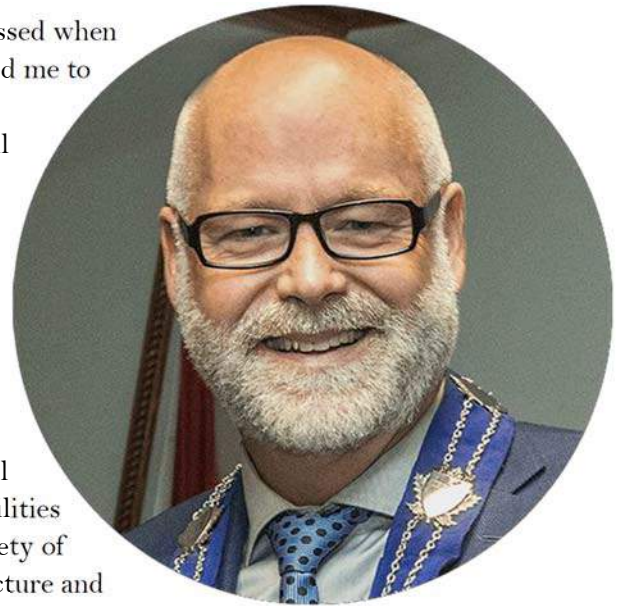
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MESSAGE FROM THE MAYOR

As I write this message to you today, eight months have since passed when you, the citizens of Comox chose to show your support and elected me to serve as your Mayor. The 2018 general local elections brought about change to council and while we welcomed returning council members Ken Grant and Maureen Swift, we also welcomed four new first time serving members ~ Alex Bissinger, Stephanie McGowan, Pat McKenna, and Nicole Minions. Thank you to former mayor Paul Ives for his many years of dedicated service and leadership and to Councillor's Marg Grant, Hugh MacKinnon and Barbara Price who also served this community and from what I understand, continue to do so at many levels.



Following our Inaugural Meeting in November your new Council was hard at work becoming familiar with the roles and responsibilities associated with serving as an elected official, taking part in a variety of training and orientation sessions specific to the Town's infrastructure and projects as well as participating in a Strategic Planning session. This planning session facilitated an opportunity for the new Council to review the status of initiatives identified in the existing plan yet also provided for an opportunity for this Council to identify their priorities and objectives and we look forward to accomplishing these projects over the next few years.

Looking back, 2018 saw a number of Council initiatives and projects completed. For example, the completion of the Harbourwood Park improvement project (in partnership with the Comox Valley Lions Club) and construction of the much sought after outdoor pickleball courts in Highland Park (in partnership with School District 71 and the Rotary Club of Courtenay. We also hope you are enjoying the new wayfinding signage installed at various prominent locations throughout Town ~ directing our many visitors and guests to the growing list of great amenities our Town has to offer.

In 2018, we were saddened with the loss of former mayor Dick Merrick and Councillor Shirley McLoughlin, both who contributed so much to this community.

Moving forward, we will continue to focus on our strategic initiatives which include sustainable development concepts, climate action initiatives, downtown revitalization and efforts in addressing affordable housing, all while striking a balance between creating a thriving economy, a healthy environment for our citizens and a community that stands together.

Leading this Council to ensure that our Town is governed efficiently, effectively and with transparency is our goal and we are excited about the future and serving our citizens in the years to come.

Mayor Russ Arnott

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER

Over the past number of years there has been additional focus placed on Asset Management in local government. Initially it was a relatively lofty goal to establish a complete inventory of all the Town's infrastructure, determine its age and remaining usefulness before it needs to be replaced, and estimating the costs to replace it. In 2018, we managed to complete this plan. The Asset Management Plan, presented to Council, forecasts the level of investment necessary over the next number of years to ensure that infrastructure replacement continues on a manageable level. This document will continue to be refined over the next number of years as information is added to the plan.

Staff were able to begin the installation of the Wayfinding signage in the Town in 2018 and this project will see its completion early in 2019. This has been a priority of Council for a few years so it was satisfying to be able to deliver on this initiative. It is also wonderful to hear the high number of positive comments from both residents and visitors to the Town.



We have continued to benefit from the ongoing focus on partnerships in the community. Working with the Rotary Club, the School District and the Pickleball Association, we were successful in developing a dedicated pickleball facility in the Highland sports complex that will satisfy the needs of the existing pickleball players as well as provide an opportunity to the School District to develop a whole new and upcoming generation of pickleball players for the future.

Looking forward, we continue to focus on the completion and implementation of the North East Comox Stormwater Management Plan. The next phase of work will require the regulatory bylaws to be developed and presented to Council for their consideration and adoption. With the full implementation of this stormwater management plan, it will result in a completely new and innovative means of managing stormwater in the Town while opening up additional lands for growth and development in the community.

The former St. Joseph's Hospital site is much quieter now that the hospital has moved to its new location on Lerwick Road. We see this as a temporary change as staff have been working with the Board as they develop their plans to repurpose the site in a manner that will continue to see The Views at St. Joseph's as a top quality care facility in the future.

A handwritten signature in blue ink, which appears to read "Richard Kanigan".

Richard Kanigan, Chief Administrative Officer



Guthrie Road water main break



Marina Park – Upper Gazebo (Photo: Joan Pisto, Comox Town Hall)

COMOX COUNCIL



From left to right: Councillor Alex Bissinger, Councillor Ken Grant, Councillor Nicole Minions, Mayor Russ Arnott, Councillor Stephanie McGowan, Councillor Maureen Swift, Councillor Pat McKenna

Mayor and Council members are elected for four-year terms, with the next election to occur in October 2022.

Regular Council and Committee of the Whole meetings are open to the public, and the public is encouraged to attend. Regular meetings are held on the first and third Wednesday of each month at 5:30 p.m., while Committee of the Whole meetings are held on the second and fourth Wednesday of each month at 4:15 p.m.

More information about Council and Council meetings, including agendas and minutes, can be found on the Town's Web site at <http://www.comox.ca/about-council/>.

STRATEGIC PLAN 2016-2018

STRATEGIC PLAN OVERVIEW

Purpose of the strategic Plan	This strategic plan aligns with our 2011 Official Community Plan (OCP) vision statement noted below. The 2016-2018 strategic plan guides our work, sets goals and priority actions for the Town of Comox. It tells our citizens what Council plans to accomplish in addition to our core services and sets performance measures and targets for assessing progress over the Council term.
Vision from 2011 Official Community Plan	The Town of Comox is an active residential community that welcomes all ages. The heart of Comox is the Downtown – a compact, pedestrian friendly area with a lively mix of commercial services, housing and public services. Comox enjoys strong connectivity within and between neighborhoods, commercial/service areas and the waterfront through a variety of transportation choices. Comox embraces its natural areas and surroundings, recreational opportunities and ambiance as a unique seaside town. Comox will grow in a way that maintains and enhances community livability.
Core Services What we do	Public safety and protection Strong governance and administration Financial management and accountability Economic Development Public works infrastructure and engineering Recreation Parks Arts and culture Community development and planning
Strategic priorities In addition to core services, our strategic priorities for 2015 – 2018 include:	Downtown vitalization/marina enhancement Fiscal balance/infrastructure asset management OCP implementation Comox Economic Development Plan implementation

STRATEGIC PLAN PRIORITIES

DOWNTOWN VITALIZATION AND MARINA ENHANCEMENT

Council will act as a catalyst for quality development and economic opportunities by actively pursuing partnerships and attracting additional events. Downtown vitalization, as well as strengthening the important linkage to the waterfront area will be a continued priority.

Council will do this by:

- developing new facilities and opportunities in Marina Park;
- exploring the expansion of the downtown revitalization policy area; and
- attracting additional events in Marina park and the downtown, with the assistance of the Comox BIA and the Comox Valley Economic Development Society.

FISCAL BALANCE AND INFRASTRUCTURE ASSET MANAGEMENT

Municipal infrastructure is our largest and most significant asset. Over the next few years, Council will continue to work towards a sustainable plan for maintenance, replacement and development of new infrastructure where required. Council will also continue to provide better community access to information and to keep tax increases to reasonable levels.

Council will do this by:

- continuing to build on its asset management program;
- considering a revised garbage collection schedule, and enhanced messaging, in order to increase participation in the organics collection program;
- designing the Lazo Road greenway;
- developing a wayfinding signage program;
- building a pickleball facility;
- complete the planning for northeast Comox stormwater management; and
- resolving the Mack Laing (Shakesides) property issue;

OFFICIAL COMMUNITY PLAN IMPLEMENTATION

The implementation of the OCP will occur over the long term. Encouraging and preparing for infill development, as well as ensuring servicing is available for new development, will be a focus. Enhancing the trail and greenway network is a continuing priority.

Council will do this by:

- considering affordable housing initiatives;
- completing storm water and servicing plans for a west Comox boundary extension area; and
- refining the public process for development applications and storm water management planning.

