

# Financial Statements

Year ended December 31, 2023

**Comox Valley Regional District**  
**Financial Statements**  
December 31, 2023

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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.

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



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L. Wiwcharuk, CPA, CMA  
Officer responsible for Financial Administration,  
pursuant to Section 237 of the Local Government Act

May 7, 2024

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, 2023, and the statements of operations, accumulated operating surplus, remeasurement gains and losses, changes in net debt remeasurement gains and losses, and cash flows for the year then ended, 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, 2023, and the results of its operations, its remeasurement gains and losses, changes in its net debt 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 the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

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

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

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

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

### 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

May 7, 2024

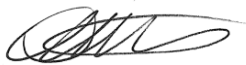
*MNP* LLP

Chartered Professional Accountants

**MNP** LLP

**Comox Valley Regional District  
Statement of Financial Position  
As at December 31, 2023**

	2023	2022 (Restated- Note 2)
<b>Financial Assets</b>		
Cash	\$ 64,323,264	\$ 49,080,491
Investments (Note 3)	82,637,824	40,889,711
Receivables (Note 4)	5,429,640	8,348,977
Security deposits	46,000	73,946
Debt recoverable from member municipalities (Note 5)	16,948,472	18,788,900
<b>Total Financial Assets</b>	<b>169,385,200</b>	<b>117,182,025</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	13,265,226	11,683,717
Deferred developer contributions (Note 7)	19,540,412	17,128,123
Deferred government transfers (Note 8)	31,843,164	-
Short-term debt (Note 9)	4,264,600	19,855,001
Long-term debt		
Member municipalities (Note 5)	16,948,472	18,788,900
Regional district - capital (Note 10 and Schedule D)	77,114,048	58,836,685
Regional district - non-capital (Note 10 and Schedule D)	-	311,131
Asset retirement obligation (Note 11)	33,123,195	31,834,277
Other liabilities	718,039	712,117
<b>Total Liabilities</b>	<b>196,817,156</b>	<b>159,149,951</b>
<b>Net Debt</b>	<b>(27,431,956)</b>	<b>(41,967,926)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	223,922	245,623
Inventory of supplies	346,476	313,264
Tangible capital assets (Schedule C)	339,031,068	332,637,887
<b>Total Non-Financial Assets</b>	<b>339,601,466</b>	<b>333,196,774</b>
<b>Accumulated Surplus</b>	<b>312,169,510</b>	<b>291,228,848</b>
<b>Accumulated Surplus consists of:</b>		
Accumulated surplus (Note 13)	313,413,085	293,322,092
Accumulated remeasurement loss	(1,243,575)	(2,093,244)
<b>Accumulated Surplus</b>	<b>\$ 312,169,510</b>	<b>\$ 291,228,848</b>
Contingent Liabilities (Note 15)		
Commitments (Note 16)		



L. Wivcharuk, CPA, CMA  
Officer responsible for Financial Administration,  
pursuant to Section 237 of the Local Government Act (RSBC 2015)



W. Cole-Hamilton  
Chair of the Board

**Comox Valley Regional District  
Statement of Operations  
Year ended December 31, 2023**

	2023 Budget (Note 19)	<b>2023 Actual</b>	2022 Actual (Restated- Note 2)
<b>Revenue</b>			
Taxation	\$ 43,496,827	\$ <b>43,656,739</b>	\$ 39,138,154
Sales of services, fees and other revenue	27,203,945	<b>31,013,666</b>	26,647,073
Government grants and transfers	3,029,714	<b>7,091,108</b>	7,766,324
Contributions from others (Note 23)	4,020,586	<b>4,523,055</b>	10,088,700
Investment income	150,000	<b>4,603,261</b>	2,071,535
Gain on disposal of tangible capital assets	-	<b>36,161</b>	42,038
<b>Total Revenue</b>	<u>77,901,072</u>	<u><b>90,923,990</b></u>	<u>85,753,824</u>
<b>Expenses</b>			
General government services	9,481,553	<b>7,618,395</b>	7,302,040
Protective services	6,487,365	<b>6,206,466</b>	5,465,599
Transportation services	4,371,509	<b>3,626,113</b>	3,657,812
Environmental health services	23,376,537	<b>18,761,874</b>	11,367,253
Public health and welfare services	740,676	<b>412,074</b>	1,022,587
Environmental development services	4,040,435	<b>3,119,917</b>	3,708,620
Recreation and cultural services	13,429,410	<b>12,907,330</b>	11,693,699
Water services	13,515,383	<b>12,292,670</b>	11,936,062
Sewer services	7,542,466	<b>5,888,158</b>	5,722,470
<b>Total Expenses</b>	<u>82,985,334</u>	<u><b>70,832,997</b></u>	<u>61,876,142</u>
<b>Annual Surplus (Deficit)</b>	(5,084,262)	<b>20,090,993</b>	23,877,682
<b>Accumulated Surplus, beginning of year</b>	293,322,092	<b>293,322,092</b>	269,444,410
<b>Accumulated Surplus, end of year</b>	<u>\$ 288,237,830</u>	<u><b>\$ 313,413,085</b></u>	<u>\$ 293,322,092</u>

