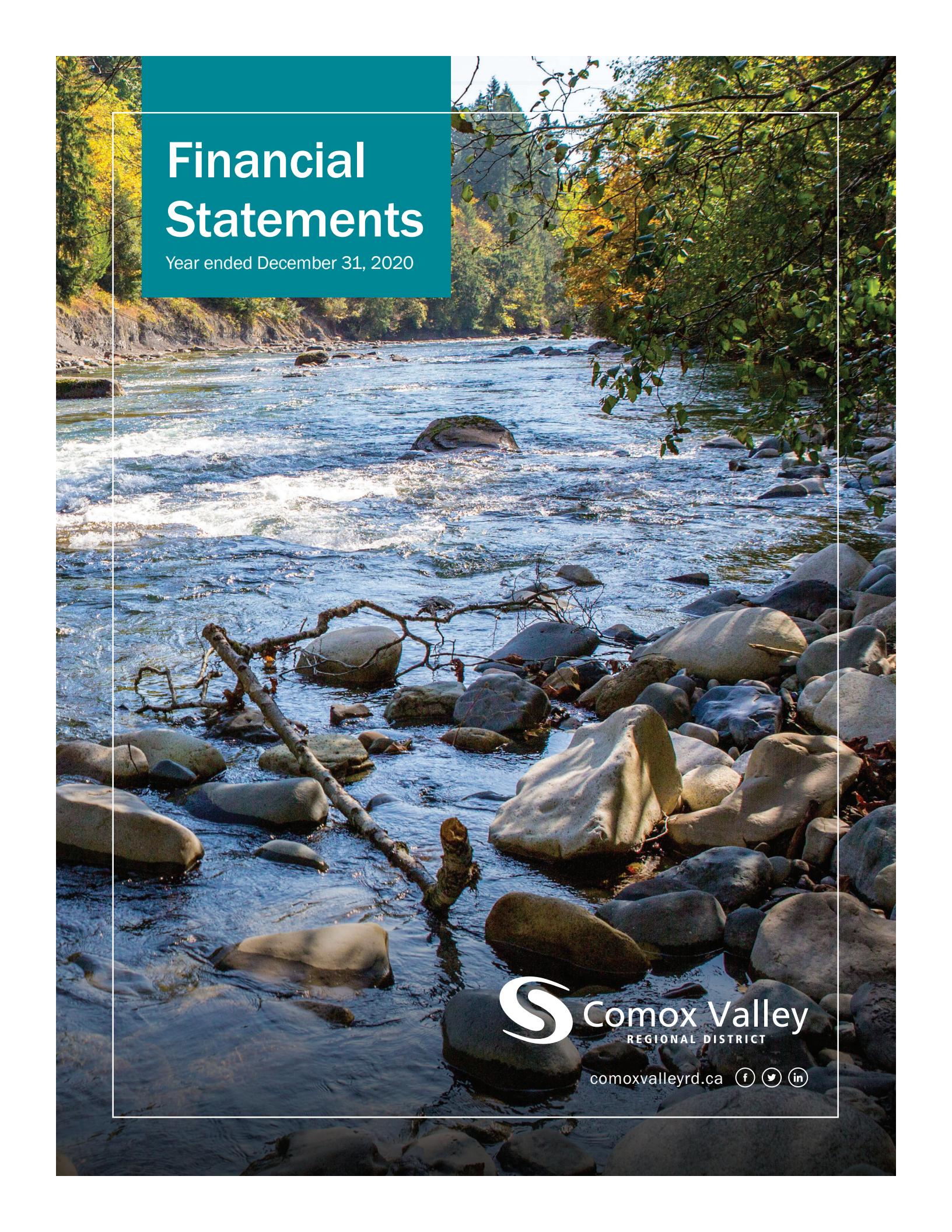




Financial Statements

Year ended December 31, 2020



Comox Valley
REGIONAL DISTRICT

comoxvalleyrd.ca   

Comox Valley Regional District
Elected and Appointed Officials
2020

Board of Directors

Area A - Baynes Sound/Denman-Hornby Islands	D. Arbour
City of Courtenay	W. Cole-Hamilton
Town of Comox	K. Grant
Area C - Puntledge Black Creek	E. Grieve
Area B - Lazo North	A. Hamir (Vice Chair)
City of Courtenay	D. Hillian
Village of Cumberland	J. Ketler (Chair)
City of Courtenay	M. McCollum
City of Courtenay	W. Morin
Town of Comox	M. Swift

Administration

Chief Administrative Officer	R. Dyson
Deputy Chief Administrative Officer	J. Warren
Chief Financial Officer	M. Foort
General Manager, Community Services	D. DeMarzo
General Manager, Corporate Services	J. Martens
General Manager, Engineering Services	M. Rutten
General Manager, Planning and Development Services	A. Mullaly
Executive Assistant	T. Warnes

Comox Valley Regional District
Financial Statements
December 31, 2020

Statement of Management's Responsibility for Financial Reporting

Independent Auditor's Report

Financial Statements

I Statement of Financial Position

I Statement of Operations

III Statement of Change in Net Financial Assets

IV Statement of Cash Flows

Notes to the Financial Statements

Supporting Schedules

A Schedule of Segment Disclosure by Service 2020

B Schedule of Segment Disclosure by Service 2019

C Schedule of Tangible Capital Assets

D Schedule of Long-Term Debt



Management's Responsibility for Financial Reporting

The financial statements have been prepared by management 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 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.