ECONOMIC DEVELOPMENT PLAN IMPLEMENTATION

Comox's economic climate will continue to change over the next few years. Schools have closed and one of the top employers in Town will be leaving, prompting Council to place an increased focus on economic development activities:

Council will do this by:

- collaborating with the St. Joseph's hospital and school district boards on future plans for the former hospital and closed school sites,
- continuing to work with partners on the attraction of a fixed wing search and rescue facility, and
- developing a marketing strategy for the development of lands near the airport,



Councillor Swift and staff member Andrea Brown playing street piano at Town Circle



Great Blue Herons with Marina Splashpark

2018 PROGRESS AND OBJECTIVES

PROGRESS AND OBJECTIVES – DOWNTOWN VITALIZATION / MARINA ENHANCEMENT			
GOAL	OBJECTIVES AND ACTIONS	TIMEFRAME	STATUS (as of Dec 31, 2018)
Breakwater Walkway	Design for shovel ready project	2018	Deferred; concept diagram complete.
Waterfront/Marina Enhancement	Complete additional design for Phase 2 waterfront park development (marine service building)	2019	
	When Phase 2 is complete re-evaluate additional projects in the park and board walk	2019	
Vitalized Downtown	Explore expansion of downtown revitalization policy area	2019	

PROGRESS AND OBJECTIVES – FISCAL BALANCE / INFRASTRUCTURE ASSET MANAGEMENT			
GOAL	OBJECTIVES AND ACTIONS	TIMEFRAME	STATUS (as of Dec 31, 2018)
Establish an Asset Management Program	Continue Asset Management planning	Ongoing	Complete
Increase Curbside Organics Collection	Consider altering frequency of garbage pick up to every two weeks, organics and recycling collection on a weekly basis	2018	Project put on hold until final determination of composting facility location and collection schedule.
	Enhance messaging to promote organics program	2018	
Enhance Trail and Greenway Network	Prepare a design for the Lazo Road greenway	2018	Conceptual design complete.
	Develop way-finding signage standards, proto types and implement phase one signage.	2018	Wayfinding and Signage Strategy completed in August. Fabrication and installation of signs expected by spring 2019.
	Bring potential partners for wayfinding signage together to seek support.	2018	Project completed in partnership with the BIA.

PROGRESS AND OBJECTIVES – FISCAL BALANCE / INFRASTRUCTURE ASSET MANAGEMENT

GOAL	OBJECTIVES AND ACTIONS	TIMEFRAME	STATUS (as of Dec 31, 2018)
Pickleball Facility	Planning and development with partners	2018	Project completed and temporary lines installed by September. Final painting to be completed in spring 2019.
NE Comox Storm Water Management Plan	Complete planning and approval – proceed with storm water and servicing plans	2018	Deferred to 2019
Mack Laing (Shakesides) Property	Bring to conclusion	2018	Decision to proceed with modifying the Trust deferred until February 6, 2019, in order to allow time for all members of Council to fully consider all of the previous background information.
Provide adequate and timely funding to ensure studies are current and updated	Review and refresh Transportation Plan	2019	

PROGRESS AND OBJECTIVES – OFFICIAL COMMUNITY PLAN IMPLEMENTATION

GOAL	OBJECTIVES AND ACTIONS	TIMING	STATUS (as of Dec 31, 2018)
Explore affordable housing initiatives	Investigate potential partnerships with Habitat for Humanity and Comox Valley Transition Society	ongoing	
Refine public process related to development applications	Continue to meet targets	ongoing	Continuing to meet targets.
Implement tree protection	Amend bylaw with OCP update in 2019-2022 Council term.	2019	

PROGRESS AND OBJECTIVES – ECONOMIC DEVELOPMENT PLAN IMPLEMENTATION

GOAL	OBJECTIVES AND ACTIONS	TIMING	STATUS (as of Dec 31, 2018)
Future of St. Joseph's Hospital	Collaborate with St. Joseph's hospital board on developing a future plan for hospital site	2018	Assisting as necessary
Future of Comox Elementary School site	Collaborate with SD 71 on the disposition or repurposing of the former Comox Elementary School Site	2018	
Development of Airport Lands (Light Industrial)	Cooperate with airport on parking expansion	2018	Northeast Comox implementation.
	In cooperation with CVEDS, develop marketing strategy for the development of lands near airport	Ongoing	



*Bald Eagle on Willow
branch at Marina Park,
new stairs at Filberg
Lodge Park, new
wayfinding signage*

STATEMENT OF FINANCIAL INFORMATION

Year Ended December 31, 2018



Town of Comox Fire Boat



Statement of Financial Information Year Ended December 31, 2018

Town of Comox
Statement of Financial Information
Contents
Year Ended December 31, 2018

Required Information:

Please refer to:

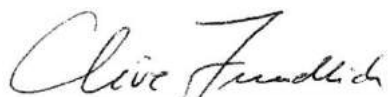
Consolidated Statement of Financial Position	Statement 1 of Consolidated Financial Statements
Consolidated Statement of Operations	Statement 2 of Consolidated Financial Statements
Schedule of debts	Notes 5 to 7 of Consolidated Financial Statements
Schedule of guarantee and indemnity agreements	N/A - none outstanding during year
Schedule of Council remuneration	Schedule 1 of SOFI
Schedule of employee remuneration	Schedule 2 of SOFI
Schedule of severance agreements	N/A - none
Schedule of disbursements	Schedule 3 of SOFI
Schedule of grants and contributions.	Schedule 4 of SOFI
Preparation and approval of financial information	Schedule 5 of SOFI

Town of Comox

Consolidated Statement of Financial Position
as at December 31, 2018

	2018	As Restated (Note 20) 2017
Financial Assets:		
Cash	\$ 2,931,482	\$ 5,698,893
Short-term investments (Note 2b)	27,985,120	21,175,351
Receivables (Note 4)	830,543	818,127
Land for resale	9,847	9,847
	31,756,992	27,702,218
Financial Liabilities:		
Payables (Note 5)	2,996,310	2,200,441
Deferred revenue (Schedule 3)	1,218,066	1,116,418
Restricted Revenue (Schedule 3)	6,259,802	5,461,207
Deposits	1,658,338	1,488,671
Net debenture debt (Note 6)	185,389	428,261
Future Payroll Obligations (Note 9)	929,636	916,151
	13,247,541	11,611,149
Net Financial Assets	18,509,451	16,091,069
Non-financial assets:		
Tangible capital assets (Schedule 5)	86,967,255	86,095,289
Supply inventory	259,092	258,153
Prepaid expenses	60,227	77,791
Shares in Courtenay Golf Club Ltd.	8,750	8,750
	87,295,324	86,439,983
Accumulated surplus (Note 18)	\$ 105,804,775	\$ 102,531,052

Contingent liabilities (Note 7)



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, 2018

	Budget	2018	As Restated (Note 20) 2017
	(Note 17)		
Revenue			
Property valuation tax	\$ 8,415,570	\$ 8,412,203	\$ 8,074,336
Parcel taxes	639,290	633,208	632,758
Payments in-lieu of taxes	1,468,800	1,534,872	1,438,582
Revenue from taxation	10,523,660	10,580,283	10,145,676
Utility fees	6,710,730	6,639,049	6,340,136
Other sale of service	2,513,222	2,877,311	2,992,305
Licences, permits & planning fees	193,550	434,084	253,812
Developer cost charges applied	444,776	25,109	168,144
Tangible capital assets contributed	-	726,221	-
Donations	46,500	116,597	91,844
Investment income	144,000	457,170	224,524
Penalties and interest on taxes	52,000	67,556	57,734
Actuarial earnings on sinking fund	-	68,802	132,033
Rentals	130,200	142,280	146,302
Other	135,500	128,129	1,061,990
Gain on disposal of assets	-	100,595	230,874
Unconditional Grants	375,000	375,137	376,918
Conditional Grants	1,137,240	880,025	1,529,522
	22,406,378	23,618,348	23,751,814
Expenses			
General government	2,397,154	1,870,803	1,768,377
Protective services	3,319,310	3,311,773	2,831,500
Solid waste management	1,434,045	1,333,212	1,372,988
Development services	553,740	504,708	439,468
Transportation	4,143,702	3,490,689	3,399,093
Parks, recreation, and culture	4,576,354	4,628,663	4,458,059
Marina	191,505	198,977	228,496
Water services	2,326,994	2,655,577	2,559,908
Sewer services	2,340,202	2,350,223	2,269,834
	21,283,006	20,344,625	19,327,723
Annual surplus	1,123,372	3,273,723	4,424,091
Accumulated surplus, beginning of year	102,531,052	102,531,052	98,106,961
Accumulated surplus, end of year	\$ 103,654,424	\$ 105,804,775	\$ 102,531,052

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

Town of Comox
Statement of Financial Information
Schedule of Debts
Notes 5 to 7 of the Consolidated Financial Statements
Year Ended December 31, 2018

5. PAYABLES

Payables are composed of the following amounts:

	2018	2017
Wages payable	\$ 220,903	\$ 195,855
Governments	2,400,080	1,645,590
Trade & Other	375,327	358,996
Total payables	\$ 2,996,310	\$ 2,200,441

6. DEBENTURES ISSUED FOR THE TOWN

The Town's debenture debt arises from participation in debenture issues 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, 2018 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	\$ 224,643	\$ 92,607	\$ 5,194	\$ 9,731
Apr 2008 B/L #1520	Pt. Holmes Water	14 yrs	4.65%	270,000	\$ 177,218	92,782	3,733	10,958
Total at December 31, 2018:				\$ 587,250	\$ 401,861	\$ 185,389	\$ 8,927	\$ 20,689
Total at December 31, 2017				\$2,062,250	\$1,633,989	\$ 428,261	\$ 28,482	\$ 114,266

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

Year	Schedule Annual Payments			Sinking Fund		Net Debt
	Principal	Interest	Total	Actuarial Earnings	Outstanding	
2019	\$ 23,225	\$ 13,224	\$ 36,449	\$ 15,383	\$ 146,780	
2020	23,225	13,224	36,449	17,095	106,459	
2021	23,225	13,224	36,449	18,884	64,350	
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 7 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.