**Comox Valley Regional District  
Statement of Change in Net Debt  
Year Ended December 31, 2023**

	2023 Budget <u>(Note 19)</u>	<b>2023 Actual</b>	2022 Actual <u>(Restated- Note 2)</u>
<b>Annual Surplus (Deficit)</b>	\$ (5,084,262)	<b>\$ 20,090,993</b>	\$ 23,877,682
Amortization of tangible capital assets	12,450,728	<b>12,284,372</b>	11,115,591
Acquisition of tangible capital assets	(78,949,872)	<b>(18,677,553)</b>	(47,553,216)
Change in prepaid expenses	-	<b>21,701</b>	(35,768)
Change in inventory of supplies	-	<b>(33,212)</b>	(53,358)
Loss (gain) on disposal of tangible capital assets	-	<b>(36,161)</b>	(42,038)
Proceeds on disposal of tangible capital assets	-	<b>36,161</b>	52,606
Adjustment on adoption of the asset retirement obligation standard (Note 2)	-	-	(15,678,818)
Net remeasurement gains/ (losses)	-	<b>849,669</b>	(2,093,244)
<b>Increase in Net Debt</b>	(71,583,406)	<b>14,535,970</b>	(30,410,563)
<b>Net Debt, beginning of year</b>	<u>(41,967,926)</u>	<u><b>(41,967,926)</b></u>	<u>(11,557,363)</u>
<b>Net Debt, end of year</b>	<u>\$ (113,551,332)</u>	<u><b>\$ (27,431,956)</b></u>	<u>\$ (41,967,926)</u>



**Comox Valley Regional District  
Statement of Remeasurement Gains (Losses)  
Year ended December 31, 2023**

	2023	2022
<b>Accumulated remeasurement loss, beginning of year</b>	<b>\$ (2,093,244)</b>	<b>\$ -</b>
Unrealized gains (losses) attributable to:		
Pooled fund investments	849,669	(2,093,244)
<b>Accumulated remeasurement loss, end of year</b>	<b>\$ (1,243,575)</b>	<b>\$ (2,093,244)</b>

**Comox Valley Regional District  
Statement of Cash Flows  
Year ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
		(Restated- Note 2)
<b>Operating Transactions</b>		
Annual Surplus	\$ 20,090,993	\$ 23,877,682
Changes in non-cash operating balances		
Prepaid expenses	21,701	(35,768)
Inventory of supplies	(33,212)	(53,358)
Receivables	2,919,337	(1,298,131)
Security deposits	27,946	9,979
Accounts payable and accrued liabilities	1,581,509	(1,314,858)
Deferred developer contributions	2,412,289	2,042,854
Deferred government transfers	31,843,164	(2,239,533)
Other liabilities	5,922	87,911
Items not utilizing cash		
Amortization of tangible capital assets	12,284,372	11,115,591
Accretion expenses	1,288,918	1,238,534
Gain on disposal of tangible capital assets	(36,161)	(42,038)
Landfill closure and post closure allowance	-	(11,323,423)
Actuarial adjustment of debenture debt	(1,030,715)	(913,565)
Contributions of tangible capital assets	(34,857)	(10,039,003)
<b>Cash Provided by Operating Transactions</b>	<b>71,341,205</b>	<b>11,112,874</b>
<b>Capital Transactions</b>		
Acquisition of tangible capital assets	(18,642,696)	(37,514,213)
Proceeds on disposal of tangible capital assets	36,161	52,606
<b>Cash Used for Capital Transactions</b>	<b>(18,606,535)</b>	<b>(37,461,607)</b>
<b>Investment Transactions</b>		
<b>Cash Used for Investment Transactions</b>	<b>(40,898,444)</b>	<b>(1,041,451)</b>
<b>Financing Transactions</b>		
Long-term debt issued	25,385,858	-
Long-term debt repayments	(6,388,910)	(3,308,652)
Short-term debt issued	(10,460,651)	13,303,995
Short-term debt repayment	(5,129,750)	(200,762)
<b>Cash Provided by Financing Transactions</b>	<b>3,406,547</b>	<b>9,794,581</b>
<b>Change in Cash</b>	<b>15,242,773</b>	<b>(17,595,603)</b>
<b>Cash, beginning of year</b>	<b>49,080,491</b>	<b>66,676,094</b>
<b>Cash, end of year</b>	<b>\$ 64,323,264</b>	<b>\$ 49,080,491</b>

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**1. Nature of Organization**

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.

**2. Significant Accounting Policies**

**a) Basis of Accounting**

It is the policy of the CVRD to follow Canadian public sector accounting standards and to apply such standards consistently. As part of this policy, the resources and operations of the CVRD 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 (debt), remeasurement gains (losses), and cash flows of the one economic entity of the CVRD. Interfund transactions and fund balances have been eliminated on consolidation.

**b) Financial Instruments**

Investments are held by the Municipal Finance Authority (MFA) in their pooled investment funds which include money market and bond funds and by Royal Bank Canada and Scotiabank Canada in guaranteed investment certificate (GIC). CVRD funds invested with MFA are pooled with other local governments and managed independently by Phillips, Hager & North Ltd. and CIBC Mellon Trust.