The board of directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

MNP LLP, Chartered Professional Accountants, the regional district's independent auditor, has conducted an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

A handwritten signature in black ink, appearing to read 'Myriah Foort', is positioned above a horizontal line.

Myriah Foort, BBA, CPA, CA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act

June 15, 2021

Independent Auditor's Report

To the Board of the Comox Valley Regional District:

Opinion

We have audited the financial statements of the Comox Valley Regional District (the "Regional District"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets and cash flows, for the year then ended, and related schedules and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2020, and the results of its operations and its 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 Financial Statements section of our report. We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Regional District'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 Regional District or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Regional District'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 Regional District'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 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 Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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

June 15, 2021

MNP LLP

Chartered Professional Accountants

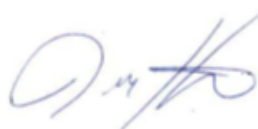
**Comox Valley Regional District
Statement of Financial Position
As at December 31, 2020**

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 71,500,308	\$ 55,452,790
Portfolio investments (Note 2)	42,203,195	40,077,106
Receivables (Note 3)	12,229,775	15,112,184
Security deposits	137,691	638,180
Debt recoverable from member municipalities (Note 4)	14,886,933	12,009,452
Total Financial Assets	<u>140,957,902</u>	<u>123,289,712</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 20,026,496	\$ 13,707,781
Restricted revenue (Note 6)	11,819,890	15,453,702
Deferred government transfers (Note 7)	2,265,375	2,294,122
Short-term debt (Note 8)	30,488,116	33,391,081
Long-term debt		
Member municipalities (Note 4)	14,886,933	12,009,452
Regional district - non-capital (Note 9 and Schedule D)	906,198	1,190,875
Regional district - capital (Note 9 and Schedule D)	27,586,447	10,809,168
Other liabilities	256,903	218,482
Provision for landfill closure and post closure (Note 11)	29,653,624	27,710,779
Total Liabilities	<u>137,889,982</u>	<u>116,785,442</u>
Net Financial Assets	<u>3,067,920</u>	<u>6,504,270</u>
Non-Financial Assets		
Prepaid expenses	586,723	913,583
Inventory of supplies	254,936	255,759
Tangible capital assets (Schedule C)	244,376,871	171,144,750
Total Non-Financial Assets	<u>245,218,530</u>	<u>172,314,092</u>
Accumulated Surplus (Note 12)	<u>\$ 248,286,450</u>	<u>\$ 178,818,362</u>

Contingent Liabilities (Note 14)
Commitments (Note 16)
Significant Event (Note 23)
Subsequent Event (Note 24)



M. Foort, BBA, CPA, CA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act (RSBC 2015)



J. Ketler
Chair of the Board

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

**Comox Valley Regional District
Statement of Operations
Year ended December 31, 2020**

Statement II

	2020 Budget (Note 19)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 36,816,042	\$ 37,163,443	\$ 35,515,657
Sales of services, fees and other revenue	23,370,374	22,127,284	23,717,163
Government grants and transfers	41,353,302	49,480,746	13,860,169
Contributions from others	10,000	11,182,032	3,507,776
Investment earnings	115,000	2,286,238	1,945,009
Loss on disposal of capital assets	-	(20,593)	(61,075)
Total Revenue	<u>101,664,718</u>	<u>122,219,150</u>	<u>78,484,699</u>
Expenses			
General government services	8,259,751	6,110,323	5,404,595
Protective services	5,073,424	4,850,269	4,526,758
Transportation services	3,513,195	2,444,233	2,918,331
Environmental health services	13,018,544	14,210,128	15,763,881
Public health and welfare services	402,104	246,114	340,665
Environmental development services	4,221,452	3,441,825	3,368,312
Recreation and cultural services	10,130,654	9,059,846	10,358,880
Water services	6,878,282	6,509,291	6,504,682
Sewer services	4,450,432	5,879,033	5,134,918
Total Expenses	<u>55,947,838</u>	<u>52,751,062</u>	<u>54,321,022</u>
Annual Surplus	45,716,880	69,468,088	24,163,677
Accumulated Surplus, beginning of year	<u>178,818,362</u>	<u>178,818,362</u>	<u>154,654,685</u>
Accumulated Surplus, end of year	<u>\$ 224,535,242</u>	<u>\$ 248,286,450</u>	<u>\$ 178,818,362</u>

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

Comox Valley Regional District
Statement of Change in Net Financial Assets
Year Ended December 31, 2020

Statement III

	2020 Budget (Note 19)	2020 Actual	2019 Actual
Annual Surplus	\$ 45,716,880	\$ 69,468,088	\$ 24,163,677
Amortization of tangible capital assets	-	6,917,423	6,298,899
Acquisition of tangible capital assets	(83,080,194)	(80,206,439)	(38,716,782)
Change in prepaid expenses	-	326,860	(117,975)
Change in inventory of supplies	-	823	3,354
Disposal of tangible capital assets	-	56,893	61,075
Decrease in Net Financial Assets	(37,363,314)	(3,436,352)	(8,307,752)
Net Financial Assets, beginning of year	6,504,270	6,504,270	14,812,022
Net Financial Assets (Net Debt), end of year	\$ (30,859,044)	\$ 3,067,918	\$ 6,504,270