7. 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 2018 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 6). 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 (\$8,927 at December 31, 2018; \$28,482 in 2017), plus Promissory Notes issued by the Town at the time of issue (\$20,689 at December 31, 2018; \$114,266 in 2017).

(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, 2018 the District's share of those tangible capital assets (at cost and net book value) were \$1,030,424 and \$496,642 respectively (\$985,511 and \$456,909 in 2017) and its share of a Fire Department Capital Reserve was \$85,679 (\$101,535 in 2017).

(d) Municipal Insurance Association of BC

The Town is a subscribed member of the Municipal Insurance Association of BC (the "Exchange") as provided by Section 3.02 of the Insurance Act. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any Subscriber. Under the Reciprocal Insurance Exchange Agreement the Town is assessed a premium with specific deductible for its claims based on population. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its Subscribers in connection with the Exchange are in every case several, and not joint and several.

(e) 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
Statement of Financial Information
Remuneration & Expenses for Elected Officials
Year Ended December 31, 2018

Schedule 1

	Remuneration	Expenses
Russ Arnott, Mayor/Councillor	20,375	\$ 4,851
Alex Bissinger, Councillor	2,954	-
Ken Grant, Councillor	17,724	8,649
Marg Grant, Councillor	14,770	1,868
Paul Ives, Mayor	28,023	8,991
Hugh MacKinnon, Councillor	14,770	1,778
Stephanie McGowan, Councillor	2,954	-
Patrick McKenna, Councillor	2,954	-
Nicole Minions, Councillor	2,954	-
Barbara Price, Councillor	14,770	7,027
Maureen Swift, Councillor	<u>17,724</u>	<u>2,262</u>
	<u>\$ 139,972</u>	<u>\$ 35,426</u>

Expenses include expense claims by Council members, together with registration fees and travel expenses paid by the Town on their behalf.

In addition, each member of Council is covered under an accident insurance policy (when on Town business) which provides:

- 1) \$ 100,000 life insurance
- 2) \$ 300 weekly indemnity for total disability
- 3) \$ 3,000 additional medical expense

Town of Comox
Statement of Financial Information
Remuneration & Expenses for Employees Earning over \$75,000
Year Ended December 31, 2018

Schedule 2

	Remuneration	Expenses
Gail Andestad, Planner 2	\$ 90,969	2,022
Debra Andrew, Deputy Director of Finance	91,201	3,043
Shelley Ashfield, Municipal Engineer	107,012	380
Cory Brooks, Fire Department Assistant	83,517	1,384
Al Fraser, Parks Superintendent	95,806	260
Clive Freundlich, Director of Finance	113,109	3,823
Brett Green, Foreman	95,686	2,791
Ted Hagmeier, Recreation Director	82,686	1,650
Marvin Kamenz, Town Planner	110,703	3,385
Richard Kanigan, Administrator	140,029	8,506
Jim Lariviere, Assistant Fire Chief	97,418	1,864
Joel Louke, Utility Operator	75,380	1,081
Ian Rogers, Building Inspector	75,706	2,813
Shelly Russwurm, Deputy Corporate Administrator	96,356	300
Gord Schreiner, Fire Chief	109,958	2,998
Rick Shelton, Assistant Fire Chief	94,452	1,019
Robert Stevens, Fire Department Assistant	81,444	1,346
Glenn Westendorp, Public Works Superintendent	91,852	260
subtotal	1,733,284	38,925
all employees under \$75,000	3,583,007	57,571
Total for all employees	<u>\$ 5,316,291</u>	<u>\$ 96,495</u>

Reconciliation to Salaries, Wages & Employee Benefits reported in Financial Statement

Total employee remuneration (above) less taxable benefits	\$ 5,247,410
Plus Council remuneration (Schedule 1)	139,972
Increase to Accrued Payroll & Post-Employment Benefits in year	38,533
Plus employee benefits included in Disbursements (Schedule 3)	<u>1,027,094</u>
Salaries, wages and employee benefits reported on Schedule 1 of the Consolidated Financial Statements for the Town of Comox	<u>\$ 6,453,008</u>

NOTES:

1. Expenses include payments to employees plus expenses paid on their behalf.
2. No schedule of severance agreements is included because there were none in year.

Town of Comox
Statement of Financial Information
Schedule of Disbursements over \$25,000
Year Ended December 31, 2018

Schedule 3

AFC Construction	120,480.00
Andrew Sheret Limited	193,945.26
B C Assessment Authority	140,526.03
B C Hydro	373,490.88
BC Hydro	89,892.60
Big Island Building Services Ltd.	41,900.62
Black Press Group Ltd.	28,367.15
Braden West General Contracting Ltd.	31,741.00
Brian McLean Chevrolet Buick GMC Ltd.	47,997.97
Chimo Gymnastics Club	403,415.16
City Of Courtenay	31,277.66
Comox Business In Action	73,658.77
Comox Firefighters Association	40,485.76
Comox Valley Martial Arts & Fitness	35,759.25
Comox Valley Regional District	7,721,222.33
Comox-Strathcona Regional Hospital Dist	2,158,000.73
Compass Adventure	34,484.11
Cumberland Ready Mix Ltd.	27,034.81
CUPE Local 556	55,033.91
Current Environmental	29,862.00
Dawn to Dawn: Action on Homelessness	30,000.00
Edgett Excavating Ltd.	537,258.15
Emterra Environmental	770,770.76
Enex Fuels Ltd.	57,916.92
Fennell, Alicia	30,409.95
Fineline Road Marking	45,843.37
GCS Technology Services Inc.	202,788.31
Great West Equipment	249,226.05
Guillevin International Inc.	72,174.44
Habitat for Humanities	30,000.00
Habitat Systems Inc.	73,079.42
Hand-In-Hand Early Years	56,341.03
HI-lite Signs	33,459.30
ICBC Insurance Corporation of BC	33,419.00
Image Inspection Services Ltd.	112,319.47
Intercontinental Truck Body	34,681.25
Kendrick Equipment (2003) Ltd.	319,364.29
Kokomo Investments Ltd.	48,449.40
KTI Limited	76,329.78
Lafarge Canada Inc	34,259.32
Leighton Contracting (2009)Ltd	77,185.38
Lime Design Inc	31,500.00
McElhanney Consulting Services	234,597.05
Minister of Finance	39,187.50
Minister Of Finance	1,438,511.44
MNP LLP	67,266.43
Moneris	29,103.00
Municipal Insurance Assn Of B.C.	82,277.00
Municipal Pension Plan	802,760.99
Nautical Days Committee	35,000.00
Pacific Blue Cross/ BC Life	258,963.04
Peninsula Co-op	57,658.90
Price's Alarm Systems	25,223.19
Raylec Power Ltd.	44,011.61
Receiver General For Canada	1,383,819.68
Receiver General For Canada	1,659,759.47
Scotiabank Visa	164,607.26
Slegg Building Materials	25,259.26
Sun Life Assurance Company of Canada	83,351.58

Town of Comox
Statement of Financial Information
Schedule of Disbursements over \$25,000
Year Ended December 31, 2018

Schedule 3

Sun Life Assurance Company of Canada	26,995.31
Susan Wood Communications	26,250.00
Tayco Paving Co Ltd	526,455.51
Telus	26,925.86
Thomson, Steve	49,199.40
Tower Fence Products Ltd	63,000.32
Trane Canada ULC	37,230.73
Urban Systems Ltd.	42,000.00
Vancouver Island Regional Library	645,784.00
Waypoint Insurance	104,902.00
Western Traffic Ltd	56,804.15
Westerra Equipment LP	56,731.40
Worksafe BC	89,010.77
Young, Anderson	217,392.84
subtotal	23,035,391.28
Plus all payees disbursed under \$25,000	1,962,944.27
Total disbursements, all payees	<u>24,998,335.55</u>
 <u>Reconciliation to Total Expenditures reported in Financial Statement:</u>	
Total Disbursements for all payees (reported above)	24,998,335.55
Plus Council & Employee remuneration (Sch. 1 and Sch. 2)	5,425,914.45
Less remittances of property taxes collected for others (net of offsets) not included in expenditures on the Financial Statements	(7,176,221.52)
Less long term debt principal payments not included in expenditures on the Financial Statements	(174,070.00)
Less employees share of payroll disbursements not included in expenditures on the Financial Statements	(1,587,760.39)
Less GST recoveries from disbursements in year	(325,977.87)
Less expenditures on tangible capital assets	(3,218,928.00)
Plus amortization expense from tangible capital assets	3,061,818.00
Less DCCs, development bonds and deposits refunded in year	(298,250.50)
Less changes in other asset & liability accounts included in expenses on the Financial Statements	<u>(370,234.72)</u>
Total Expenses reported on Statement 2 and Schedules 1 & 6 of the Consolidated Financial Statements for the Town of Comox	<u><u>20,334,625.00</u></u>

Town of Comox
Statement of Financial Information
Year Ended December 31, 2018
Schedule of Payments for Grants or Contributions

Schedule 4

Recipient of Grant or Contribution		Purpose of Grant
Comox Business in Action Association	\$ 72,900	Business Improvement Area
Comox Archives & Museum Society	24,996	Operation of Society
Citizens On Patrol Society	4,700	Operation of Society
Comox Valley Community Policing	6,300	Auxiliaries & Crime Prevention
Comox Valley Regional District	30,773	Emergency Preparedness
Dawn to Dawn	30,000	Homelessness & Affordable Housing
Habitat for Humanity	30,000	Homelessness & Affordable Housing
Comox Nautical Days Committee	35,000	Festival Operations
Comox Valley Art Gallery	5,000	Gallery Operations
Kumugwe Cultural Society	1,000	Potlatch 67-67
Hughes, Gavin	500	Mack Laing Bursary
Sid William Theatre Society	20,000	Theatre Operations
	<hr/>	
	\$ 261,169	
	<hr/>	

Town of Comox
Statement of Financial Information
Preparation and Approval of Report
Year Ended December 31, 2018

Schedule 5

I certify that I have prepared the whole of the Statement of Financial Information and am responsible for its contents. It has not been audited by the Town's independent auditors.