Financial instruments are classified into two categories fair value or cost.

- (i) Fair value category: investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date.

Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**2. Significant Accounting Policies (continued)**

**b) Investments and Financial Instruments**

- (ii) Cost category: investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date.

Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the CVRD determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial adjusted cost base

**c) Inventory**

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

**d) 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.

**e) 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 CVRD:
  - is directly responsible; or
  - accepts responsibility; and
- (iv) it is expected that future economic benefits will be given up;
- (v) a reasonable estimate of the amount can be made.

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

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**2. Significant Accounting Policies (continued)**

**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 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 CVRD 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 the 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 CVRD acknowledges the importance of these assets and the need to manage them in conjunction with engineered infrastructure.

**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 CVRD will be met by the Municipal Pension Plan into which both employees and the CVRD contribute. The CVRD 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, 2023

**2. Significant Accounting Policies (continued)**

**i) 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.

**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, assets retirement obligations and the timing and duration of the retirement costs. Actual results may vary from the estimates and adjustments will be reported and reflected in operations as they become known.

**l) Asset Retirement Obligation**

Pursuant to the issue of PS 3280: Asset Retirement Obligations by the Public Sector Accounting Board, the CVRD has adopted the new accounting standard beginning April 1, 2022 and shall apply the standard to financial statements for the period ending December 31, 2023 and onwards. As a result, the CVRD will address financial accounting and reporting for obligations associated with the retirement of tangible capital assets.

An asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation for the CVRD to incur costs in relation to a specific Tangible Capital Asset ("TCA"), the past transaction or event causing the liability has already occurred and economic benefits will need to be given up in order to remediate the liability and a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**2. Significant Accounting Policies (continued)**

**l) Asset Retirement Obligation (continued)**

After initial recording, the liability is increased for the passage of time, with the increase being reflected as accretion expense in the statements of operations. The asset retirement cost is also capitalized as part of the carrying value of the assets to which it is associated, and depreciated over the useful life of the asset. At remediation, the CVRD will derecognize the liability that was established. Gains or losses may be recognized upon settlement as a result of difference in actual liability as compared to estimated liability.

**m) Change in Accounting Principles**

On April 1 2022, the CVRD adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability, section PS 3270 will be withdrawn. This adoption of the new policy has been applied on a modified retroactive basis with restatement of prior period comparative amounts:

- An increase of \$13,936,044 to the capital asset account, representing the original estimate of the obligation as of the date of purchase of the corresponding assets, and an accompanying increase of \$5,949,524 to accumulated amortization;
- An asset retirement obligation in the amount of \$30,595,743, representing the original value of the obligation discounted to the present value amount using an MFA borrowing rate that correlates to the period remaining for retirement of an asset from the first year of recognizing asset retirement obligations;
- A decrease to opening accumulated surplus of \$7,692,298, as a result of the recognition of the asset retirement liability of \$22,609,223 and derecognition of the landfill liability \$14,916,925.
- Amortization and accretion costs of \$463,132 and \$1,238,534 respectively for the year ending December 31, 2022.

**n) Accounting Standards Issued but Not Yet Adopted**

In November 2018, the Public Sector Accounting Board issued new PS 3400 Revenue. The new PS 3400 establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The main features of this Section are as follows:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- Performance obligations can be satisfied at a point in time or over a period of time.
- The new standard outlines five indicators to determine if the revenue would be recognized over a period of time
- Revenue from a transaction with a performance obligation(s) is recognized when, or as, the entity has satisfied the performance obligation(s).
- Revenue from transactions with no performance obligation is recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event that gives rise to a claim of economic resources has occurred.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**2. Significant Accounting Policies (continued)**

**n) Accounting Standards Issued but Not Yet Adopted (continued)**

This standard applies to fiscal years beginning on or after April 1, 2023 and the CVRD is expected to apply it to its December 31, 2024 financial statements.

**3. Investments**

	2023	2022
Municipal Finance Authority	\$ 45,631,519	\$ 40,889,711
Scotiabank Canada	19,316,955	-
Royal Bank Canada	17,689,350	-
	\$ 82,637,824	\$ 40,889,711

Investments consist of term deposits with interest rates ranging from 5.20% to 6.48% and funds invested with the Municipal Finance Authority (MFA) in money market and bond funds (pooled funds). The CVRD has elected to record MFA bond funds (pooled funds) at fair market value. The carrying cost of the MFA pooled funds at December 31, 2023 is \$47,843,719 (2022 - \$43,951,580).

**4. Receivables**

	2023	2022
Government of Canada	\$ 697,433	\$ 1,067,644
Province of British Columbia	225,674	2,489,799
Regional and local governments	1,632,036	2,208,415
Other trade receivables	2,874,497	2,583,119
	\$ 5,429,640	\$ 8,348,977

**5. Debt Recoverable from Member Municipalities**

Pursuant to the Local Government Act, the CVRD 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 CVRD and the other member municipalities are contingently liable to the MFA for this debt.