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

**Comox Valley Regional District
Statement of Cash Flows
Year ended December 31, 2020**

Statement IV

	<u>2020</u>	<u>2019</u>
Operating Transactions		
Annual Surplus	\$ 69,468,088	\$ 24,163,677
Changes in non-cash operating balances		
Prepaid expenses	326,858	(117,975)
Inventory of supplies	823	3,354
Receivables	2,882,409	(8,368,198)
Security deposits	500,489	(19,366)
Accounts payable and accrued liabilities	6,318,715	5,715,862
Restricted revenue	(3,633,812)	2,137,641
Deferred government transfers	(28,747)	(106,436)
Other liabilities	38,421	44,675
Change in items not utilizing cash		
Amortization of tangible capital assets	6,917,423	6,298,899
Loss on disposal of tangible capital assets	56,893	61,075
Landfill closure and post closure allowance (Note 11)	1,942,845	2,373,522
Actuarial adjustment of debenture debt	(951,853)	(876,161)
Cash Provided by Operating Transactions	<u>83,838,552</u>	<u>31,310,569</u>
Capital Transactions		
Acquisition of tangible capital assets	(80,206,437)	(38,716,782)
Cash Applied to Capital Transactions	<u>(80,206,437)</u>	<u>(38,716,782)</u>
Investment Transactions		
Acquisition of portfolio investments	(2,126,089)	18,864,177
Cash Applied to Investment Transactions	<u>(2,126,089)</u>	<u>18,864,177</u>
Financing Transactions		
Long-term debt issued	18,585,089	-
Long-term debt repayments	(1,140,634)	(1,153,270)
Short-term debt issued	15,768,850	10,434,307
Short-term debt repayment	(18,671,815)	(204,653)
Cash Provided by Financing Transactions	<u>14,541,490</u>	<u>9,076,384</u>
Change in Cash	16,047,516	20,534,348
Cash, beginning of year	<u>55,452,790</u>	<u>34,918,442</u>
Cash, end of year	<u><u>\$ 71,500,306</u></u>	<u><u>\$ 55,452,790</u></u>

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

Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020

The Comox Valley Regional District (CVRD) was incorporated on February 15, 2008 by letters patent issued by the province of British Columbia. Its principal activities are the provision and coordination of local government services to the residents of three unincorporated electoral areas and three municipalities within its boundaries. These services include general government administration, bylaw enforcement, planning and development services, building inspection, fire protection and emergency disaster planning, public transportation, parks and recreation, water supply and distribution, wastewater disposal, solid waste collection and disposal and street lighting.

1. Significant Accounting Policies

a) British Columbia Regional Districts

It is the policy of the regional district to follow Canadian public sector accounting standards and to apply such standards consistently. As part of this policy, the resources and operations of the regional district 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 financial statements are prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The financial statements include the financial position, operations, changes in net financial assets and cash flows of the one economic entity of the regional district. Interfund transactions and fund balances have been eliminated on consolidation.

b) Portfolio Investments

Investments are held by the Municipal Finance Authority (MFA) in their pooled investment funds which include money market, intermediate and bond funds. Regional district funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Ltd. and CIBC Mellon Trust.

c) Inventory

Inventory of supplies are recorded at cost as a non-financial asset.

d) Financial Instruments

Financial instruments consist of cash and portfolio investments, receivables, debt recoverable from member municipalities, accounts payable and accrued liabilities, other liabilities and short and long-term debt. Unless otherwise noted, it is management's opinion that the regional district is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

1. Significant Accounting Policies (continued)

e) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

f) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is to be recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the regional district:
 - is directly responsible; or
 - accepts responsibility; and
- iv. it is expected that future economic benefits will be given up; and
- iv. a reasonable estimate of the amount can be made.

As a result of a review of regional district sites, no liability has been recorded in these financial statements. If a liability is determined, it will be recorded net of any expected recoveries.

g) Tangible Capital Assets

Tangible capital assets are a special class of non-financial assets and are recorded at cost, net of disposals, write-downs and amortization and are classified according to their functional use. Cost of the tangible capital assets includes all amounts that are directly attributable to acquisition, construction including installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the contribution with a corresponding amount recorded as revenue. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset. Assets under construction are not amortized until the asset is put into use. Estimated useful lives are as follows:

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

1. Significant Accounting Policies (continued)

g) Tangible Capital Assets (continued)

Land improvements	10 to 60 years
Buildings	15 to 50 years
Building improvements	3 to 20 years
Machinery, equipment, vehicles and fixtures	5 to 35 years
Water infrastructure	
Undergrounds systems, pumping stations	40 to 100 years
Reservoirs	80 years
Sewer infrastructure	
Mechanical, electrical and pump components	15 to 20 years
Aggregate system	30 years
Trunk and outfall network	45 to 80 years

The regional district is fortunate to have natural assets that reduce the need for engineered infrastructure that would otherwise be required. This includes a wide range of natural assets that provide water services, to assist in supply of drinking water, dilution and treatment of wastewater, mitigation of storm water flows, and shoreline erosion. Canadian public sector accounting standards do not allow for the valuation and recording of such assets in financial statements at this time and, as such, these natural assets are not reported in these financial statements. Nevertheless, the regional district acknowledges the importance of these assets and the need to manage them in conjunction with engineered infrastructure.

h) Accrued Employee Benefits

Based on obligations as determined by collective agreements and contractual arrangements, employee benefit accruals, which includes an allowance for vacation entitlement, are recorded in the year in which they are earned.

i) Post Employment Benefits

The long-term, post employment benefit liability of the regional district will be met by the Municipal Pension Plan into which both employees and the regional district contribute. The regional district is only liable for the interim retirement benefits for early retirees, from the date of retirement to the effective start date of the Municipal Pension Plan. Any liability for these benefits is accrued when the event occurs and the obligation arises.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

