

# **Financial Statements**

For the year ended December 31, 2013

**Comox Valley Regional District  
Elected and Appointed Officials  
2013**

**Board of Directors**

Town of Comox	P. Fletcher
Town of Comox	T. Grant
City of Courtenay	J. Ambler
City of Courtenay	B. Anglin
City of Courtenay	E. Theos
City of Courtenay	S. Winchester
Village of Cumberland	G. Sproule
Area A - Baynes Sound/Denman-Hornby	B. Jolliffe
Area B - Lazo North	J. Gillis
Area C - Puntledge - Black Creek	E. Grieve (Chair)

**Officials**

Chief Administrative Officer	D. Oakman
General Manager, Community Services	I. Smith
General Manager, Property Services	K. Lorette
General Manager, Public Affairs and Information Systems	L. Carter
Executive Manager, Human Resources	W. Hwang
Executive Manager, Strategic and Long Range Planning	G. Garbutt/Ann MacDonald
Corporate Legislative Officer	J. Warren
Corporate Financial Officer	B. Dunlop

**Comox Valley Regional District  
Financial Statements  
December 31, 2013**

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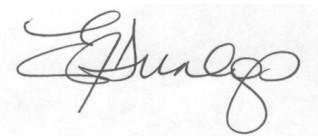
## **Management's Responsibility for Financial Reporting**

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.

BDO Canada LLP, Chartered Accountants, the regional district's independent auditors, have 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.



E.J. Dunlop, CGA  
Officer responsible for Financial Administration,  
pursuant to Section 199 of the Local Government Act



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BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## Independent Auditor's Report

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To the Board of Directors  
Comox Valley Regional District

We have audited the accompanying financial statements of the Comox Valley Regional District, which comprise the Statement of Financial Position as at December 31, 2013, and the Statements of Operations, Change in Net Debt and Cash Flows for the year then-ended, and a summary of significant accounting policies, and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Comox Valley Regional District as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

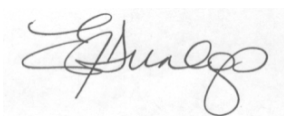
Chartered Accountants

Vancouver, British Columbia  
March 20, 2014

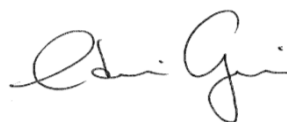
**Comox Valley Regional District  
Statement of Financial Position  
As at December 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>Financial Assets</b>		
Cash and temporary investments (Note 1)	\$ 67,008,602	\$ 65,070,143
Receivables (Note 2)	3,137,634	2,682,708
Inventory for resale	-	6,405
Debt recoverable from member municipalities (Note 3)	<u>23,706,038</u>	<u>25,942,863</u>
<b>Total Financial Assets</b>	<u>93,852,274</u>	<u>93,702,119</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	5,341,126	4,350,532
Restricted revenue (Note 5)	9,173,061	8,471,144
Deferred government transfers (Note 6)	5,191,080	4,625,924
Short-term debt (Note 7)	987,555	1,353,100
Long-term debt		
Member municipalities (Note 3)	23,706,038	25,942,863
Regional district - capital (Note 8)	23,511,327	25,845,135
Regional district - non-capital (Note 8)	2,920,740	3,175,419
Other liabilities	146,838	644,853
Provision for landfill closure and post closure (Note 9)	<u>23,513,377</u>	<u>20,442,794</u>
<b>Total Liabilities</b>	<u>94,491,142</u>	<u>94,851,764</u>
<b>Net Debt</b>	<u>(638,868)</u>	<u>(1,149,645)</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	132,369	113,465
Inventory of supplies	56,186	72,240
Tangible capital assets (Schedule 3)	<u>98,330,326</u>	<u>97,520,791</u>
<b>Total Non-Financial Assets</b>	<u>98,518,881</u>	<u>97,706,496</u>
<b>Accumulated Surplus (Note 10)</b>	<u>\$ 97,880,013</u>	<u>\$ 96,556,851</u>

Contingent Liabilities (Note 11)



E.J. Dunlop, CGA  
Officer responsible for Financial Administration,  
pursuant to Section 199 of the Local Government Act