	2023	2022
City of Courtenay	\$ 10,419,071	\$ 11,880,553
Town of Comox	-	20,371
Village of Cumberland	6,529,401	6,887,976
	\$ 16,948,472	\$ 18,788,900

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**6. Accounts Payable and Accrued Liabilities**

	<u>2023</u>	<u>2022</u>
Government of Canada	\$ 159,830	\$ 168,886
Province of British Columbia	1,115,984	854,364
Regional and local governments	2,486,078	797,721
Accrued interest on long-term debenture debt	549,216	562,464
Trade and other payables	8,954,118	9,299,282
	<u>\$ 13,265,226</u>	<u>\$ 11,683,717</u>

**7. Deferred Developer Contributions**

The CVRD receives contributions from developers for the development of the water, sewer and parks infrastructure. These 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 follows:

	<u>2023</u>	<u>2022</u>
Developer contributions, opening balance	\$ 17,128,123	\$ 15,085,269
Contributions received during the year	5,210,837	1,656,337
Interest earned on developer contributions	849,157	386,517
Expended on capital projects during the year	(3,647,705)	-
Closing balance of unspent developer contributions	<u>\$ 19,540,412</u>	<u>\$ 17,128,123</u>

**8. Deferred Government Transfers**

The CVRD has received advance payments under government grant programs. Continuity of deferred government transfers is as follows:

	<u>2023</u>	<u>2022</u>
Deferred government transfers, opening balance	\$ -	\$ 2,239,533
Restricted inflows	32,082,021	-
Revenue recognized	(238,857)	(2,239,533)
Closing balance of unspent government transfers	<u>\$ 31,843,164</u>	<u>\$ -</u>

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**9. Short-Term Debt**

Short-term debt consists of borrowing from the Municipal Finance Authority for the purpose of interim funding or for funding smaller projects. The debt bears interest at a variable daily rate which is paid monthly. The rate at December 31, 2023 was 5.61% (December 31, 2022 – 4.77%). Regular principal payments are not required but the loans must be repaid within five years of borrowing. Loan authorization bylaws are in place for some for the short-term debt which provides the authority for them to be converted to debenture debt.

	<b>2023</b>	2022
Greater Merville Fire Hall – due 2026	<b>\$ 1,560,384</b>	\$ 1,660,384
Comox Valley Tourism Building – due 2026	<b>215,425</b>	288,425
Solid Waste – Campbell River closure – refinanced	-	10,211,515
Water Treatment Plant – refinanced	-	4,950,000
King Coho Sewer – due 2026	<b>20,250</b>	27,000
Denman Hornby Internet Connectivity – due 2027	<b>648,541</b>	767,677
Parks & Greenways Land Acquisition – due 2027	<b>520,000</b>	650,000
Sewer Conveyance Project – due 2027	<b>1,300,000</b>	1,300,000
	<b>\$ 4,264,600</b>	\$ 19,855,001

Interest on the above short-term debt recorded in the Statement of Operations in 2023 is \$709,089 (2022 – \$266,997).

**10. Long-Term 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 on the issued debt of the CVRD, not including municipal debt, are as follows:

2024	\$ 3,035,967
2025	2,955,141
2026	2,761,818
2027	2,683,886
2028	2,577,881
Future years including actuarial	63,099,355
<b>Total</b>	<b>\$ 77,114,048</b>

Interest on long-term debt recorded in the various function areas of the Statement of Operations in 2023 is \$3,030,232 (2022 - \$2,537,390) before consideration of actuarial adjustments.



**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**11. Asset Retirement Obligation**

Asset Retirement Obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. Where cash flows are expected over future periods, the liability is recognized using a present value technique wherein cash flows are discounted using an MFA borrowing rate between 3.9% and 4.67% based on the period remaining for retirement of an asset from the year of recognition and the estimated liabilities at retirement are based on a 2% inflation rate based on the midpoint of Bank of Canada's target inflation range of 1% to 3%.

The Asset Retirement Obligation consists of the following:

(a) Asbestos Remediation - The CVRD owns buildings and water infrastructure which contains asbestos, which represents a health hazard as per the Canadian Environmental Protection Act and BC Hazardous Waste Regulation. It is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. For the year ending December 31, 2023, undiscounted future cash flows for all future asbestos remediation is estimated to be \$28,549,516. The estimated total liability of \$14,245,780 (2022- \$13,798,943) is based on the sum of discounted future cash flows using the present value technique. The buildings and water infrastructure with asbestos remediation are expected to have useful lives of 15-50 years and 40-100 years respectively and the remediation cost is expected to be incurred at the end of useful life for each asset. The CVRD has not designated funds for settling the abatement activities.