1. Significant Accounting Policies (continued)

j) Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

k) Revenue Recognition

Property tax revenues in the form of local government requisitions are recognized in the year they are levied. Interest and operating grants are recognized as earned. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable. User fees, transit, tipping fees, garbage and recycling collection fees 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 recognized as revenue in the year the capital project for which they were collected is undertaken.

l) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of tangible capital assets, their useful life, provisions for contingencies, liability for contaminated sites and closure and post closure costs of the regional district's landfills. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

2. Portfolio Investments

Portfolio investments include funds invested with the Municipal Finance Authority (MFA) in money market, intermediate and bond funds. The investments are carried at market value which approximates cost. The net rate of return earned on the regional district's portfolio in 2020 was approximately 5.3 per cent (2019 - 2.9 per cent). The term of the investments in the MFA pooled investment fund range up to 7 years.

Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020

3. Receivables

	2020	2019
Government of Canada	<u>\$1,242,871</u>	<u>\$1,109,908</u>
Province of British Columbia	<u>6,173,247</u>	<u>10,865,774</u>
Regional and local governments	<u>2,568,331</u>	<u>1,238,661</u>
Other trade receivables	<u>2,245,326</u>	<u>1,897,841</u>
	<u>\$12,229,775</u>	<u>\$15,112,184</u>

4. Debt Recoverable from Member Municipalities

Pursuant to the Local Government Act, the regional district acts as the agency through which its member municipalities borrow funds from the Municipal Finance Authority (MFA). The annual cost of servicing this municipal debt is recovered entirely from the borrowing member municipality. However, in the event of default the regional district and the other member municipalities are contingently liable to the MFA for this debt.

	2020	2019
City of Courtenay	<u>\$ 11,569,753</u>	<u>\$10,043,266</u>
Town of Comox	<u>106,459</u>	<u>146,780</u>
Village of Cumberland	<u>3,210,721</u>	<u>1,819,406</u>
	<u>\$14,886,933</u>	<u>\$12,009,452</u>

5. Accounts Payable and Accrued Liabilities

	2020	2019
Government of Canada	<u>\$108,827</u>	<u>\$8,257</u>
Province of British Columbia	<u>605,753</u>	<u>869,738</u>
Regional and local governments	<u>691,595</u>	<u>555,387</u>
Accrued interest on long-term debenture debt	<u>371,883</u>	<u>299,486</u>
Other trade payables	<u>18,248,438</u>	<u>11,974,913</u>
	<u>\$20,026,496</u>	<u>\$13,707,781</u>

Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020

6. Restricted Revenue

The regional district receives contributions from developers for the development of the water, sewer and parks infrastructure. These restricted contributions are recognized as revenue in the years in which the capital projects are undertaken. Developer contributions paid in advance of infrastructure works are recorded on the financial statements as Restricted Revenue as follows:

	<u>2020</u>	<u>2019</u>
Developer contributions, opening balance	\$ 15,453,702	\$ 13,316,061
Contributions received during the year	7,049,760	4,249,123
Interest earned on developer contributions	486,013	370,941
Expended on capital projects during the year	<u>(11,169,585)</u>	<u>(2,482,423)</u>
Closing balance of unspent developer contributions	<u>\$ 11,819,890</u>	<u>\$ 15,453,702</u>

7. Deferred Government Transfers

The regional district has received advance payments for revenues including two government grant programs of which the following remained unspent as at December 31:

	<u>2020</u>	<u>2019</u>
Clean Water Wastewater Fund		
Black Creek Oyster Bay water supply security project	\$106,941	\$127,642
New Build Canada Fund		
Comox Strathcona Waste Management, regional organics facility	<u>2,158,434</u>	<u>2,166,480</u>
	<u>\$2,265,375</u>	<u>\$2,294,122</u>

Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020

8. Short-Term Debt

Short-term debt consists of borrowing from the Municipal Finance Authority for the purpose of interim construction financing or for funding smaller projects that are typically paid off in five years. The debt bears interest at a variable rate which is paid monthly. The rate at December 31, 2020 was 1.21 per cent (December 31, 2019 – 2.58 per cent). Regular principal payments are not required but the loans must be repaid within five years of borrowing. Loan authorization bylaws are in place for the more significant capital projects which provides the authority for them to be converted to debenture debt with an established repayment term of up to thirty years.

	<u>2020</u>	<u>2019</u>
General Administration – regional office – due 2020	\$ -	\$ 8,200,000
Hornby Island Fire – due 2020	-	1,240,000
Fanny Bay Fire – due 2022	41,354	61,294
Black Creek Oyster Bay Fire – due 2021	33,596	63,574
Solid Waste – Comox Valley closure – due 2020	-	8,045,000
Solid Waste – Comox Valley engineered landfill - due 2021	14,275,000	14,275,000
Solid Waste – Campbell River closure – due 2025	234,307	234,307
Comox Valley Recreation Complexes – due 2020	-	996,238
Comox Valley Exhibition Grounds – due 2021	135,009	275,668
Water Treatment Plant - due 2022	15,768,850	-
	<u><u>\$ 30,488,116</u></u>	<u><u>\$ 33,391,081</u></u>

Interest on the above short term debt recorded in the Statement of Operations in 2020 is \$596,996 (2019 – \$608,444).