E. Grieve  
Chair of the Board

**Comox Valley Regional District  
Statement of Operations  
Year ended December 31, 2013**

**Statement II**

	2013 Budget (Note 18)	2013 Actual	2012 Actual
<b>Revenue</b>			
Frontage and parcel taxes	\$ 420,648	\$ 420,438	\$ 418,653
Grants in lieu of taxes	184,524	387,055	382,964
Government transfers	3,799,587	1,076,486	1,108,107
Tax requisition	21,154,191	21,153,880	19,767,322
Sales of services	9,348,061	9,285,565	9,365,814
Solid waste fees and other revenue	7,364,686	6,923,254	6,918,532
Capital contributions from others	-	682,655	766,965
Investment income	70,000	702,157	766,871
Gain on disposal of tangible capital assets	1,000	-	28,738
<b>Total Revenue</b>	<b>42,342,697</b>	<b>40,631,490</b>	<b>39,523,966</b>
<b>Expenses</b>			
General government services	7,035,102	3,777,756	3,508,744
Protective services	3,049,809	2,923,268	2,876,852
Transportation services	2,575,043	2,198,242	2,185,633
Environmental health services	18,099,234	18,193,447	18,570,654
Public health and welfare services	185,022	697,801	62,976
Environmental development services	3,208,262	2,600,572	2,515,196
Recreation and cultural services	8,805,320	8,917,242	8,037,746
<b>Total Expenses</b>	<b>42,957,792</b>	<b>39,308,328</b>	<b>37,757,801</b>
<b>Annual Surplus (Deficit)</b>	<b>(615,095)</b>	<b>1,323,162</b>	<b>1,766,165</b>
<b>Accumulated Surplus, beginning of year</b>	<b>96,556,851</b>	<b>96,556,851</b>	<b>94,790,686</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ 95,941,756</b>	<b>\$ 97,880,013</b>	<b>\$ 96,556,851</b>

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

**Comox Valley Regional District  
Statement of Change in Net Debt  
Year Ended December 31, 2013**

	2013 Budget <u>(Note 18)</u>	2013 Actual	2012 Actual
<b>Annual Surplus (Deficit)</b>	\$ (615,095)	\$ 1,323,162	\$ 1,766,165
Amortization of tangible capital assets	-	3,486,694	3,228,702
Acquisition of tangible capital assets	(19,049,774)	(5,222,714)	(5,727,298)
Change in prepaid expenses	-	(18,904)	6,489
Consumption of inventory of supplies	-	16,054	(3,130)
Disposal of tangible capital assets	1,000	363,050	1,871
Transfer of tangible capital assets to other local government	-	563,435	-
	<hr/>	<hr/>	<hr/>
<b>(Increase) decrease in Net Debt</b>	(19,663,869)	510,777	(727,201)
<b>Net Debt, beginning of year</b>	<u>(1,149,645)</u>	<u>(1,149,645)</u>	<u>(422,444)</u>
<b>Net Debt, end of year</b>	<u>\$ (20,813,514)</u>	<u>\$ (638,868)</u>	<u>\$ (1,149,645)</u>

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, 2013**

Statement IV

	2013	2012
<b>Operating Transactions</b>		
Annual Surplus	\$ 1,323,162	\$ 1,766,165
Changes in non-cash operating balances		
Prepaid expenses	(18,904)	6,489
Inventory of supplies	16,054	(3,130)
Receivables	(454,927)	624,100
Inventory for resale	6,405	8,730
Accounts payable and accrued liabilities	990,594	430,972
Other liabilities	(498,015)	228,513
Restricted revenue	701,917	184,497
Deferred government transfers	565,156	778,409
Items not utilizing cash		
Amortization of tangible capital assets	3,486,694	3,228,702
(Gain)/loss on disposal of tangible capital assets	285,803	(28,738)
Landfill closure and post closure allowance	3,070,583	4,611,011
Actuarial adjustment of debenture debt	(1,018,535)	(901,943)
Transfer of tangible capital assets to other local government	563,435	-
<b>Cash Provided by Operating Transactions</b>	<b>9,019,422</b>	<b>10,933,777</b>
<b>Capital Transactions</b>		
Acquisition of tangible capital assets	(5,222,714)	(5,727,298)
Proceeds from disposal of tangible capital assets	77,247	30,610
<b>Cash Applied to Capital Transactions</b>	<b>(5,145,467)</b>	<b>(5,696,688)</b>
<b>Financing Transactions</b>		
Long-term debt repayments	(1,569,951)	(1,569,951)
Short-term debt repayment	(365,545)	(211,700)
<b>Cash Applied to Financing Transactions</b>	<b>(1,935,496)</b>	<b>(1,781,651)</b>
<b>Change in Cash and Temporary Investments</b>	<b>1,938,459</b>	<b>3,455,438</b>
<b>Cash and Temporary Investments, beginning of year</b>	<b>65,070,143</b>	<b>61,614,705</b>
<b>Cash and Temporary Investments, end of year</b>	<b>\$ 67,008,602</b>	<b>\$ 65,070,143</b>

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

**Comox Valley Regional District  
Summary of Significant Accounting Policies  
Year ended December 31, 2013**

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.