(b) Landfill Closure and Post Closure - All landfills owned and managed by CVRD are required to have a closure plan that outlines closure and post closure activities as per the BC Landfill Criteria for Municipal Solid Waste and the provincial Waste Management Act. The closure plan for each landfill provides estimates for the cost of closure and post-closure activities and expected timeline for post-closure activities. The reported liability is based on estimates and assumptions with respect to events extending over the post closure period using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. For the year ending December 31, 2023, undiscounted future cash flows for all future landfill closure and post closure care is estimated to be \$48,039,082. The estimated total liability of \$18,812,494 (2022- \$17,973,148) is based on the sum of discounted future cash flows using the present value technique. Post-closure care is estimated to continue for 30 years after final closure of the landfill sites which are planned between 2024 and 2041, with three landfill sites already closed in 1998, 2019 and 2022. The CVRD is committed to ensuring that the seven 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 updated in 2012 and amended in 2021 to include the organics facility and transfer station.

(c) Freon Removal - The CVRD owns building improvements that contain Freon. Freon is considered to be an ozone depleting substance and the Environmental Management Act requires recovery of freon based substances using devices or methods that meet prescribed performance standards. For the year ending December 31, 2023, undiscounted future cash flows for all future freon removal is estimated to be \$26,390. The estimated total liability of \$15,418 (2022-14,743) is based on the sum of discounted future cash flows using the present value technique. The machinery and building improvements with freon removal are expected to have useful lives of 20 years and the remediation cost is expected to be incurred at the end of useful life for each asset. The CVRD has not designated funds for settling the abatement activities.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**11. Asset Retirement Obligation (continued)**

(d) Decommissioning Cost - The CVRD has assets that are required to be dismantled and removed from a piece of land or building at the end of their useful life as a result of contractual and/or legislative requirements. For the year ending December 31, 2023, undiscounted future cash flows for all future decommissioning activities is estimated to be \$74,702. The estimated total liability of \$49,503 (2022- \$47,443) is based on the sum of discounted future cash flows using the present value technique. The decommissioning cost is expected to be incurred on machinery and sewer infrastructure with expected useful lives of 5-35 years and 15-80 years respectively and the decommissioning cost is expected to be incurred at the end of useful life for each asset. The CVRD has not designated funds for settling the decommissioning activities.

Changes in the asset retirement obligations for the twelve months ended December 31, 2023 and December 31, 2022 (restated) are set forth in the table below:

	2023	2022
Opening balance	\$ 31,834,277	\$ -
Adjustment on adoption of the Asset Retirement Obligation standard (Note 2)	-	30,595,743
Opening balance, as restated	<b>31,834,277</b>	30,595,743
Liability incurred in the current period	-	-
Liability settled in the current period	-	-
Accretion expense	<b>1,288,918</b>	1,238,534
Closing balance	<b>\$ 33,123,195</b>	\$ 31,834,277

**12. Municipal Finance Authority Debt Reserve Fund**

The CVRD 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, 2023, the cash balance of the debt reserve funds was \$1,140,737 (2022 - \$1,037,660). Debt reserve funds are not recorded elsewhere in the financial statements.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**13. Accumulated Surplus**

	2023	2022 (Restated-Note 2)
Future expenditure reserve funds	<b>\$ 17,592,003</b>	\$ 15,356,649
Capital works reserve funds	<b>37,967,442</b>	34,129,901
Community works reserve funds (Note 14)	<b>10,559,434</b>	9,522,751
Growing communities funds (Note 24)	<b>4,470,059</b>	-
Landfill closure and post closure reserve funds	<b>3,901,828</b>	3,327,024
Operating surplus	<b>14,108,910</b>	9,933,392
	<b>88,599,676</b>	72,269,717
Equity in tangible capital assets	<b>224,813,409</b>	221,052,374
<b>Accumulated Surplus, end of year</b>	<b>\$ 313,413,085</b>	\$ 293,322,092

**14. Community Works Fund**

Community Works Fund is a component of the Gas Tax Agreement funding provided by the Government of Canada and administered through the Union of British Columbia Municipalities (UBCM). Community Works Funds transfers are recorded as revenue when received, then held in reserves until spent on eligible expenditures and projects.

	2023	2022
Community Works Funds, opening balance	<b>\$ 9,522,751</b>	\$ 9,095,332
Add: Amounts received during the year	<b>1,123,282</b>	1,076,625
Add: Interest income	<b>448,888</b>	230,721
Less: Amounts allocated to projects during the year	<b>(535,487)</b>	(879,927)
Closing balance of unspent funds	<b>\$ 10,559,434</b>	\$ 9,522,751

**15. Contingent Liabilities**

As at December 31, 2023, there existed outstanding claims against the CVRD. These claims have been referred to legal counsel and to liability insurers. It is not possible to determine the potential liability, if any, with respect to these matters. However, at such time that a liability becomes known, it will be reflected in the CVRD financial statements.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**16. Commitments**

As at December 31, 2023, the CVRD 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.

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 \$1,702,041.

Town of Comox – contribution agreement towards the design, construction, installation, and commissioning of infrastructure improvements related to the sewer conveyance project. The outstanding commitment as at December 31, 2023 was \$3,000,000.

Wacor Holdings Ltd. – construction services in respect of the system for the Sewer Conveyance Project. The outstanding commitment as at Dec 31, 2023 was \$24,010,000.