Clive Freundlich

Clive Freundlich, Director of Finance

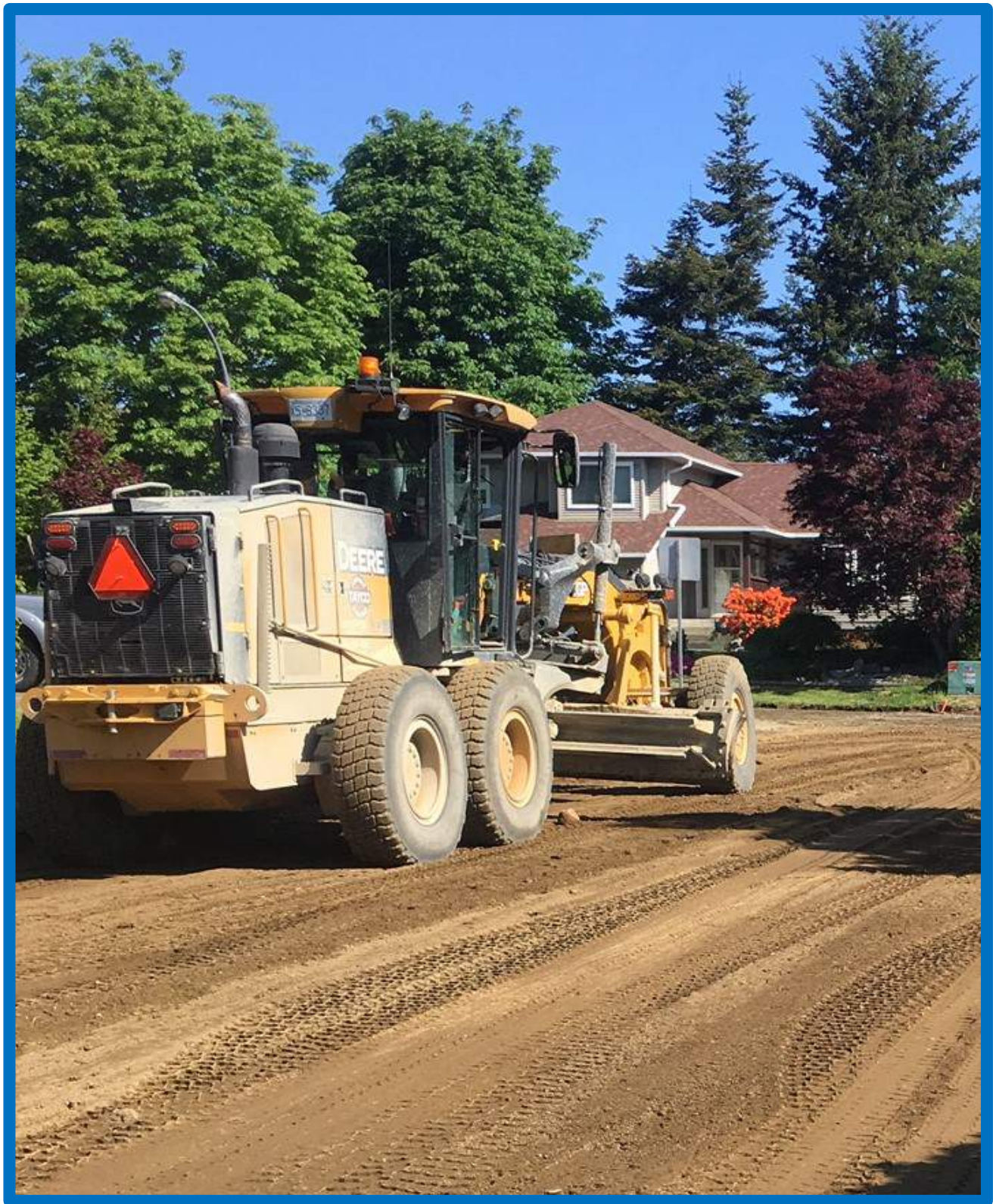
2019-06-20
Date

This whole Statement of Financial Information has been approved by the Town of Comox Council.

Russ Arnott

Russ Arnott, Mayor

JUN 21 / 19
Date



Bambrick Place resurfacing

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018



Cambridge Road storm extension



Consolidated Financial Statements of

Town of Comox

Year Ended December 31, 2018

Town of Comox

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Year Ended December 31, 2018

Management's Responsibility for Financial Reporting

Independent Auditors' Report

Statements

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2. Consolidated Statement of Operations
3. Consolidated Statement of Change in Net Financial Assets
4. Consolidated Statement of Cash Flows

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1. Schedule of Expenses by Object (Type)
2. Schedule of Continuity of Reserve Funds
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4. Continuity of Equity in Tangible Capital Assets
5. Schedule of Tangible Capital Assets
6. Schedule of Operations by Segment (2017)
7. Schedule of Operations by Segment (2016)

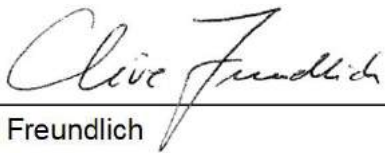
Town of Comox

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 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.



Clive Freundlich
Director of Finance

Independent Auditor's Report

To the Mayor and Council of the 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, 2018, and the consolidated statements of operations, change in net financial assets, cash flows and related schedules 1 to 7 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, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

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

May 22, 2019

MNP LLP

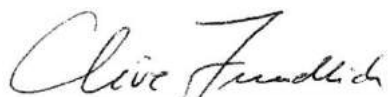
Chartered Professional Accountants

Town of Comox

Consolidated Statement of Financial Position
as at December 31, 2018

	2018	As Restated (Note 20) 2017
Financial Assets:		
Cash	\$ 2,931,482	\$ 5,698,893
Short-term investments (Note 2b)	27,985,120	21,175,351
Receivables (Note 4)	830,543	818,127
Land for resale	9,847	9,847
	31,756,992	27,702,218
Financial Liabilities:		
Payables (Note 5)	2,996,310	2,200,441
Deferred revenue (Schedule 3)	1,218,066	1,116,418
Restricted Revenue (Schedule 3)	6,259,802	5,461,207
Deposits	1,658,338	1,488,671
Net debenture debt (Note 6)	185,389	428,261
Future Payroll Obligations (Note 9)	929,636	916,151
	13,247,541	11,611,149
Net Financial Assets	18,509,451	16,091,069
Non-financial assets:		
Tangible capital assets (Schedule 5)	86,967,255	86,095,289
Supply inventory	259,092	258,153
Prepaid expenses	60,227	77,791
Shares in Courtenay Golf Club Ltd.	8,750	8,750
	87,295,324	86,439,983
Accumulated surplus (Note 18)	\$ 105,804,775	\$ 102,531,052

Contingent liabilities (Note 7)



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, 2018

	Budget	2018	As Restated (Note 20) 2017
	(Note 17)		
Revenue			
Property valuation tax	\$ 8,415,570	\$ 8,412,203	\$ 8,074,336
Parcel taxes	639,290	633,208	632,758
Payments in-lieu of taxes	1,468,800	1,534,872	1,438,582
Revenue from taxation	10,523,660	10,580,283	10,145,676
Utility fees	6,710,730	6,639,049	6,340,136
Other sale of service	2,513,222	2,877,311	2,992,305
Licences, permits & planning fees	193,550	434,084	253,812
Developer cost charges applied	444,776	25,109	168,144
Tangible capital assets contributed	-	726,221	-
Donations	46,500	116,597	91,844
Investment income	144,000	457,170	224,524
Penalties and interest on taxes	52,000	67,556	57,734
Actuarial earnings on sinking fund	-	68,802	132,033
Rentals	130,200	142,280	146,302
Other	135,500	128,129	1,061,990
Gain on disposal of assets	-	100,595	230,874
Unconditional Grants	375,000	375,137	376,918
Conditional Grants	1,137,240	880,025	1,529,522
	22,406,378	23,618,348	23,751,814
Expenses			
General government	2,397,154	1,870,803	1,768,377
Protective services	3,319,310	3,311,773	2,831,500
Solid waste management	1,434,045	1,333,212	1,372,988
Development services	553,740	504,708	439,468
Transportation	4,143,702	3,490,689	3,399,093
Parks, recreation, and culture	4,576,354	4,628,663	4,458,059
Marina	191,505	198,977	228,496
Water services	2,326,994	2,655,577	2,559,908
Sewer services	2,340,202	2,350,223	2,269,834
	21,283,006	20,344,625	19,327,723
Annual surplus	1,123,372	3,273,723	4,424,091
Accumulated surplus, beginning of year	102,531,052	102,531,052	98,106,961
Accumulated surplus, end of year	\$ 103,654,424	\$ 105,804,775	\$ 102,531,052