**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 debt and cash flows of the one economic entity of the regional district. Interfund transactions and fund balances have been eliminated on consolidation.

**b) Temporary Investments**

Investments are comprised entirely of Municipal Finance Authority (MFA) pooled investments including 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 Investment Management. The investments are carried at market value which approximates cost.

**c) Inventory**

Inventory of supplies are recorded at cost as a non-financial asset. Inventory for resale is recorded at the lower of cost or net realizable value as a financial asset.

**d) Financial Instruments**

Financial instruments consist of cash and temporary investments, receivables, debt recoverable from member municipalities, accounts payable and accrued liabilities, other liabilities, 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.

**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) 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:

Land improvements	10 - 60 years
Buildings	40 to 50 years
Building improvements	3 to 20 years
Machinery, equipment, vehicles and fixtures	5 – 20 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

**Comox Valley Regional District  
Summary of Significant Accounting Policies  
Year ended December 31, 2013**

**g) 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.

**h) 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.

**i) Government Transfers**

In 2013, the regional district adopted the provisions of the public sector accounting standard "PS3410-Government Transfers". This new standard can be applied either retroactively or prospectively, however the requirements of this standard did not differ from the treatment the regional district had previously been following and therefore no change was required.

Government transfers are recognized as revenue when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

The most significant government transfer relates to Community Works Funds (Note 6). These funds are deferred until such time that they are spent on eligible projects.

**j) 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.

**k) 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 and closure and post closure costs of the regional districts landfills. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

**1. Cash and Temporary Investments**

Included in cash and temporary investments is \$36,090,752 (2012 - \$35,555,289) invested with the Municipal Finance Authority (MFA) in money market, intermediate and bond funds, carried at market value which approximates cost. The net rate of return earned on the regional district's portfolio in 2013 was 1.51% (2012- 1.86%). The term of the investments in the MFA pooled investment fund range up to 7 years.

**2. Receivables**

	<b>2013</b>	2012
Government of Canada	<b>\$ 395,296</b>	\$526,895
Province of British Columbia	<b>75,320</b>	58,873
Regional and local governments	<b>1,254,983</b>	769,754
Developer DCC instalments	<b>185,814</b>	135,249
Other trade receivables	<b>1,226,221</b>	1,191,937
	<b>\$3,137,634</b>	\$2,682,708

**3. 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 is contingently liable to the MFA for this debt.

	<b>2013</b>	2012
City of Courtenay	<b>\$18,836,728</b>	\$20,633,352
Town of Comox	<b>2,455,755</b>	2,806,864
Village of Cumberland	<b>2,413,555</b>	2,502,647
	<b>\$23,706,038</b>	\$25,942,863

**4. Accounts Payable and Accrued Liabilities**

	<b>2013</b>	2012
Government of Canada	<b>\$ 937</b>	\$ 78,833
Province of British Columbia	<b>743,585</b>	511,135
Regional and local governments	<b>369,927</b>	368,909
Accrued interest on long-term debenture debt	<b>459,403</b>	447,049
Other trade payables	<b>3,767,274</b>	2,944,606
	<b>\$5,341,126</b>	\$4,350,532

**5. Restricted Revenue**

The regional district receives contributions from developers for the development of the water and sewer 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:

	<b>2013</b>	2012
Developer contributions, opening balance	<b>\$8,471,144</b>	\$8,286,647
Developer contributions during the year	<b>1,260,379</b>	807,761
Interest earned on developer contributions	<b>124,193</b>	143,701
Expended on capital projects during the year	<b>(682,655)</b>	(766,965)
Closing balance of unspent developer contributions	<b>\$9,173,061</b>	\$8,471,144

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

**6. Deferred Government Transfers**

Deferred government transfers are comprised exclusively of Community Works Funds which are a component of the Gas Tax Agreement funding provided by the Government of Canada, through the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. Unspent funds and the applicable interest earned are recorded on the financial statements as Deferred Government Transfers as follows:

	<u>2013</u>	<u>2012</u>
Community Works Funds, opening balance	<b>\$4,625,924</b>	\$3,847,515
Add: Amounts received during the year	<b>928,627</b>	929,037
Interest earned on funds	<b>69,873</b>	72,730
Less: Amounts allocated to projects during the year	<b>(433,344)</b>	(223,358)
Closing balance of unspent funds	<b><u>\$5,191,080</u></b>	<u>\$4,625,924</u>

**7. Short-Term Debt**

Short-term debt consists of interim borrowing from the Municipal Finance Authority for the purpose of funding two projects. The funds bear interest at prime less 1.28% (2012 – 1.25%) which is paid monthly. The prime rate at December 31, 2013 was 3.00% (December 31, 2012 – 3.00%). Regular principal payments are not required but both loans must be repaid by the end of 2015. Loan authorization bylaws are in place for this short-term debt which provides the authority for them to be converted to debenture debt.

	<u>2013</u>	<u>2012</u>
Black Creek Oyster Bay Water – Macaulay reservoir	<b>\$ 178,555</b>	\$ 299,100
Comox Valley Exhibition Grounds – electrical/water upgrades	<b>809,000</b>	1,054,000
	<b><u>\$ 987,555</u></b>	<u>\$1,353,100</u>

Interest on the above short term debt recorded in the Statement of Operations in 2013 is \$22,344 (2012 – \$26,085).

**8. Long-Term Debt**

Details of long-term debt, including maturity dates, interest rates and outstanding amounts, are summarized on Schedule 4 – Schedule of Long Term Debt.

Payments of principal and actuarial on the issued debt of the regional district, not including municipal debt, is as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Future Years</u>	<u>Total</u>
\$2,674,317	\$2,800,566	\$2,708,149	\$2,733,955	\$1,866,838	\$13,648,242	<b><u>\$26,432,067</u></b>

Interest on long-term debt, net of actuarial adjustments, recorded in the various function areas of the Statement of Operations in 2013 is \$2,541,028 (2012 - \$2,592,392).

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

**9. 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 five landfills in its care are managed in a fiscally responsible manner, which includes 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 until 2050; a period of 30 years after final closure. Remaining capacity of the five landfills is between 5% and 31% (2012 – 6% and 34%).

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 probable closure dates, the regulated monitoring period, the estimated annual management costs and a present value discount rate. As at December 31, 2013, using current cost estimates for closure and post closure care, the regional district has estimated its liability for these costs for the five landfills at \$23,513,377 (2012 - \$20,442,794) and has established reserves towards funding future landfill closure and post closure care costs. The balance of these reserves, which forms part of the accumulated surplus, is \$5,243,121 at December 31, 2013 (2012 - \$6,190,349).

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 five landfills. This has resulted in a current charge to environmental health services of \$3,070,583 (2012 - \$4,611,011).

**10. Accumulated Surplus**

	<u>2013</u>	<u>2012</u>
Equity in tangible capital assets	<b>\$73,131,230</b>	\$69,622,343
Revenue Fund	<b>3,189,321</b>	2,849,644
Reserve Fund	<b>18,356,080</b>	21,248,629
Reserves for future expenditures	<b>3,203,382</b>	2,836,235
<b>Accumulated Surplus, end of year</b>	<b><u>\$97,880,013</u></b>	<b><u>\$96,556,851</u></b>

**11. Contingent Liabilities**

As at December 31, 2013, 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.

**12. 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, 2013, the regional district had debt reserve funds of \$2,606,825 (2012 - \$2,586,643). Debt reserve funds are not recorded elsewhere in the financial statements.

**13. North Island 9-1-1 Corporation**

9-1-1 emergency answering and fire dispatch services for northern Vancouver Island 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, Powell River 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 \$130,000 (2012 - \$126,195).

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

**14. 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 2013, administrative support services supplied to the regional hospital district by the Comox Valley Regional District totaled \$151,000 (2012 - \$151,000).

**15. Segmented Information**

The Comox Valley Regional District is a diversified local government providing a wide range of services to approximately 63,500 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 2013 revenues and expenses can be found in Schedule 1 of the accompanying financial statements. Schedule 2 contains comparative figures for the year ended December 31, 2012. Prior year figures may have been reclassified to conform to current presentation.

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, emergency programs, 9-1-1 emergency answering service, building inspection and various bylaw compliance services.