9. Long-Term Debenture Debt

Details of long-term debt, including maturity dates, interest rates and outstanding amounts, are summarized on Schedule D – Schedule of Long Term Debt. Payments of principal and actuarial on the issued debt of the regional district, not including municipal debt, are as follows:

2021	\$ 2,910,885
2022	2,684,560
2023	2,782,217
2024	2,027,074
2025	1,908,295
Future years including actuarial	16,179,614
Total	<u><u>\$ 28,492,645</u></u>

Interest on long-term debt recorded in the various function areas of the Statement of Operations in 2020 is \$1,764,315 (2019 - \$1,586,307) before consideration of actuarial adjustments.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

10. Municipal Finance Authority Debt Reserve Fund

The regional district secures its long-term borrowing through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is retained by MFA as a debt reserve fund. As at December 31, 2020, the cash balance of the regional district's debt reserve funds was \$737,981 (2019 - \$540,769). Debt reserve funds are not recorded elsewhere in the financial statements.

11. Landfill Closure and Post-Closure Care Costs

The provincial Waste Management Act, as well as the B.C. Landfill Criteria for Municipal Solid Waste, sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The Comox Valley Regional District is committed to ensuring that the six active landfills in its care are managed in a fiscally responsible manner, which has included setting aside funds to pay for landfill closure and post-closure activities in accordance with the Solid Waste Management Plan which was updated in 2012. Landfill closure and post-closure requirements have been defined in accordance with industry standards and remediation activities include final covering of the site, groundwater and surface water monitoring, maintenance of the drainage structure, site inspection and environmental monitoring. Post-closure care is estimated to continue for 30 years after final closure of the landfill sites which of the five active sites are planned between 2022 and 2027, with one of the original six closed in 2019. Based on current estimates, remaining capacity of the five active landfills is between 2 and 63 per cent (2019 estimates – zero and 77 per cent).

This requirement is being provided for based on a number of factors including the percentage of landfill capacity already filled, usage based on tipping fees and consultant estimates, the projected closure dates, the regulated monitoring period, the estimated annual management costs and a present value discount rate. As at December 31, 2020, using the most recent closure plans and updated cost estimates for closure and post closure care, the regional district has estimated its liability for these costs at \$29,653,624 (2019 - \$27,710,779). The unspent reserves that were established towards funding the landfill closure and post closure care costs form part of the accumulated surplus and had a balance of \$2,027,781 at December 31, 2020 (2019 - \$1,612,941). Closure costs are also being funded by long-term borrowing and capital reserves given the significant cost of closing five historical landfills within a short time period.

The estimate for closure and post closure liability in these financial statements has been calculated based on consultants' estimates in their preparation of the closure plans for each of the landfills and estimated timing of closure projects. This estimate has changed from the prior year as closure design and post closure care components are finalized and as closure activities are undertaken and as closure timing is revised, as well as ongoing decreases in capacity as the landfills are utilized annually. The 2020 increase in estimate of \$1,942,845, plus the current costs incurred \$228,178 for closure works, has resulted in a total increase to landfill expenses of \$2,171,028 (2019 increase \$4,309,051). Landfill expenses are included in waste management services expenses.

Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020

12. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
Equity in tangible capital assets	\$201,797,132	\$126,747,146
Reserve funds	35,766,174	44,875,529
Reserves for future expenditures	1,727,707	2,565,578
Operating surplus funds	8,995,437	4,630,109
Accumulated Surplus, end of year	<u>\$248,286,450</u>	<u>\$178,818,362</u>

13. Community Works Funds

Revenues received under the Community Works Fund portion of the federal Gas Tax program, are recognized in "Government grants and transfers revenue" when allocated to the regional district. Unspent community works funds are tracked in a reserve fund. The activity of this fund is presented in the table below:

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 7,792,252	\$ 6,151,090
Add: Amounts received during the year	1,029,891	2,074,960
Add: Interest income	252,060	183,487
Less: Amounts allocated to projects during the year	(1,513,417)	(617,285)
Closing balance of unspent funds	<u>\$ 7,560,786</u>	<u>\$ 7,792,252</u>

14. Contingent Liabilities

As at December 31, 2020, there existed outstanding claims against the regional district. These claims have been referred to legal counsel and to the regional district's liability insurers. It is not possible to determine the regional district's potential liability, if any, with respect to these matters. However, at such time that a liability becomes known, it will be reflected in the regional district financial statements.

15. Environmental Regulations

The regional district is subject to environmental regulations that apply to a number of its operations. These regulations may require future expenditures to meet applicable standards and subject the regional district to possible penalties for non-compliance. Amounts required to meet these obligations will be charged to operations when incurred and/or when they can be reasonably estimated.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

16. Commitments

As at December 31, 2020, the regional district had the following significant commitments:

- Village of Cumberland – solid waste host community agreement. This agreement, which expires December 31, 2032, provides for a community benefit payment of \$300,000 per year over the twenty year term of the agreement.
- Aecon Water Infrastructure – design-build contract for the design and construction of the water treatment project, with completion expected in 2021. Outstanding commitment as at December 31, 2020 was \$23,237,456.
- Berry & Vale Contracting Ltd. – for the operations of the Campbell River waste management centre and hauling of waste to the Comox Valley waste management centre. The outstanding commitment of the agreement, which expires July 1, 2024, is approximately \$5,866,555.