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, 2018

	Budget (Note 17)	2018	As Restated (Note 20) 2017
Surplus for the year	\$ 1,123,372	\$ 3,273,723	\$ 4,424,091
Tangible capital assets contributed		(726,225)	-
Acquisition of tangible capital assets	(6,096,710)	(3,218,928)	(4,342,117)
Amortization of tangible capital assets		3,061,818	2,988,987
Disposition of tangible capital assets		11,369	994,125
	(4,973,338)	2,401,757	4,065,086
(Increase) in supply inventory		(939)	(46,127)
Decrease (increase) in prepaid expenses		17,564	(19,596)
	-	16,625	(65,723)
Increase (decrease) in Net Financial Assets	(4,973,338)	2,418,382	3,999,363
Net Financial Assets at beginning of year	16,091,069	16,091,069	12,091,706
Net Financial Assets at end of year	\$ 11,117,731	\$ 18,509,451	\$ 16,091,069

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

Town of Comox

Consolidated Statement of Cash Flows as at December 31, 2018

	2018	As Restated (Note 20) 2017
Net inflow (outflow) of cash related to the following activities:		
Operating activities:		
Surplus for the year	\$ 3,273,723	\$ 4,424,091
Non-cash items included in operations:		
Contribution from developers	(726,225)	-
Amortization of tangible capital assets	3,061,818	2,988,987
Disposition of tangible capital assets	11,369	994,125
Actuarial adjustment on debt	(68,802)	(132,033)
Net changes to financial assets & liabilities through operations:		
Decrease in receivables	(12,416)	177,672
Increase / (Decrease) in payables	795,869	(320,226)
Increase / (Decrease) in deferred revenue	101,648	(14,607)
Increase / (Decrease) in development cost charges	798,595	(92,892)
Increase in other deposits	169,667	186,015
Increase / (Decrease) in future payroll obligations	13,485	(5,976)
(Increase) / Decrease in supply inventory	(939)	(46,127)
Increase in prepaid expenses	17,564	(19,596)
	7,435,356	8,139,433
Investing Activities		
Short-term investing	(6,809,769)	(1,542,741)
Capital Activities		
Acquisition of tangible capital assets	(3,218,928)	(4,342,117)
Financing activities:		
Debenture principal repaid	(174,070)	(372,507)
Increase / (Decrease) in cash and cash equivalents	(2,767,411)	1,882,068
Cash and cash equivalents, beginning of year	5,698,893	3,816,825
Cash and cash equivalents, end of year	\$ 2,931,482	\$ 5,698,893
Supplemental cash flow information		
Interest paid	\$ 27,934	\$ 86,674
Interest received	\$ 457,170	\$ 224,524

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

Town of Comox

Schedule of Expenses by Object (Type)
Year ended December 31, 2018

Schedule 1

			As Restated (Note 20) 2017
	Budget (Note 17)	2018	
Expenses			
Salaries, wages and employee benefits	\$ 6,165,800	\$ 6,453,008	\$ 6,289,009
Contracted and general services	9,277,306	8,185,199	7,408,239
Materials, goods, supplies and utilities	2,755,650	2,600,674	2,536,055
Interest and bank charges	69,250	43,926	105,433
Amortization of tangible capital assets	3,000,000	3,061,818	2,988,987
Other	15,000	-	-
	\$ 21,283,006	\$ 20,344,625	\$ 19,327,723

Town of Comox

Schedule of Continuity of Reserve Funds
Year ended December 31, 2018

Schedule 2

	2018	2017
Opening Balance of Reserve Funds	\$ 10,569,708	\$ 7,379,026
Contributions to funds from operations	4,136,858	3,959,573
Interest earned on funds	212,638	77,214
Withdrawals from funds for capital acquisitions	(1,633,375)	(846,105)
Closing balance of Reserve Funds (Note 18)	\$ 13,285,829	\$ 10,569,708

Represented by the following financial assets:

Cash and short-term investments	\$ 13,285,829	\$ 10,569,708
---------------------------------	---------------	---------------

Including the following Reserve Funds:		As Restated (Note 20)
Federal Gas Tax (Community Works) Funds (Note 16)	\$ 3,308,355	\$ 2,809,240
Capital Works Reserve	1,538,984	86,228
Equipment Replacement Reserve	506,411	646,782
Municipal Marina Reserve	467,614	375,525
Water Utility Reserve	676,935	528,195
Sewer Enterprise Reserve (Note 14)	5,769,769	5,060,199
Lancaster Sewer Lift Station Capital Reserve	78,110	76,663
Point Holmes Sewer Lift Station Capital Reserve	51,513	50,558
Waterfront Walkway Reserve	329	323
Affordable Housing Reserve	177,187	173,276
Fire Department Capital Reserve - Town Share	214,042	257,895
Public Safety Reserve	410,901	403,289
	13,200,150	10,468,173
Fire Department Capital Reserve CFPID share (Note 7c)	85,679	101,535
	\$ 13,285,829	\$ 10,569,708

Town of Comox

Schedule of Deferred and Restricted Revenue Continuity
Year ended December 31, 2018

Schedule 3

	2017 Balance	Receipts	Interest	Refunded	Recognized as Revenue	2018 Balance
Deferred Revenue						
Prepaid property taxes	\$ 752,125	\$ 822,433	\$ 8,608	\$ -	\$ 757,281	\$ 825,885
Prepaid parcel tax commutation - Kye Bay Water / Sewe	7,662	-	-	-	-	7,662
Prepaid Storm Drainage Development Works Payment	-	-	-	-	-	-
Prepaid recreation fees	277,222	282,722	-	-	275,339	284,605
Prepaid marina fees	70,156	75,681	-	-	70,156	75,681
Prepaid dog tags	1,483	1,561	-	-	1,483	1,561
Prepaid business licenses	100	15,002	-	-	100	15,002
Prepaid property rents	-	-	-	-	-	-
Prepaid administration fees	-	-	-	-	-	-
Prepaid environmental mitigation	7,670	-	-	-	-	7,670
Total Deferred Revenue	1,116,418	1,197,399	8,608	-	1,104,359	1,218,066
Restricted Revenue						
<u>Development Charges:</u>						
Open Space Development Cost Charges	2,629,981	192,151	51,337	-	-	2,873,469
Water Development Cost Charges	1,177,865	-	22,234	-	14,250	1,185,849
Major Road Development Cost Charges	231,363	352,691	7,199	-	-	591,253
Storm Drain Development Cost Charges	663,598	-	12,527	-	10,859	665,266
Sanitary Sewer Development Cost Charges	88,604	80,743	2,277	-	-	171,624
	4,791,411	625,585	95,574	-	25,109	5,487,461
<u>Other Restricted Revenue</u>						
5% Payment in Lieu of Parks Dedication	396,869	-	7,492	-	-	404,361
Developer Payments in Lieu of Parking	29,862	-	564	-	-	30,426
Developer Contribution for Public Amenities	-	25,000	-	-	-	25,000
Developer Payments for Affordable Housing	243,065	64,901	4,588	-	-	312,554
	669,796	89,901	12,644	-	-	772,341
Total Restricted Revenue	5,461,207	715,486	108,218	-	25,109	6,259,802

Town of Comox

Continuity of Equity in Tangible Capital Assets
Year ended December 31, 2018

Schedule 4

	2018	As Restated (Note 20) 2017
Opening balance of equity in Tangible Capital Assets	85,675,778	84,812,234
Changes in Capital Assets		
Acquisitions of tangible capital assets	3,218,928	4,342,117
Tangible capital assets acquired through development	726,225	-
Write-offs of assets replaced (at NBV)	(11,369)	(994,125)
Amortization expense	(3,061,818)	(2,988,987)
Changes in related liabilities		
Principal payment on debenture (to sinking fund)	174,070	372,506
Actuarial earnings on debenture sinking fund	68,802	132,033
Closing Balance of Equity in Tangible Capital Assets	\$ 86,790,616	\$ 85,675,778

Represented by the following:

Tangible capital assets at net book value (Schedule 5)		
Capital assets at cost	\$ 133,756,300	\$ 130,282,685
Less accumulated amortization	(46,789,045)	(44,187,396)
Tangible capital assets at net book value	86,967,255	86,095,289
Net debenture debt (Note 6)	(185,389)	(428,261)
Shares in Courtenay Golf Club Ltd.	8,750	8,750
	\$ 86,790,616	\$ 85,675,778

Town of Comox
Schedule of Tangible Capital Assets
Year ended December 31, 2018

Schedule 5

										Totals	
	Land	Land Improvements	Buildings	Equipment	Transportation	Storm Drain	Water Service	Sewer Service	Work in Progress	2018	2017
Cost											
Opening costs	8,985,178	4,579,200	18,969,167	6,641,361	43,511,886	22,485,591	13,008,425	11,914,332	187,549	130,282,689	127,263,826
Additions during the year	-	336,913	95,637	1,059,597	1,475,467	399,941	229,843	147,237	200,518	3,945,153	4,342,117
Add/(Less): Assets put to use	-	3,269	-	1,033	23,529	-	16,731	-	(44,562)	-	
Disposals and write downs	-	-	-	(432,402)	(39,140)	-	-	-		(471,542)	(1,323,258)
Closing costs	8,985,178	4,919,382	19,064,804	7,269,589	44,971,742	22,885,532	13,254,999	12,061,569	343,505	133,756,300	130,282,685
Accumulated Amortization											
Opening accum'd amortization	-	1,991,884	3,750,862	4,055,838	20,377,842	6,342,702	4,010,623	3,657,649	-	44,187,400	41,527,542
Amortization	-	159,216	378,944	467,919	1,235,245	319,435	326,507	174,552	-	3,061,818	2,988,987
Accum Amort Adj for Disp/WD	-	-	-	(421,033)	(39,140)	-	-	-	-	(460,173)	(329,133)
Closing accum'd amortization	-	2,151,100	4,129,806	4,102,724	21,573,947	6,662,137	4,337,130	3,832,201	-	46,789,045	44,187,396
Net Book Value of Tangible Capital Assets	8,985,178	2,768,282	14,934,998	3,166,865	23,397,795	16,223,395	8,917,869	8,229,368	343,505	86,967,255	86,095,289