Maple Knappett JV – design, build, decommission and upgrade services in respect of the system for the Sewer Conveyance Project. The outstanding commitment as at December 31, 2023 was \$55,010,000.

**17. Pension Liability**

The CVRD 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, 2022, the Plan had about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The CVRD paid \$1,446,411 (2022 - \$1,303,449) for employer contributions while employees contributed \$1,327,669 (2022 - \$1,197,186) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**17. Pension Liability (continued)**

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.

**18. Segmented Information**

The CVRD is a diversified local government providing a wide range of services to approximately 72,445 residents, including electoral area services, regional sustainability, finance & administration, sewage treatment, recreation, transportation, regional emergency services and water supply. 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 CVRD's financial statements. A detailed summary of the 2023 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, 2022.

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, streetlighting and drainage services and a contribution service to the Comox Valley airport.

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 CVRD'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.



**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**18. Segmented Information (continued)**

Public Health and Welfare

Public health and welfare consist 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.

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 of the community and contributions towards community halls, various arts and cultural facilities, heritage conservation and the Vancouver Island Regional Library.

Water

The CVRD 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 CVRD distributes water to the residents of a total of six rural water service areas.

Sewer

The CVRD owns and operates a secondary wastewater treatment facility for wastewater from 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 CVRD are also operated.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**19. Budget**

The budget amounts presented throughout these financial statements represent the five-year financial plan bylaw #760 adopted by the CVRD Board on March 21, 2023.

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. While the Board does not budget for amortization expense or the change in provision for landfill closure and post closure, estimates have been added to the Statement of Operations for comparability purposes.

The summary below reconciles the 2023 adopted financial plan to the financial statement budget figures:

Financial plan bylaw, surplus for the year	\$	-
Add:		
Capital acquisitions		78,949,872
Debt principal payments		3,798,318
Budgeted transfers to reserves		13,746,570
Less:		
Debt proceeds		(44,292,918)
Budgeted transfers from reserves		(33,918,794)
Budgeted transfers from prior years' operating surpluses		(9,627,664)
Accretion costs		(1,288,918)
Amortization		(12,450,728)
<b>Budgeted Annual Surplus</b>		<b><u><u>(\$5,084,262)</u></u></b>

**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 CVRD owns 31.26 of the 100 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 CVRD totaled \$132,600 (2022 - \$132,600).

Payables to regional and local governments at year end include \$1,500,000 (2022 - \$Nil) due to the North Island 9-1-1 Corporation. Receivables from regional and local governments at year end include \$119,849 (2022 - \$149,685) due from the North Island 9-1-1 Corporation.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**21. Comox-Strathcona Regional Hospital District**

The board members of the CVRD sit on the board of the Comox-Strathcona Regional Hospital District (CSRHD) together with the board members of the Strathcona Regional District. The CVRD 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 CVRD totaled \$230,231 (2022 - \$200,000).

Receivables from regional and local governments at year end include \$2,876 (2023 - \$Nil) due from the North Island 9-1-1 Corporation.

**22. 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 Restart 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 CVRD 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. In March 2021 the CVRD received the second installment of \$402,000. The following is a schedule of the COVID-19 Safe Restart Grant receipts, spending and allocation of unspent funds.

	<b>2023</b>	2022
Opening balance	<b>\$ 389,301</b>	\$ 565,493
Add: Amounts received during the year	-	-
Less: Amounts expended during the year		
Emergency operations preparedness and community support	-	(60,000)
Promoting local food security and supporting vulnerable populations	-	(50,000)
Information technology resilience	-	(9,287)
Recreation facilities revenue shortfalls	-	-
Rural community halls	<b>(26,500)</b>	<b>(56,905)</b>
Closing balance of unspent funds	<b>\$ 362,801</b>	<b>\$ 389,301</b>

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**22. Provincial COVID-19 Safe Restart Grant (continued)**

The balance of unspent funds has been allocated as follows:

	<b>2023</b>	2022
	<u>                    </u>	<u>                    </u>
Emergency operations preparedness and community support	<b>\$ 49,770</b>	\$ 49,770
Information technology resilience	<b>29,833</b>	29,833
Rural fire department support	<b>40,000</b>	40,000
Rural community halls	<b>155,519</b>	182,019
General administration	<b>35,679</b>	35,679
Neighbourhood emergency preparedness program	<b>10,000</b>	10,000
Community self-service online tools	<b>42,000</b>	42,000
Balance of unspent funds	<b>\$ 362,801</b>	\$ 389,301

**23. Acquisition of Graham Lake Improvement District**

On January 1, 2023, per Order in Council #622 issued by the Province of British Columbia, the Graham Lake Improvement District was dissolved. The assets, liabilities and operations of the improvement district, which provided services for waterworks to residents in the rural area, were transferred to the CVRD and included as follows in these financial statements.

Cash	\$ 444,454
Accounts receivables	3,798
Accounts payables	(13,358)
Other assets	705
Tangible capital assets	201,214
Less: Accumulated amortization	<u>(166,357)</u>
Contributions from others revenue on the Statement of Operations	<u>\$ 470,456</u>

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**24. Growing Communities Fund Grant**

The Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The CVRD received \$4,497,000 of GCF funding in March 2023.