17. Pension Liability

The regional district 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, 2019, the Plan had about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan, as of December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The regional district paid \$1,151,632 (2019 - \$1,148,556) for employer contributions while employees contributed \$1,014,303 (2019 - \$1,017,487) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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 the individual employers participating in the plan.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

18. Segmented Information

The Comox Valley Regional District is a diversified local government providing a wide range of services to approximately 66,527 residents, including parks, recreation centres, community halls, fire protection, water and wastewater services. As a requirement of the Local Government Act, separate financial records must be kept for each service providing detailed allocations of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and departmental accountabilities. The following is a description of the types of services included in each of the main service segments of the regional district's financial statements. A detailed summary of the 2020 revenues and expenses can be found in Schedule A of the accompanying financial statements. Schedule B contains comparative figures for the year ended December 31, 2019. Prior year figures may have been reclassified to conform to current presentation, which has been adjusted to better align to Provincial reporting requirements.

General Government

General government is comprised of member municipality and electoral area governance, general administration which includes legislative services, finance, human resources and information systems, feasibility studies and grants in aid.

Protective Services

Protective services include volunteer fire departments, search and rescue grants, emergency programs, 9-1-1 emergency answering service, building inspection and various bylaw compliance services.

Transportation

Transportation services include the Comox Valley transit service - an agreement between the regional district and BC Transit Authority. Streetlighting and drainage services and a contribution service to the Comox Valley airport are also supported.

Environmental Health

Environmental health is responsible for solid waste for both the Comox Valley and Strathcona Regional Districts through waste reduction and education programs and operation of the regional district's waste management centres and transfer stations. Other services include road-side refuse collection, pesticide awareness education and liquid waste management planning for the electoral areas of the regional district.

Public Health and Welfare

Public health and welfare consists of a grant to the City of Courtenay for assistance in the operations of the cemetery, a homelessness supports service as well as a land acquisition service for the purpose of an emergency shelter or supportive housing initiative.

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

18. Segmented Information (continued)

Environmental Development

Environmental development consists of rural land use planning, long-term planning including the regional growth strategy, economic development, geographic information systems and rural house numbering.

Recreation and Cultural

Recreation and cultural consists of full-service recreation facilities offering fitness, ice and aquatic programs, curling, community parks and trail networks, exhibition grounds to foster the agricultural roots of the community and contributions towards community halls, various arts and cultural facilities, heritage conservation and the Vancouver Island Regional Library.

Water

The regional district manages and operates both water supply and water distribution systems. The bulk water supply system provides treated water to the City of Courtenay, the Town of Comox and a water service area within the electoral areas of the regional district. The regional district distributes water to the residents of a total of four rural water service areas.

Sewer

The regional district operates a secondary wastewater treatment facility on behalf of the City of Courtenay and the Town of Comox, including the operations of a bio-solids composting facility that retails a soil amendment branded as Skyrocket. Two rural sewerage systems for service areas within the regional district are also operate

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

19. Budget

The budget amounts presented throughout these financial statements represent the five year financial plan bylaw #612 adopted by the regional district board on March 19, 2020.

The financial plan bylaw was prepared on a modified accrual basis while Canadian public sector accounting standards require financial statements to be prepared on a full accrual basis. The financial plan anticipated use of surpluses accumulated in prior years to reduce current year expenditures in excess of current year revenues. In addition, capital acquisitions were recognized as expenditures in the financial plan rather than including amortization expense and debt principal payments are not included in expenses.

The summary below reconciles the 2020 adopted financial plan to the financial statement budget figures:

Financial plan bylaw, surplus for the year	-
Add:	
Capital acquisitions	83,080,194
Debt principal payments	1,365,822
Short term debt paydown	18,399,238
Budgeted transfers to reserves and capital	14,393,360
Deficit prior year	6,549
Less:	
Debt proceeds	(39,077,675)
Budgeted transfers from reserves and operating	(26,177,430)
Budgeted transfers from prior years' operating surpluses	(6,273,178)
Budgeted Annual Surplus	<u><u>45,716,880</u></u>

20. North Island 9-1-1 Corporation

9-1-1 emergency answering and fire dispatch services for northern Vancouver Island, part of the Sunshine Coast are provided by the North Island 9-1-1 Corporation which is owned by the regional districts of Alberni-Clayoquot, Comox Valley, Mount Waddington, Nanaimo, qathet and Strathcona. The Comox Valley Regional District owns six of the 21 issued shares in the corporation which are recorded at cost.

During the year, administrative support services supplied to the North Island 9-1-1 Corporation by the Comox Valley Regional District totaled \$132,600 (2019 - \$132,600).

**Comox Valley Regional District
Notes to Financial Statements
Year Ended December 31, 2020**

21. Comox-Strathcona Regional Hospital District

The board members of the Comox Valley Regional District sit on the board of the Comox-Strathcona Regional Hospital District (CSRHD) together with the board members of the Strathcona Regional District. The regional district and the regional hospital district are separate legal entities as defined by separate letters patent and authorized by separate legislation.

During the year, administrative support services supplied to the regional hospital district by the Comox Valley Regional District totaled \$151,000 (2019 - \$151,000).

22. Comparative Figures

The comparative figures have been reclassified where applicable to conform to the current year's presentation, including a recategorization of segmented revenues and expenses to better align with provincial reporting guidelines for service function types.

23. Significant Event

In March 2020, the COVID-19 outbreak caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which included the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, continue to have a significant impact on the local and global economy. At this time, it is not possible to reliably estimate the impact on the Regional District's financial results for 2021.

24. Subsequent Event

During the year, the Board of Trustees of the Union Bay Improvement District ("UBID") voted to dissolve the District and transfer operations to the Regional District. The conversion date is set for July 1, 2021 and will include the transfer of all assets and liabilities of UBID and related services for water, fire protection and streetlighting services.