Town of Comox
Schedule of Operations by Segment
Year ended December 31, 2018

Schedule 6

	General Government	Protective Services	Waste Disposal	Development Services	Transportation	Parks, Recreation & Culture	Marina	Water	Sanitary Sewer	Total All Segments	2018 Budget
Revenue											
Property valuation tax	\$ 8,322,434	\$ -	\$ -	\$ 72,900	\$ 16,869	\$ -	\$ -	\$ -	\$ -	\$ 8,412,203	\$ 8,415,570
Parcel taxes	-	-	-	-	20,974	-	-	306,844	305,390	633,208	639,290
Payments in-lieu of taxes	1,534,872	-	-	-	-	-	-	-	-	1,534,872	1,468,800
Utility fees	-	-	1,622,349	-	-	-	-	2,540,262	2,476,438	6,639,049	6,710,730
Other sale of service	96,323	546,030	-	-	16,871	1,845,501	372,586	-	-	2,877,311	2,513,222
Licences, permits & planning fees	93,340	281,444	-	59,300	-	-	-	-	-	434,084	193,550
Developer cost charges applied	-	-	-	-	10,859	-	-	14,250	-	25,109	444,776
Tangible capital assets contributed	-	-	-	-	499,389	-	-	135,528	91,304	726,221	-
Donations	-	-	-	-	-	116,597	-	-	-	116,597	46,500
Investment income	136,332	14,380	-	67,892	88,384	7,095	-	34,606	108,481	457,170	144,000
Penalties and interest on taxes	67,556	-	-	-	-	-	-	-	-	67,556	52,000
Actuarial earnings on sinking fund	-	-	-	-	21,465	33,592	-	9,753	3,992	68,802	-
Rentals	-	-	-	-	-	142,280	-	-	-	142,280	130,200
Other	125,821	-	-	-	1,438	-	-	-	870	128,129	135,500
Gain on disposal of assets	-	22,965	-	-	77,630	-	-	-	-	100,595	-
Unconditional Grants	319,058	56,079	-	-	-	-	-	-	-	375,137	375,000
Conditional Grants	2,720	17,600	-	-	794,446	65,259	-	-	-	880,025	1,137,240
	10,698,456	938,498	1,622,349	200,092	1,548,325	2,210,324	372,586	3,041,243	2,986,475	23,618,348	22,406,378
Expenses											
Employees	1,247,807	1,014,488	48,387	395,134	1,056,038	2,340,288	73,463	213,223	64,180	6,453,008	6,165,800
Services	539,618	1,978,053	1,283,686	105,784	297,051	1,483,175	74,623	335,425	2,087,784	8,185,199	9,277,306
Materials	32,635	185,047	1,139	3,790	279,087	304,359	7,584	1,764,978	22,055	2,600,674	2,755,650
Interest	9,361	-	-	-	9,500	9,073	-	14,340	1,652	43,926	69,250
Amortization	41,382	134,185	-	-	1,849,013	491,768	43,307	327,611	174,552	3,061,818	3,000,000
Other	-	-	-	-	-	-	-	-	-	-	15,000
	1,870,803	3,311,773	1,333,212	504,708	3,490,689	4,628,663	198,977	2,655,577	2,350,223	20,344,625	21,283,006
Surplus for the year	\$ 8,827,653	\$ (2,373,275)	\$ 289,137	\$ (304,616)	\$ (1,942,364)	\$ (2,418,339)	\$ 173,609	\$ 385,666	\$ 636,252	\$ 3,273,723	\$ 1,123,372

Town of Comox
Schedule of Operations by Segment
Year ended December 31, 2017

Schedule 7

	General Government	Protective Services	Waste Disposal	Development Services	Transportation	Parks, Recreation & Culture	Marina	Water	Sanitary Sewer	As Restated (Note 20) Total All Segments	2017 Budget
Revenue											
Property valuation tax	\$ 7,984,564	\$ -	\$ -	\$ 72,901	\$ 16,871	\$ -	\$ -	\$ -	\$ -	\$ 8,074,336	\$ 8,078,123
Parcel taxes	-	-	-	-	20,974	-	-	298,809	312,975	632,758	638,431
Payments in-lieu of taxes	1,438,582	-	-	-	-	-	-	-	-	1,438,582	1,449,962
Utility fees	-	-	1,437,447	-	-	-	-	2,434,890	2,467,799	6,340,136	6,303,641
Other sale of service	90,776	804,929	-	-	12,313	1,717,732	366,555	-	-	2,992,305	2,509,747
Licences, permits & planning fees	93,977	118,224	-	41,611	-	-	-	-	-	253,812	226,750
DCC's used for capital acquisitions	-	-	-	-	167,089	-	-	1,055	-	168,144	444,776
TCA acquired through developers	-	-	-	-	-	-	-	-	-	-	-
Donations	8,625	-	-	-	-	83,219	-	-	-	91,844	201,400
Investment income	150,839	5,945	-	-	29,712	-	2,803	5,048	30,177	224,524	120,000
Penalties and interest on taxes	57,734	-	-	-	-	-	-	-	-	57,734	64,500
Actuarial earnings on sinking fund	-	-	-	-	19,289	100,568	-	8,589	3,587	132,033	-
Rentals	-	-	-	-	-	146,302	-	-	-	146,302	126,476
Other	57,869	-	-	-	2,212	-	-	-	1,001,909	1,061,990	48,100
Gain on disposal of assets	-	18,857	-	-	(1,791)	-	-	(353)	214,161	230,874	-
Unconditional Grants	314,941	61,380	-	597	-	-	-	-	-	376,918	390,000
Conditional Grants	-	17,100	-	-	1,481,650	30,772	-	-	-	1,529,522	1,792,477
	10,197,907	1,026,435	1,437,447	115,109	1,748,319	2,078,593	369,358	2,748,038	4,030,608	23,751,814	22,394,383
Expenses											
Employees	1,268,353	1,046,394	48,936	329,684	1,029,703	2,209,888	84,120	208,099	63,832	6,289,009	6,490,637
Services	431,609	1,499,432	1,321,248	108,008	229,001	1,396,540	82,979	325,749	2,013,673	7,408,239	7,914,018
Materials	36,287	141,690	2,804	1,776	307,753	332,204	11,257	1,694,512	7,772	2,536,055	2,667,705
Interest	4,809	-	-	-	9,500	72,365	-	15,455	3,304	105,433	107,875
Amortization	27,319	143,984	-	-	1,823,136	447,062	50,140	316,093	181,253	2,988,987	-
Other	-	-	-	-	-	-	-	-	-	-	15,000
	1,768,377	2,831,500	1,372,988	439,468	3,399,093	4,458,059	228,496	2,559,908	2,269,834	19,327,723	17,195,235
Surplus for the year	\$ 8,429,530	\$ (1,805,065)	\$ 64,459	\$ (324,359)	\$ (1,650,774)	\$ (2,379,466)	\$ 140,862	\$ 188,130	\$ 1,760,774	\$ 4,424,091	\$ 5,199,148

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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 lower of cost and market value, and Guaranteed Investment Certificates.

Short-term Investments	2018	2017
Municipal Finance Authority of BC Funds:		
Short-term Bond Fund *	\$ 48,372	\$ 47,857
Intermediate Bond Fund	5,836,086	5,727,080
Money Market Fund	7,491,533	9,358,628
* Adjusted for Trust Fund	13,375,990	15,133,565
Guaranteed Investment Certificates		
Scotiabank	6,109,130	6,041,786
Coast Capital Savings	6,000,000	-
Coastal Community Credit Union	2,500,000	
	\$ 27,985,120	\$ 21,175,351

(c) Trust Fund

A Town-administered trust fund has been excluded from the financial statements. The balance in the fund was \$ 260,802 at December 31, 2018 (\$ 255,970 in 2017). It was invested in the MFA Short-term Bond Fund in 2018 and 2017. Interest earned was \$4,832 in 2018 (\$194 in 2017).

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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, and is taken at one-half of normal rate in that first year. 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	Amortization Rate
Land	\$ 10,000	Indefinite	None
Land improvements	\$ 10,000	25 years	4%
Buildings	\$ 10,000	50 years	2%
Vehicles, Machinery and Equipment	\$ 10,000	8 to 20 years	5% to 12.5%
Computers and programs	\$ 10,000	5 years	20%
Engineered Structures			
Road surfaces	\$ 10,000	25 years	4%
Road sub-surfaces	\$ 10,000	50 years	2%
Sidewalks	\$ 10,000	50 years	2%
Storm drains surface	\$ 10,000	25 years	4%
Storm drains sub-surface	\$ 10,000	75 years	1.3333%
Water	\$ 10,000	75 years	1.3333%
Sewer	\$ 10,000	75 years	1.3333%
Other surface structures	\$ 10,000	25 years	4%

(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, 2018

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. Capital grants are recognized when the related acquisition occurs. 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 parcels of land are valued at fair market value at the date of contribution. Contributed tangible capital assets are recorded at fair market value when the contribution is received. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(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, 2018.