Growing Communities Fund	<b>2023</b>
Balance, beginning of year	4,497,000
Eligible costs	
Mt. Washington Fire Hall	(26,941)
Balance, end of year	<b>\$ 4,470,059</b>

The balance of unspent funds has been allocated as follows:

Denman Island fire hall replacement	\$ 850,000
Mt. Washington fire hall	573,059
Union Bay fire hall replacement	1,195,000
Parks and trails	235,000
Artificial turf field	808,500
Sewer conveyance project	808,500
Closing balance of unspent funds	<b>\$ 4,470,059</b>

Work related to Housing Needs Reports and pre-zoning requirements:

In 2023, the Mt. Washington Fire Hall project continued. This project will improve emergency response service and permit servicing of new lots and of existing lots at a higher density. It will help property owners in the Mt. Washington neighborhood to get home insurance.

**25. Financial Risks and Concentration of Risk**

The CVRD is potentially exposed to credit risk, market and interest rate risk, and liquidity risk from the CVRD's financial instruments. Qualitative and quantitative analysis of the significant risks from the CVRD's financial instruments is provided below by type of risk

a) Credit Risk:

Credit risk primarily arises from cash, investments and accounts receivable. The risk exposure is limited to their carrying amounts as at the date of the statement of financial position.

Accounts receivable primarily consist of amounts receivable from other government organizations and residents. To reduce the risk, the CVRD regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2023, the amount of allowance for uncollectible amounts was nil (2022 - nil). The CVRD historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

**Comox Valley Regional District**  
**Notes to Financial Statements**  
Year ended December 31, 2023

**25. Financial Risks and Concentration of Risk (continued)**

b) Market and Interest Rate Risk:

Market risk is the risk that changes in market prices and inputs, which will affect the interest income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

The CVRD manages market risk by holding cash balances with top rated Canadian Schedule I financial institutions. The investments are managed following the investment policy which is approved by the CVRD's Board of Directors. The CVRD periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment policy.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The CVRD's investments are disclosed in Note 3 and changes in the fair value of investments have parallel changes in unrealized gains or losses until realized on disposal. The CVRD's exposure to interest rate risk in relation to debt instruments is limited to long-term debt and short-term financing. The risk applies only to long-term debt when amortization periods exceed the initial locked-in term. Short-term financing is subject to daily floating rates, which can result in variability over the course of short-term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

Interest rates have increased during the year, which primarily affects interest costs of short-term debt, and interest earnings on investments.

c) Liquidity Risk:

Liquidity risk is the risk that the CVRD will not be able to meet its financial obligations as they become due. The CVRD manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

**26. Comparative Figures**

Certain 2023 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

**Comox Valley Regional District  
Schedule of Segment Disclosure by Service  
Year ended December 31, 2023**

	General Revenue Fund							Water Fund Sewer Fund		2023 Actual	2023 Budget (Note 19)
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
<b>Revenue</b>											
Taxation	\$ 2,410,113	\$ 5,948,680	\$ 3,558,005	\$ 6,018,817	\$ 627,302	\$ 3,571,551	\$ 12,136,682	\$ 1,008,694	\$ 8,376,895	\$ 43,656,739	\$ 43,496,827
Sales of services, fees and other revenue	398,511	919,647	919,830	11,953,370	-	146,383	2,908,822	12,335,571	1,431,532	31,013,666	27,203,945
Government grants and transfers	5,998,898	416,734	-	43,320	-	405,411	148,814	77,931	-	7,091,108	3,029,714
Contributions from others	-	-	76,155	8,465	-	-	119,996	559,388	3,759,051	4,523,055	4,020,586
Investment income	2,128,342	282,866	72,764	594,937	14,451	88,195	446,356	695,750	279,600	4,603,261	150,000
Gain/(loss) on disposal of capital assets	-	-	-	-	-	-	21,161	15,000	-	36,161	-
<b>Total Revenue</b>	<b>10,935,864</b>	<b>7,567,927</b>	<b>4,626,754</b>	<b>18,618,909</b>	<b>641,753</b>	<b>4,211,540</b>	<b>15,781,831</b>	<b>14,692,334</b>	<b>13,847,078</b>	<b>90,923,990</b>	<b>77,901,072</b>
<b>Expenses</b>											
Personnel costs	4,871,354	1,968,070	135,832	3,464,253	-	1,860,717	5,829,636	2,834,663	1,946,834	22,911,359	24,459,836
Grants	547,540	2,601,686	-	1,328,177	375,790	568,662	2,751,214	-	-	8,173,069	8,731,444
General goods and services	1,478,367	1,006,007	3,498,268	7,578,759	36,284	569,387	3,109,080	3,172,576	2,010,614	22,459,342	28,037,237
Debt charges	152,837	140,069	(20,380)	928,644	-	51,430	40,377	1,145,108	168,487	2,606,572	4,267,333
Transfer to other local government	-	-	-	-	-	-	-	-	-	-	20,500
Amortization of tangible capital assets	567,914	488,988	12,393	3,679,686	-	69,721	1,171,035	4,699,572	1,761,419	12,450,728	12,450,728
Accretion costs	383	1,646	-	839,346	-	-	5,988	440,751	804	1,288,918	1,288,918
Landfill closure/post closure allowance	-	-	-	943,009	-	-	-	-	-	943,009	3,729,338
<b>Total Expenses</b>	<b>7,618,395</b>	<b>6,206,466</b>	<b>3,626,113</b>	<b>18,761,874</b>	<b>412,074</b>	<b>3,119,917</b>	<b>12,907,330</b>	<b>12,292,670</b>	<b>5,888,158</b>	<b>70,832,997</b>	<b>82,985,334</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 3,317,469</b>	<b>\$ 1,361,461</b>	<b>\$ 1,000,641</b>	<b>\$ (142,965)</b>	<b>\$ 229,679</b>	<b>\$ 1,091,623</b>	<b>\$ 2,874,501</b>	<b>\$ 2,399,664</b>	<b>\$ 7,958,920</b>	<b>\$ 20,090,993</b>	<b>\$ (5,084,262)</b>