25. Provincial COVID-19 Safe Restart Grant

COVID-19 Safe Restart Grants for Local Governments was funding provided to local governments to assist with the increased operating costs and revenue shortfalls as a result of the COVID-19 pandemic. COVID-19 Safe Re-Start Grant funds may be used towards specific eligible costs for funding revenue shortfalls, facility reopening and operating costs, emergency planning and response costs, bylaw enforcement and protective services, computers and other technology costs, and services for vulnerable persons.

The Comox Valley Regional District received the first COVID-19 Safe Restart Grant instalment in November 2020 and transferred the \$723,000 balance to the general administration reserve for allocations in the 2021 Financial Plan.

Comox Valley Regional District
Schedule of Segment Disclosure by Service
Year ended December 31, 2020

	General Revenue Fund							Water Fund	Sewer Fund	2020 Actual	2020 Budget (Note 19)
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
Revenue											
Taxation	\$ 2,134,995	\$ 4,765,694	\$ 2,825,640	\$ 6,830,810	\$ 288,170	\$ 3,763,158	\$ 9,500,613	\$ 571,210	\$ 6,483,153	\$ 37,163,443	\$ 36,816,042
Sales of services, fees and other revenue	318,005	754,705	539,043	10,248,358	-	81,186	1,005,935	8,162,318	1,017,734	22,127,284	23,370,374
Government grants and transfers	2,105,277	144,410	-	210,862	-	604,089	46,700	46,369,408	-	49,480,746	41,353,302
Contributions from others	-	-	-	-	-	-	-	10,725,170	456,862	11,182,032	10,000
Investment earnings	421,327	87,338	23,436	615,927	8,055	20,245	198,298	701,117	210,495	2,286,238	115,000
Gain/(loss) on disposal of capital assets	20,252	-	-	-	-	-	-	(56,895)	16,050	(20,593)	-
Total Revenue	4,999,856	5,752,147	3,388,119	17,905,957	296,225	4,468,678	10,751,546	66,472,328	8,184,294	122,219,150	101,664,718
Expenses											
Personnel costs	3,328,561	1,566,544	123,400	2,738,967	-	1,579,275	3,842,783	1,664,259	1,560,586	16,404,375	18,858,405
Grants	392,289	2,151,041	-	866,994	239,511	1,191,581	1,875,461	-	-	6,716,877	7,434,794
General goods and services	1,640,067	721,557	2,216,053	5,833,323	6,603	658,401	2,186,545	2,453,395	2,634,678	18,350,622	24,079,710
Debt charges	244,414	75,216	76,038	488,806	-	-	40,659	304,160	195,093	1,424,386	3,134,829
Transfer to other local government	-	-	16,349	-	-	-	-	750,000	-	766,349	946,866
Amortization of tangible capital assets	504,992	335,911	12,393	2,111,010	-	12,568	1,114,398	1,337,477	1,488,676	6,917,425	-
Landfill closure/post closure allowance	-	-	-	2,171,028	-	-	-	-	-	2,171,028	1,493,234
Total Expenses	6,110,323	4,850,269	2,444,233	14,210,128	246,114	3,441,825	9,059,846	6,509,291	5,879,033	52,751,062	55,947,838
Annual Surplus (Deficit)	\$ (1,110,467)	\$ 901,878	\$ 943,886	\$ 3,695,829	\$ 50,111	\$ 1,026,853	\$ 1,691,700	\$ 59,963,037	\$ 2,305,261	\$ 69,468,088	\$ 45,716,880

Comox Valley Regional District
Schedule of Segment Disclosure by Service
Year ended December 31, 2019

	General Revenue Fund							Water Fund	Sewer Fund	2019 Actual	2019 Budget
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
Revenue											
Taxation	\$ 1,962,340	\$ 4,371,759	\$ 2,453,212	\$ 6,850,230	\$ 366,275	\$ 3,486,156	\$ 9,256,953	\$ 570,979	\$ 6,197,753	\$ 35,515,657	\$ 35,204,698
Sales of services, fees and other revenue	314,485	713,153	878,058	10,194,696	-	163,727	2,249,399	8,165,361	1,038,284	23,717,163	23,020,890
Government grants and transfers	2,455,301	41,374	-	110,351	-	225,861	24,000	11,003,282	-	13,860,169	19,119,289
Contributions from others	-	34,821	-	-	-	-	-	3,464,886	8,069	3,507,776	75,240
Investment earnings	359,162	65,739	19,755	411,669	6,880	14,497	154,988	673,430	238,889	1,945,009	130,000
Gain/(loss) on disposal of capital assets	(24,804)	(29,589)	-	(6,682)	-	-	-	-	-	(61,075)	-
Total Revenue	5,066,484	5,197,257	3,351,025	17,560,264	373,155	3,890,241	11,685,340	23,877,938	7,482,995	78,484,699	77,550,117
Expenses											
Personnel costs	3,359,051	1,497,287	142,303	2,663,152	-	1,460,102	4,847,077	1,473,693	1,553,836	16,996,501	18,060,636
Grants	179,150	2,100,561	-	918,711	333,200	1,359,658	1,886,170	-	-	6,777,450	6,937,159
General goods and services	1,735,680	520,521	2,674,799	5,320,321	7,465	533,411	2,525,867	3,337,329	1,942,780	18,598,173	21,800,298
Debt charges	29,069	72,226	88,836	511,357	-	-	36,818	355,376	224,908	1,318,590	2,401,752
Transfer to other local government	-	-	-	-	-	-	-	22,358	-	22,358	236,033
Amortization of tangible capital assets	101,645	336,163	12,393	2,041,289	-	15,141	1,062,948	1,315,926	1,413,394	6,298,899	-
Landfill closure/post closure allowance	-	-	-	4,309,051	-	-	-	-	-	4,309,051	3,359,303
Total Expenses	5,404,595	4,526,758	2,918,331	15,763,881	340,665	3,368,312	10,358,880	6,504,682	5,134,918	54,321,022	52,795,181
Annual Surplus (Deficit)	\$ (338,111)	\$ 670,499	\$ 432,694	\$ 1,796,383	\$ 32,490	\$ 521,929	\$ 1,326,460	\$ 17,373,256	\$ 2,348,077	\$ 24,163,677	\$ 24,754,936