Transportation

Transportation services include the Comox Valley transit service - a tri-party agreement between the regional district, the service provider 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 curb-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 as well as a land acquisition service for the purpose of an emergency shelter or supportive housing initiative.

Environmental Development

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

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

Recreation and Cultural

Recreation and cultural consists of full-service recreation facilities offering fitness, ice and aquatic programs, community parks and trail networks, exhibition grounds to foster the agricultural roots of the community and contributions towards community halls and the Vancouver Island regional library.

Water

The regional district manages and operates both water supply and water distributions systems. The bulk water supply system provides treated water to the City of Courtenay, the Town of Comox and five water service areas within the electoral areas. The regional district distributes water to the residents of a total of eight 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. A rural sewerage system for a service area within the regional district is also operated.

**16. Environmental Regulations**

The regional district is subject to environmental regulations which 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.

**17. Pension Liability**

The regional district and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 148 from the Comox Valley Regional District.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual entities participating in the Plan.

The Comox Valley Regional District paid \$702,148 (2012 - \$672,173) for employer contributions while employees contributed \$622,802 (2012 - \$588,533) to the plan in fiscal 2013.



**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

**18. Budget**

The budget amounts presented throughout these financial statements represent the five year financial plan bylaw #248 approved by the regional district board on March 28, 2013.

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.

The summary below reconciles the 2013 adopted financial plan to the financial statement budget figures:

Financial plan bylaw, surplus for the year	\$ -
Add:	
Capital acquisitions	19,049,774
Debt principal payments	3,001,900
Budgeted transfers to reserves	3,074,937
Less:	
Debt proceeds	(6,019,122)
Budgeted transfers from reserves	(14,001,365)
Budgeted transfers from prior years' operating surpluses	(5,721,219)
	(12,700,666)
<b>Budgeted Annual Surplus</b>	<b>\$ (615,095)</b>

**19. Commitments**

As at December 31, 2013, the regional district had the following significant commitments:

AECOM – for the detailed design and contract administration of the centrifuge project. The contract expires November 2014 and has a commitment of \$193,303.

B&D Containers – for the hauling of solid waste for Comox Strathcona waste management. This three year agreement, which expires March 31, 2015, has a remaining commitment of approximately \$237,980.

BC Transit Corporation – remainder of the 2013/2014 annual transit operating agreement in the amount of \$347,371. This agreement expires March 31, 2014 at which time a new annual operating agreement will be signed.

Berry & Vale Contracting Ltd. – for the operations of the Campbell River waste management centre. The remaining commitment on the 10 year agreement, which expires March 1, 2014, is \$189,096.

Berry & Vale Contracting Ltd. – for the waste relocation component of phase one of the Campbell River landfill closure project. The commitment remaining on this contract, which is scheduled for completion by spring 2014, is \$198,329.

City of Campbell River – solid waste host community agreement. This agreement, which expires June 30, 2018, commits to paying the City \$1,045,000 towards corridor repairs and upgrades associated with the Campbell River landfill access road. The agreement also commits to an annual host community payment of \$50,000 over the five year term.

Comox Valley Economic Development Society – for core economic development services and operations of the Vancouver Island visitor centre. The remaining commitment on the five year agreement, which expires March 31, 2015, is \$1,275,000.

EBA Engineering, a Tetra Tech Company – for engineering services associated with the expansion and leachate treatment system design for the Comox Valley landfill in the amount of \$322,057. This work is scheduled to be completed in 2014.

**Comox Valley Regional District  
Notes to Financial Statements  
Year ended December 31, 2013**

Hornby Island Resident and Ratepayers Association – a five year multi-service agreement for the provision of fire protection, waste management, community hall, comfort station and community parks maintenance. The remaining commitment, to December 31, 2016, is approximately \$1,325,785.

IPS Island Planning Services – for the update of the rural Comox Valley official community plan. The remaining commitment on this agreement, which is scheduled for completion in the fall of 2014, is \$154,055.

Island Corridor Foundation – the board committed to a \$392,000 contribution for bridge and trestle upgrades along the rail line between Victoria and Courtenay. No agreement has been signed to date and the funds are being held in reserve until such time.

Mutsy Holdings Ltd. – for the lease of office and boardroom space. The remaining commitment on the lease, which expires August 31, 2015, is \$492,409.

Rocky Mountain Phoenix – for the purchase of a fire truck for the Black Creek/Oyster Bay fire protection service, with an expected delivery in February 2014. The remaining contract commitment is \$210,190.