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, 2018 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, 2018

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 employee benefit obligations, 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. RECENT ACCOUNTING PRONOUNCEMENT

(a) Related Party Disclosures and Inter-Entity Transactions

Effective January 1, 2018, the Town adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

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

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

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

3. RECENT ACCOUNTING PRONOUNCEMENT (continued)

(b) Assets, Contingent Assets and Contractual Rights

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

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

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

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

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

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

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

4. RECEIVABLES

Receivables are composed of the following amounts:

	2018	2017
Employees	\$ 747	\$ 1,487
Governments	150,576	200,316
Other	679,220	616,324
Total receivables	\$ 830,543	\$ 818,127

5. PAYABLES

Payables are composed of the following amounts:

	2018	2017
Wages payable	\$ 220,903	\$ 195,855
Governments	2,400,080	1,645,590
Trade & Other	375,327	358,996
Total payables	\$ 2,996,310	\$ 2,200,441

Town of Comox
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

6. DEBENTURES ISSUED FOR THE TOWN

The Town's debenture debt arises from participation in debenture issues 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, 2018 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	\$ 224,643	\$ 92,607	\$ 5,194	\$ 9,731
Apr 2008 B/L #1520	Pt. Holmes Water	14 yrs	4.65%	270,000	\$ 177,218	92,782	3,733	10,958
Total at December 31, 2018				\$ 587,250	\$ 401,861	\$ 185,389	\$ 8,927	\$ 20,689
Total at December 31, 2017				\$2,062,250	\$1,633,989	\$ 428,261	\$ 28,482	\$ 114,266

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

Year	Schedule Annual Payments			Sinking Fund		Net Debt
	Principal	Interest	Total	Actuarial Earnings	Outstanding	
2019	\$ 23,225	\$ 13,224	\$ 36,449	\$ 15,383	\$ 146,780	
2020	23,225	13,224	36,449	17,095	106,459	
2021	23,225	13,224	36,449	18,884	64,350	
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 7 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, 2018

7. 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 2018 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 6). 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 (\$8,927 at December 31, 2018; \$28,482 in 2017), plus Promissory Notes issued by the Town at the time of issue (\$20,689 at December 31, 2018; \$114,266 in 2017).

(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, 2018 the District's share of those tangible capital assets (at cost and net book value) were \$1,030,424 and \$496,642 respectively (\$985,511 and \$456,909 in 2017) and its share of a Fire Department Capital Reserve was \$85,679 (\$101,535 in 2017).

(d) Municipal Insurance Association of BC

The Town is a subscribed member of the Municipal Insurance Association of BC (the "Exchange") as provided by Section 3.02 of the Insurance Act. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any Subscriber. Under the Reciprocal Insurance Exchange Agreement the Town is assessed a premium with specific deductible for its claims based on population. The obligation of the Municipality with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its Subscribers in connection with the Exchange are in every case several, and not joint and several.

(e) 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, 2018

8. 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 the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

The most recent actuarial valuation as at December 31, 2015, indicated a \$2.224 billion surplus for basic pension benefits. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged. The next valuation will be December 31, 2018, with results available in 2019.

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

The Town of Comox paid \$438,710 for employer contributions to the plan in 2018, on behalf of 72 employees (\$438,793 in 2017 on behalf of 72 employees).

9. FUTURE PAYROLL OBLIGATIONS

The Town calculates the value of vacation, sick, severance, and meritorious service accruals to be \$929,636 at December 31, 2018 (\$916,151 in 2017).

Vacation Accrual is calculated to be \$485,760 at December 31, 2018 (\$482,158 in 2017). Sick, Severance, & Meritorious Service is calculated to be \$443,876 at December 31, 2018 (\$433,993 in 2017).

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 2.90% (2% and 2.90% respectively in 2017). 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, 2018

10. FINANCIAL INSTRUMENTS

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

11. 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.

12. 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.

13. 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.

14. TRANSFERS BETWEEN RESERVE FUNDS

During 2014 the Town transferred \$800,000 from the Sewer Enterprise Reserve to the Capital Works Reserve, from which it was spent on a capital project. Under Section 189 of the Community Charter, the Town must repay this transfer with an amount equivalent to the interest that would have been earned had these funds remained in the Sewer Enterprise Reserve. In its 2018 Financial Plan Council budgeted a \$200,000 repayment of the transfer.

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

15. 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 2018 and 2017, 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.

Waste Disposal – 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.

Recreation, Parks 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 – 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 – 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, 2018

16. 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:	2018	2017
Opening balance at start of year	\$ 2,809,240	\$ 2,820,266
Transfers received during year	657,246	635,339
Interest on investments	56,449	29,061
Draws to fund eligible projects	(214,579)	(675,426)
Closing balance at end of year	\$ 3,308,355	\$ 2,809,240

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.

17. RECONCILIATION OF 2018 BUDGET

The Town's budget figures come from a five-year Financial Plan adopted May 9, 2018 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 Towns 2018 Financial Plan:

Reconciliation of 2018 Budget Reported to Financial Plan:	
Net budget for 2018 reported	\$ 1,123,372
Capital acquisitions in Financial Plan	(6,096,710)
Transfers from capital reserves in Financial Plan	5,698,177
Transfers to capital reserves in Financial Plan	(3,527,533)
Debt principal repayments in Financial Plan	(197,306)
Amortization expense	3,000,000
Net of Financial Plan	\$ -

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

18. 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	2018	As Restated (Note 20) 2017
Operating Funds:		
General Operating Fund	\$ 4,993,903	\$ 3,020,616
Water Operating Fund	1,215,250	924,924
Sanitary Sewer Operating Fund	2,738,100	2,340,026
	<u>8,947,253</u>	<u>6,285,566</u>
Capital Funds:		
General Capital Fund	66,723,577	67,735,406
Water Capital Fund	8,702,021	9,292,029
Sanitary Sewer Capital Fund	8,146,095	8,648,343
	<u>83,571,693</u>	<u>85,675,778</u>
Reserve Funds (Schedule 2)	13,285,829	10,569,708
Net of Financial Plan	<u>\$ 105,804,775</u>	<u>\$ 102,531,052</u>

19. COMPARATIVE FIGURES

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

Town of Comox

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

20. RESTATEMENT OF FINANCIAL RESULTS

(a) Tangible Capital Assets, Net Book Values

In 2018, the Town implemented a new asset tracking system. During the conversion a number of assets were noted as under or over amortized and were corrected. The net impact of the correction was an increase to the 2017 closing net book value of tangible capital assets in the amount of \$71,454.

(b) Tangible Capital Assets, Work In Progress

In 2017, an expense of \$10,125 for modeling proposed enhancements to the Marina Promenade was capitalized in work-in-progress. This amount has subsequently been removed from Tangible Capital Assets and expensed to that period.

(c) Fire Department Capital Reserves

In 2017, the Town of Comox received payment from the Comox Fire Protection Improvement District (CFPID) for \$343,548 based on calculation of the net revenue from the Comox Fire Department, which includes its transfers to reserves. The reserve balance in 2017 (Schedule 2) has been restated to reflect the transfer of \$97,133 to Fire Department Capital Reserves (Comox Fire Reserve \$67,714, and CFPID Reserve \$29,419).

(d) Impact of Restatements on Financial Statements

2017

Statement of Financial Position

Tangible capital assets	Before	86,033,960
	Note 20(a)	71,454
	Note 20(b)	(10,125)
	As restated	86,095,289

Statement of Operations

Parks, recreation, and culture	Before	4,447,934
	Note 20(b)	10,125
	As restated	4,458,059

Accumulated surplus, beginning of year	Before	98,035,507
	Note 20(a)	71,454
	As restated	98,106,961

