



Consolidated Financial Statements of

# Town of Comox

Year Ended December 31, 2018

# Town of Comox

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### Year Ended December 31, 2018

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# Town of Comox

## Management's Responsibility for Financial Reporting

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

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

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



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Clive Freundlich  
Director of Finance

# Independent Auditor's Report

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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
<b>Financial Assets:</b>		
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
<b>Financial Liabilities:</b>		
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
<b>Net Financial Assets</b>	18,509,451	16,091,069
<b>Non-financial assets:</b>		
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
<b>Accumulated surplus (Note 18)</b>	<b>\$ 105,804,775</b>	<b>\$ 102,531,052</b>

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

			As Restated (Note 20)
	Budget (Note 17)	2018	2017
<b>Revenue</b>			
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
<b>Expenses</b>			
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
<b>Annual surplus</b>	1,123,372	3,273,723	4,424,091
Accumulated surplus, beginning of year	102,531,052	102,531,052	98,106,961
<b>Accumulated surplus, end of year</b>	<b>\$ 103,654,424</b>	<b>\$ 105,804,775</b>	<b>\$ 102,531,052</b>

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

# Town of Comox

## Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2018

	Budget (Note 17)	2018	As Restated (Note 20) 2017
<b>Surplus for the year</b>	\$ 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
<b>Net Financial Assets at end of year</b>	<b>\$ 11,117,731</b>	<b>\$ 18,509,451</b>	<b>\$ 16,091,069</b>

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



# Town of Comox

## Consolidated Statement of Cash Flows as at December 31, 2018

	2018	As Restated (Note 20) 2017
Net inflow (outflow) of cash related to the following activities:		
<b>Operating activities:</b>		
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
<b>Investing Activities</b>		
Short-term investing	(6,809,769)	(1,542,741)
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(3,218,928)	(4,342,117)
<b>Financing activities:</b>		
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
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,931,482</b>	<b>\$ 5,698,893</b>
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

			<b>As Restated (Note 20) 2017</b>
	<b>Budget (Note 17)</b>	<b>2018</b>	
<b>Expenses</b>			
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	-	-
	<b>\$ 21,283,006</b>	<b>\$ 20,344,625</b>	<b>\$ 19,327,723</b>

# 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
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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
<b>Deferred Revenue</b>						
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
<b>Total Deferred Revenue</b>	<b>1,116,418</b>	<b>1,197,399</b>	<b>8,608</b>	<b>-</b>	<b>1,104,359</b>	<b>1,218,066</b>
<b>Restricted Revenue</b>						
<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
<b>Total Restricted Revenue</b>	<b>5,461,207</b>	<b>715,486</b>	<b>108,218</b>	<b>-</b>	<b>25,109</b>	<b>6,259,802</b>

# 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
<b>Revenue</b>											
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
<b>Expenses</b>											
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
<b>Surplus for the year</b>	\$ 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

	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
<b>Revenue</b>											
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
<b>Expenses</b>											
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
<b>Surplus for the year</b>	\$ 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	<u>Schedule Annual Payments</u>			<u>Sinking Fund</u>		<u>Net Debt</u>
	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