SCS Engineers – for construction quality assurance for the phase one closure project at the Campbell River landfill. This agreement, which may extend into 2015 pending progress on the project, has a remaining commitment of \$383,966.

Village of Cumberland – solid waste host community agreement. This agreement, which expires December 31, 2032, provides for a \$3,000,000 contribution towards a road upgrade in the Village of Cumberland and an annual community benefit payment of \$300,000 over the twenty year term of the agreement.

**20. Subsequent Events**

On January 31, 2014, the Comox Valley Regional District acquired five parcels of land with an area of approximately 28 hectares in the Royston area for the purpose of parkland. This recreational greenway, which was identified in the official community plan and in the electoral area “A” greenways plan, was acquired at a cost of \$605,000, with \$305,000 payable on January 31, 2014 and the balance due in the spring of 2015. The acquisition is funded by the parks acquisition reserve fund.

**21. Comparative Figures**

The comparative figures have been reclassified where applicable to conform to the current year’s presentation.

**Comox Valley Regional District**  
**Schedule of Segment Disclosure by Service**  
**Year ended December 31, 2013**

	General Revenue Fund						Water Fund	Sewer Fund	2013 Actual	2013 Budget	
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
<b>Revenue</b>											
Taxation	\$ 1,823,223	\$ 3,012,306	\$ 1,882,252	\$ 670,923	\$ 96,126	\$ 2,673,862	\$ 7,547,572	\$ 405,813	\$ 3,849,296	\$ 21,961,373	\$ 21,759,363
Government grants and transfers	304,384	16,250	-	28,415	100,000	72,868	513,512	27,307	13,750	1,076,486	3,799,587
Sales of services, fees and other revenue	324,200	317,870	642,942	6,181,107	31	168,709	1,917,684	6,089,051	567,225	16,208,819	16,713,747
Capital contributions from others	-	-	-	-	-	-	-	-	682,655	682,655	-
Investment earnings	139,888	24,905	13,129	171,147	1,730	2,469	51,669	177,706	119,514	702,157	70,000
<b>Total Revenue</b>	<b>2,591,695</b>	<b>3,371,331</b>	<b>2,538,323</b>	<b>7,051,592</b>	<b>197,887</b>	<b>2,917,908</b>	<b>10,030,437</b>	<b>6,699,877</b>	<b>5,232,440</b>	<b>40,631,490</b>	<b>42,342,697</b>
<b>Expenses</b>											
Personnel costs	2,300,307	658,619	84,598	1,493,408	-	1,196,176	3,587,831	906,615	1,023,877	11,251,431	12,089,329
Grants	262,800	1,626,858	-	695,889	200,883	1,144,530	1,915,162	-	-	5,846,122	9,340,035
General goods and services	1,164,709	428,612	1,968,080	4,939,650	3,079	247,966	2,240,582	1,168,401	1,098,354	13,259,433	18,719,632
Debt charges	-	47,084	133,171	-	-	-	238,631	639,748	486,203	1,544,837	2,808,796
Transfer to other local government	-	-	-	-	493,839	-	-	69,587	-	563,426	-
Amortization of tangible capital assets	49,940	196,842	12,393	280,868	-	11,900	937,536	1,110,717	886,498	3,486,694	-
(Gain) loss on disposal of tangible capital assets	-	(34,747)	-	262,886	-	-	(2,500)	5,826	54,337	285,802	-
Landfill closure/post closure allowance	-	-	-	3,070,583	-	-	-	-	-	3,070,583	-
<b>Total Expenses</b>	<b>3,777,756</b>	<b>2,923,268</b>	<b>2,198,242</b>	<b>10,743,284</b>	<b>697,801</b>	<b>2,600,572</b>	<b>8,917,242</b>	<b>3,900,894</b>	<b>3,549,269</b>	<b>39,308,328</b>	<b>42,957,792</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (1,186,061)</b>	<b>\$ 448,063</b>	<b>\$ 340,081</b>	<b>\$ (3,691,692)</b>	<b>\$ (499,914)</b>	<b>\$ 317,336</b>	<b>\$ 1,113,195</b>	<b>\$ 2,798,983</b>	<b>\$ 1,683,171</b>	<b>\$ 1,323,162</b>	<b>\$ (615,095)</b>