Comox Valley Regional District
Schedule of Tangible Capital Assets
Year ended December 31, 2020

	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles Fixtures	Water Infrastructure	Sewer Infrastructure	Capital Assets under Construction	2020	2019
Cost								
Balance, beginning	\$ 38,219,042	\$ 55,604,905	\$ 17,262,502	\$ 66,259,714	\$ 59,824,375	\$ 25,171,434	\$ 262,341,972	\$ 224,747,310
Add:								
Additions	67,027	633,006	770,708	367,164	154,849	78,842,668	80,835,422	46,570,629
Less:								
Disposals / Write downs	-	-	(301,667)	-	-	(56,895)	(358,562)	(1,122,120)
Projects completed in year	-	-	-	-	-	(628,985)	(628,985)	(7,853,847)
Balance, ending	38,286,069	56,237,911	17,731,543	66,626,878	59,979,224	103,328,222	342,189,847	262,341,972
Accumulated Amortization								
Balance, beginning	7,168,438	20,561,907	7,016,389	25,531,167	30,919,321	-	91,197,222	85,959,368
Add:								
Amortization	1,959,405	1,417,188	1,153,048	1,218,980	1,168,802	-	6,917,423	6,298,899
Less:								
Accumulated Amortization on disposals	-	-	(301,667)	-	-	-	(301,669)	(1,061,045)
Balance, ending	9,127,843	21,979,095	7,867,770	26,750,147	32,088,123	-	97,812,976	91,197,222
Net Book Value of Tangible Capital Assets	\$ 29,158,226	\$ 34,258,816	\$ 9,863,773	\$ 39,876,731	\$ 27,891,101	\$ 103,328,222	\$ 244,376,871	\$ 171,144,750

**Comox Valley Regional District
Schedule of Long-Term Debt
December 31, 2020**

Issue #	Maturity Date	Rate	Beginning Balance	Debt Issued	Principal Payments	Actuarial Additions	Ending Balance	Interest Charges
General Revenue Fund								
CV Airport Service								
MFA 80	2023	5.45%	1,158,417	-	123,125	145,641	889,651	221,679
CV Track & Fields								
MFA 99	2021	1.75%	32,458	-	9,556	6,355	16,547	3,348
Non-Capital Debenture Debt			1,190,875	-	132,681	151,997	906,198	225,028
General Capital Fund								
Administration								
MFA 150	2045	1.99%	-	8,200,000	-	-	8,200,000	81,590
Hornby Island Fire								
MFA 150	2040	1.99%	-	1,252,525	-	-	1,252,525	12,463
Comox Strathcona Waste Management								
MFA 150	2040	1.99%	-	8,126,263	-	-	8,126,263	80,856
Black Creek/Oyster Bay Fire								
MFA 95	2025	4.80%	503,794	-	48,434	28,480	426,880	63,240
CV Sports/Aquatic Centre								
MFA 75	2021	5.35%	55,747	-	11,299	15,894	28,553	19,989
MFA 150	2030	1.99%	-	1,006,301	-	-	1,006,301	10,013
CV Exhibition Grounds								
MFA 133	2023	2.40%	325,821	-	67,364	9,938	248,520	14,634
Total General Capital Fund			885,362	18,585,089	127,097	54,312	19,289,042	282,785
Water Capital Fund								
Black Creek/Oyster Bay Water								
MFA 112	2030	3.73%	1,289,222	-	67,164	28,431	1,193,628	74,600
England Rd Water								
MFA 72	2020	2.10%	8,633	-	3,827	4,806	-	964
Regional Water								
MFA 75	2021	5.35%	537,134	-	108,873	153,143	275,118	192,600
MFA 85	2024	5.45%	792,092	-	68,953	74,395	648,743	125,058
MFA 95	2025	4.80%	934,169	-	89,809	52,809	791,551	117,264
MFA 99	2026	4.75%	2,087,724	-	158,747	105,579	1,823,397	224,541
Total Water Capital Fund			5,648,973	-	497,373	419,164	4,732,437	735,027
Sewer Capital Fund								
Regional Sewer								
MFA 80	2023	5.45%	1,564,950	-	166,334	196,753	1,201,863	299,475
MFA 95	2025	4.80%	1,147,158	-	110,285	64,849	972,024	144,000
MFA 99	2026	4.75%	113,060	-	8,597	5,718	98,746	12,160
MFA 102	2027	2.25%	1,449,665	-	98,267	59,062	1,292,336	65,840
Total Sewer Capital Fund			4,274,833	-	383,484	326,381	3,564,968	521,475
Capital Debenture Debt			10,809,168	18,585,089	1,007,953	799,857	27,586,447	1,539,287
Regional District Debenture Debt			12,000,043	18,585,089	1,140,634	951,853	28,492,645	1,764,315