PERMISSIVE PROPERTY TAX EXEMPTIONS



Kye Bay

Town of Comox

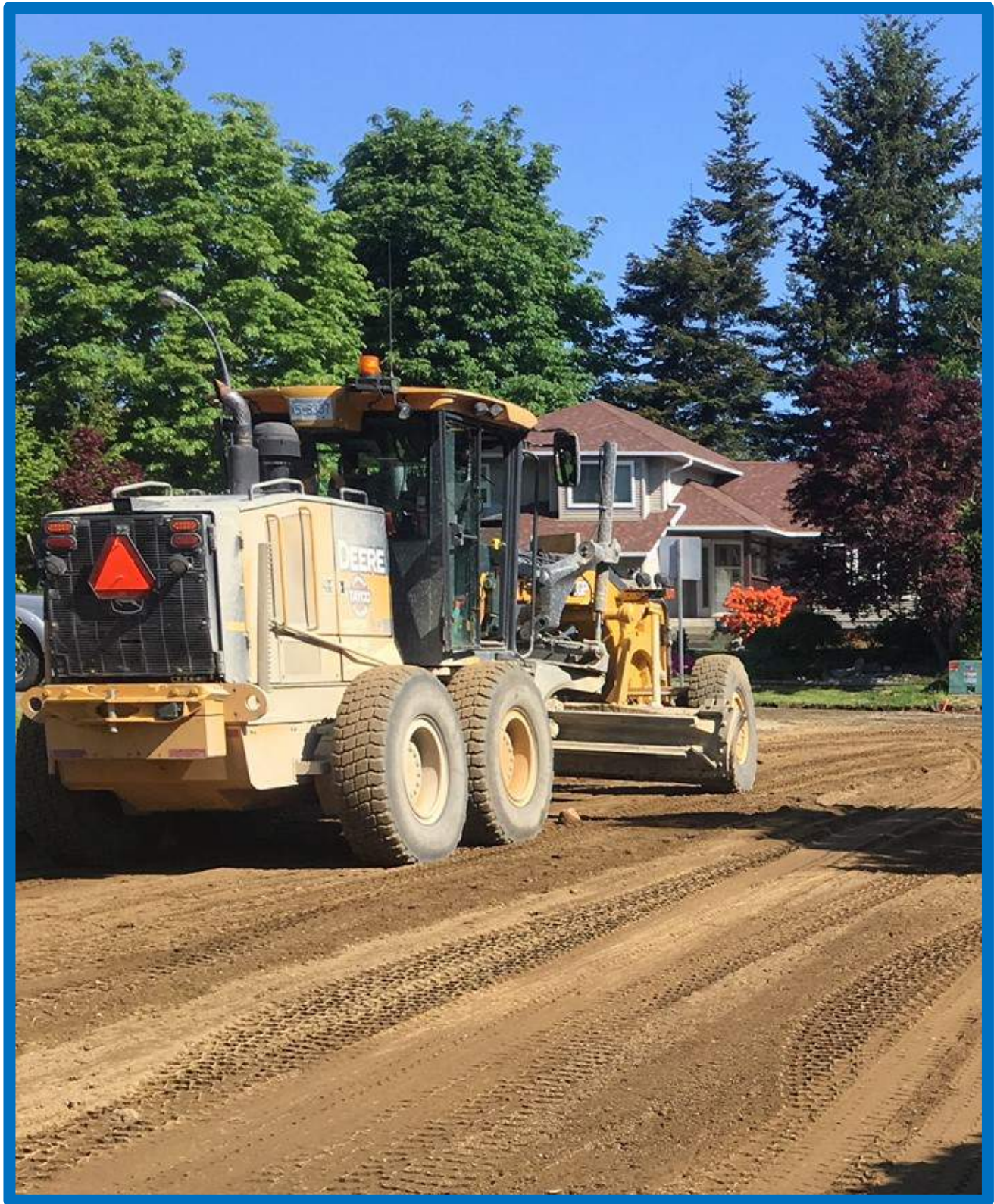
Effect of Permissive Exemptions on 2019 Taxation

Description of Property	Folio Number	Exemption Requested	Exemption in Bylaw	Actual Value of Property	Taxable Value of Property	Effect of Tax Exemption Bylaw	Property Class	Town General	Total Taxes Exempted
				Per Revised Roll	Per Revised Roll	Per Revised Roll Exc. Stat. Exemptions			
Comox Golf Course	231.000	76% Town owned share of land total lot size 46.68 acres	76% Town owned share of land total lot size 46.68 acres	10,000	10,000	-	6	-	-
				900,000	215,000	685,000	8	4,732.20	8,184.97
				910,000	225,000	685,000	6 & 8	4,732.20	8,184.97
				land only	land only	76% of land			
Filberg Lodge & Park	470.001 & 470.004	All of land & buildings total lot size 9.096 acres	All of land & buildings total lot size 9.096 acres	2,303,000	-	2,293,000	6	23,558.69	43,590.42
				58,300	-	48,300	6	496.24	918.19
				3,303,000	-	3,303,000	8	22,818.18	39,467.05
				5,664,300	-	5,644,300	6 & 8	46,873.11	83,975.66
				all of property	all of property	all of property			
Comox Archives & Museum	279.004	All of land & building occupied	All of land & building occupied	159,700	-	149,700	6	1,538.04	2,845.82
				all of property	all of property	all of property			
Pearl Ellis Art Gallery	279.005	All of land & building occupied	All of land & building occupied	158,700	-	148,700	6	1,527.77	2,826.81
				all of property	all of property	all of property			
Lion's Den	279.006	All of land & building occupied	All of land & building occupied	351,000	-	341,000	6	3,503.50	6,482.49
				all of property	all of property	all of property			
Unity Comox Valley	279.008	All of land & building occupied	All of land & building occupied	97,200	-	87,200	6	895.91	1,657.70
				all of property	all of property	all of property			
Tigger Too Day Care	492.001	All of land & building	Half of land & building	694,000	347,000	347,000	1	813.99	1,927.03
				all of property	all of property	half of land &			
Comox Valley Marine Rescue Society	481.028	All of building	All of land and improvements	24,700	-	14,700	6	151.03	279.45
				all of property	all of property	all of property			
Point Holmes Recreation Association	27501.125	All of land & improvements	All of land & improvements	638,800	-	628,800	6	6,460.40	11,953.61
				all of property	all of property	all of property			
Comox United Church	1.170	All of land surrounding church total lot size 0.709 acres	All of land surrounding church total lot size 0.709 acres	707,000	-	565,600	8	3,907.35	6,758.27
				land only	land only	remainder of land			
Comox Pentecostal Church	507.004	All of land surrounding church total lot size 2.0 acres	All of land surrounding church total lot size 2.0 acres	460,400	-	418,964	8	2,894.34	5,006.14
				land only	land only	remainder of land			
St. Peter's Anglican Church	375.000	All of land surrounding church total lot size 0.578 acres	All of land surrounding church total lot size 0.578 acres	442,000	-	335,920	8	2,320.64	4,013.87
				land only	land only	remainder of land			

Town of Comox

Effect of Permissive Exemptions on 2019 Taxation

				227,000	-	220,202	1	516.55	1,222.86
				314,200	-	304,791	8	2,105.60	3,641.91
Bay Community Church	802.052	2 acres of land total lot size 4.742 acres	All of land surrounding church total lot size 4.742 acres but 0.142 acres under building is statutorily exempt, leaving 4.6 residual acres	541,200 land only	- land only	524,994 remainder of land	1 & 8	2,622.15	4,864.77
Comox Valley Presbyterian Church	600.970	All of land surrounding church total lot size 2.33 acres	All of land surrounding church total lot size 2.33 acres	391,500 land only	- land only	368,010 remainder of land	8	2,542.33	4,397.29
The Views at St. Joseph's	1.015	All care facility purposed land total lot size 15.719 acres less 225 m2 for taxable occupant(s) 0.354%	All care facility purposed land total lot size 15.719 acres less 225 m2 for taxable occupant(s) 0.354%	8,102,000 land only	- land only	6,967,720 remainder of land	6	71,587.61	132,457.88
Comox Seniors Centre Association	398.000	All of land & building	All of land & building	1,605,000 all of property	- all of property	1,605,000 all of property	8	11,087.85	19,177.89
				492,000	-	482,000	6	4,952.15	9,162.92
				492,000	-	492,000	8	3,398.89	5,878.84
Royal Canadian Legion No. 160	388.000	All of Land & Building	All of Land & Building	984,000 all of property	- all of property	974,000 all of property	6 & 8	8,351.04	15,041.76
Nature Trust of BC	701.000	All of land	All of land	621,000	-	621,000	1	1,456.74	3,448.65
Nature Trust of BC	703.000	All of land	All of land	661,000	-	247,875	8	1,712.40	2,961.82
Nature Trust of BC	1100.394	All of land	All of land	16,200	-	16,200	1	38.00	89.96
				1,298,200 all of land	- all of land	885,075 all of land	1 & 8	3,207.14	6,500.43
				430,000	420,000	-	6	-	-
				284,000	-	284,000	8	1,961.96	3,393.48
888 (Komox) RCAF Wing	803.020	All of Class 8 Land & Building	All of Class 8 Land & Building	714,000 all of property	420,000 all of property	284,000 all Class 8 property	6 & 8	1,961.96	3,393.48
D'Esterre Senior Citizens Society	475.001	All of land surrounding units total lot size 0.75 acres	All of land surrounding units total lot size 0.75 acres	405,300 land only	- land only	312,081 remainder of land	1	732.08	1,733.10
				61,900	-	51,900	6	533.23	986.64
				6,200	-	6,200	8	42.83	74.08
Comox Valley Tennis Club	229.006	All of Land & Building	All of Land & Building	68,100 all of property	- all of property	58,100 all of property	6 & 8	576.06	1,060.72
				\$ 24,417,100	\$ 992,000	\$ 21,345,864		\$ 178,286.50	\$ 324,539.14
				Breakdown by Property Class					
						1,516,483	1	3,557.36	8,421.60
						11,213,020	6	115,204.57	213,161.93
						8,616,360	8	59,524.57	102,955.61
Note: The effect of the Town's exemptions are calculated after BC Assessment's statutory exemptions on the property						\$ 21,345,864		\$ 178,286.50	\$ 324,539.14



Bambrick Place resurfacing

CONTINUITY OF DEVELOPMENT COST CHARGES



Comox Avenue sidewalk installation

Town of Comox
Schedule of Development Cost Charge (DCC) Continuity
Year Ended December 31, 2018

	2018 Balance	Receipts	Interest	Recognized as Revenue	2018 Balance
Open Space Development Cost Charges	\$ 2,629,981	\$ 192,151	\$ 51,337	\$ -	\$ 2,873,469
5% Payment in Lieu of Parks Dedication	396,869	-	7,492	-	404,361
Water Development Cost Charges	1,177,865	-	22,234	14,250	1,185,849
Major Road Development Cost Charges	231,363	352,691	7,199	-	591,253
Storm Drain Development Cost Charges	663,598	-	12,527	10,859	665,266
Sanitary Sewer Development Cost Charges	88,604	80,743	2,277	-	171,624
	<u>\$ 4,791,411</u>	<u>\$ 625,585</u>	<u>\$ 95,574</u>	<u>\$ 25,109</u>	<u>\$ 5,487,461</u>

There were no DCC exemptions or waivers granted in 2018