**Comox Valley Regional District**  
**Schedule of Segment Disclosure by Service**  
**Year ended December 31, 2012**

	General Revenue Fund							Water Fund	Sewer Fund	2012 Actual	2012 Budget
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
<b>Revenue</b>											
Taxation	\$ 1,301,894	\$ 2,894,006	\$ 1,849,483	\$ 394,754	\$ 169,594	\$ 2,576,432	\$ 7,471,452	\$ 405,628	\$ 3,505,696	\$ 20,568,939	\$ 20,370,299
Government grants and transfers	373,793	23,697	-	23,424	-	36,505	98,708	551,980	-	1,108,107	3,888,669
Sales of services, fees and other revenue	339,754	336,479	650,241	6,113,107	85	229,960	1,904,390	6,180,234	558,834	16,313,084	15,656,027
Capital contributions from others	-	-	-	-	-	-	-	657,944	109,021	766,965	-
Investment earnings	162,660	22,504	12,660	227,817	1,159	1,475	56,672	149,621	132,303	766,871	70,000
<b>Total Revenue</b>	<b>2,178,101</b>	<b>3,276,686</b>	<b>2,512,384</b>	<b>6,759,102</b>	<b>170,838</b>	<b>2,844,372</b>	<b>9,531,222</b>	<b>7,945,407</b>	<b>4,305,854</b>	<b>39,523,966</b>	<b>39,984,995</b>
<b>Expenses</b>											
Personnel costs	2,214,014	637,617	64,606	1,434,769	-	1,063,653	3,452,737	842,313	912,284	10,621,993	11,386,249
Grants	249,500	1,527,770	-	394,667	60,064	1,124,468	1,466,300	-	-	4,822,769	5,401,859
General goods and services	986,185	462,792	1,973,019	4,757,684	2,463	318,904	2,053,499	1,011,873	1,190,373	12,756,792	18,171,688
Debt charges	-	54,262	135,615	-	449	-	340,631	678,231	507,345	1,716,533	2,750,060
Amortization of tangible capital assets	59,045	194,411	12,393	254,185	-	8,171	724,579	1,116,091	859,828	3,228,703	-
Landfill closure/post closure allowance	-	-	-	4,611,011	-	-	-	-	-	4,611,011	-
<b>Total Expenses</b>	<b>3,508,744</b>	<b>2,876,852</b>	<b>2,185,633</b>	<b>11,452,316</b>	<b>62,976</b>	<b>2,515,196</b>	<b>8,037,746</b>	<b>3,648,508</b>	<b>3,469,830</b>	<b>37,757,801</b>	<b>37,709,856</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (1,330,643)</b>	<b>\$ 399,834</b>	<b>\$ 326,751</b>	<b>\$ (4,693,214)</b>	<b>\$ 107,862</b>	<b>\$ 329,176</b>	<b>\$ 1,493,476</b>	<b>\$ 4,296,899</b>	<b>\$ 836,024</b>	<b>\$ 1,766,165</b>	<b>\$ 2,275,139</b>

**Comox Valley Regional District**  
**Schedule of Tangible Capital Assets**  
**Year ended December 31, 2013**

	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles Fixtures	Water Infrastructure	Sewer Infrastructure	Capital Assets under Construction	2013	2012
<b>Cost</b>								
<b>Balance, beginning</b>	\$ 16,053,117	\$ 34,294,103	\$ 7,656,250	\$ 58,764,229	\$ 41,562,588	\$ 1,421,097	\$ 159,751,384	\$ 154,207,678
Add:								
Additions	995,703	51,893	964,100	460,449	836,838	1,913,731	5,222,714	5,727,298
Less:								
Disposals	(493,849)	(318,493)	(913,664)	(120,682)	-	(54,337)	(1,901,025)	(183,592)
<b>Balance, ending</b>	<b>16,554,971</b>	<b>34,027,503</b>	<b>7,706,686</b>	<b>59,103,996</b>	<b>42,399,426</b>	<b>3,280,491</b>	<b>163,073,073</b>	<b>159,751,384</b>
<b>Accumulated Amortization</b>								
<b>Balance, beginning</b>	1,341,884	14,103,369	4,887,967	16,618,029	25,279,344	-	62,230,593	59,183,612
Add:								
Amortization	265,214	1,002,681	467,273	1,047,488	704,038	-	3,486,694	3,228,702
Less:								
Accumulated Amortization on disposals	-	(318,493)	(604,951)	(51,096)	-	-	(974,540)	(181,721)
<b>Balance, ending</b>	<b>1,607,098</b>	<b>14,787,557</b>	<b>4,750,289</b>	<b>17,614,421</b>	<b>25,983,382</b>	<b>-</b>	<b>64,742,747</b>	<b>62,230,593</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 14,947,873</b>	<b>\$ 19,239,946</b>	<b>\$ 2,956,397</b>	<b>\$ 41,489,575</b>	<b>\$ 16,416,044</b>	<b>\$ 3,280,491</b>	<b>\$ 98,330,326</b>	<b>\$ 97,520,791</b>

**Comox Valley Regional District**  
**Schedule of Long Term Debt**  
**December 31, 2013**

Issue #	Maturity Date	Rate	Beginning Balance	Principal Payments	Actuarial Additions	Ending Balance	Interest Charges
<b>General Capital Fund</b>							
<b>Black Creek/Oyster Bay Fire</b>							
MFA 95	10-13-25	4.80%	\$ 968,048	\$ 44,244	\$ 13,978	\$ 909,826	\$ 63,240
<b>CV Aquatic Centre/Ice Arena</b>							
MFA 65	04-24-17	5.14%	3,687,032	301,611	365,549	3,019,872	564,850
MFA 75	12-01-21	5.35%	213,098	11,300	8,026	193,772	19,989
<b>Hornby Island Fire</b>							
MFA 80	10-03-13	4.77%	34,779	22,419	12,360	-	10,182
<b>Total General Capital Fund</b>			<b>4,902,957</b>	<b>379,574</b>	<b>399,913</b>	<b>4,123,470</b>	<b>658,261</b>
<b>General Revenue Fund</b>							
<b>CV Airport Service</b>							
MFA 80	10-03-23	4.78%	2,713,601	123,125	67,882	2,522,594	201,053
<b>CV Track &amp; Fields</b>							
MFA 78	12-03-17	2.10%	181,858	20,205	12,707	148,946	9,156
MFA 85	12-02-19	4.97%	152,005	12,636	6,034	133,335	13,565
MFA 99	10/19/21	4.43%	127,956	9,556	2,535	115,865	8,476
<b>Total General Revenue Fund</b>			<b>3,175,420</b>	<b>165,522</b>	<b>89,158</b>	<b>2,920,740</b>	<b>232,250</b>
<b>Water Capital Fund</b>							
<b>Black Creek/Oyster Bay Water</b>							
MFA 112	10-06-30	3.73%	1,862,986	67,164	5,480	1,790,342	74,600
<b>England Rd Water</b>							
MFA 72	06-01-20	3.15%	59,505	3,827	2,517	53,161	3,636
<b>Greaves Cres Water</b>							
MFA 63	06-01-16	5.715%	4,780	508	601	3,671	960
<b>Regional Water</b>							
MFA 61	12-01-15	7.29%	611,858	84,679	109,407	417,772	204,120
MFA 75	12-01-21	5.35%	2,053,260	108,873	77,337	1,867,050	192,600
MFA 85	12-02-24	4.98%	1,621,559	68,953	32,922	1,519,684	113,430
MFA 95	10-13-25	4.80%	1,795,022	82,040	25,919	1,687,063	117,264
MFA 99	10/19/26	4.75%	3,674,222	158,747	42,119	3,473,356	224,542
<b>Total Water Capital Fund</b>			<b>11,683,192</b>	<b>574,791</b>	<b>296,302</b>	<b>10,812,099</b>	<b>931,152</b>
<b>Sewer Capital Fund</b>							
<b>Regional Sewer</b>							
MFA 64	09-25-16	7.22%	355,585	37,794	44,706	273,085	90,228
MFA 66	11-05-17	4.76%	440,271	38,327	41,351	360,593	60,324
MFA 80	10-03-23	4.78%	3,665,905	166,334	91,705	3,407,866	271,610
MFA 95	10-13-25	4.80%	2,204,284	100,745	31,829	2,071,710	144,000
MFA 99	10/19/26	4.75%	198,976	8,597	2,281	188,098	12,160
MFA 102	12-01-27	4.82%	2,393,963	98,267	21,290	2,274,406	141,043
<b>Total Sewer Capital Fund</b>			<b>9,258,984</b>	<b>450,064</b>	<b>233,162</b>	<b>8,575,758</b>	<b>719,365</b>
<b>Regional District Debenture Debt</b>			<b>\$ 29,020,554</b>	<b>\$ 1,569,951</b>	<b>\$ 1,018,535</b>	<b>\$ 26,432,067</b>	<b>\$ 2,541,028</b>