**Comox Valley Regional District  
Schedule of Segment Disclosure by Service  
Year ended December 31, 2022**

	General Revenue Fund							Water Fund Sewer Fund		2022 Actual Restated	2022 Budget
	General Government	Protective Services	Transportation	Environmental Health	Public Health	Environmental Development	Recreation & Culture				
<b>Revenue</b>											
Taxation	\$ 2,280,349	\$ 5,439,584	\$ 3,152,625	\$ 6,055,103	\$ 549,792	\$ 3,042,897	\$ 10,487,963	\$ 846,000	\$ 7,283,841	<b>\$ 39,138,154</b>	\$ 38,899,171
Sales of services, fees and other revenue	393,325	947,654	825,250	11,204,574	-	104,505	2,457,187	9,568,426	1,146,152	<b>26,647,073</b>	24,153,939
Government grants and transfers	1,443,884	159,351	-	5,077,317	546,587	358,868	14,887	165,430	-	<b>7,766,324</b>	8,549,231
Contributions from others	-	358,001	-	-	-	-	9,681,000	49,699	-	<b>10,088,700</b>	1,722,581
Investment earnings	556,498	126,070	35,395	582,171	6,161	34,796	218,807	347,155	164,482	<b>2,071,535</b>	115,000
Gain/(loss) on disposal of capital assets	5,000	15,206	-	-	-	-	17,128	(2,296)	7,000	<b>42,038</b>	-
<b>Total Revenue</b>	<b>4,679,056</b>	<b>7,045,866</b>	<b>4,013,270</b>	<b>22,919,165</b>	<b>1,102,540</b>	<b>3,541,066</b>	<b>22,876,972</b>	<b>10,974,414</b>	<b>8,601,475</b>	<b>85,753,824</b>	<b>73,439,922</b>
<b>Expenses</b>											
Personnel costs	3,988,529	1,805,904	114,137	3,116,674	-	1,617,439	5,318,357	2,590,982	1,777,607	<b>20,329,629</b>	21,959,718
Grants	263,939	2,435,835	-	1,130,027	473,818	1,378,726	2,361,960	150,000	-	<b>8,194,305</b>	8,145,370
General goods and services	2,377,978	709,544	3,482,793	6,498,839	548,769	638,089	2,812,637	3,225,141	2,110,401	<b>22,404,191</b>	26,691,416
Debt charges	158,060	93,213	48,489	583,898	-	10,144	23,226	884,141	149,651	<b>1,950,822</b>	3,447,072
Transfer to other local government	-	-	-	-	-	-	-	-	-	<b>-</b>	20,500
Amortization of tangible capital assets	513,168	419,525	12,393	2,592,848	-	64,222	1,171,760	4,657,632	1,684,043	<b>11,115,591</b>	10,652,459
Accretion cost	366	1,578	-	801,897	-	-	5,759	428,166	768	<b>1,238,534</b>	-
Landfill closure/post closure allowance	-	-	-	(3,356,930)	-	-	-	-	-	<b>(3,356,930)</b>	368,601
<b>Total Expenses</b>	<b>7,302,040</b>	<b>5,465,599</b>	<b>3,657,812</b>	<b>11,367,253</b>	<b>1,022,587</b>	<b>3,708,620</b>	<b>11,693,699</b>	<b>11,936,062</b>	<b>5,722,470</b>	<b>61,876,142</b>	<b>71,285,136</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (2,622,984)</b>	<b>\$ 1,580,267</b>	<b>\$ 355,458</b>	<b>\$ 11,551,912</b>	<b>\$ 79,953</b>	<b>\$ (167,554)</b>	<b>\$ 11,183,273</b>	<b>\$ (961,648)</b>	<b>\$ 2,879,005</b>	<b>\$ 23,877,682</b>	<b>\$ 2,154,786</b>



**Comox Valley Regional District**  
**Schedule of Tangible Capital Assets**  
**Year ended December 31, 2023**

	Land and Improvements	Buildings and Improvements	Machinery Equipment Vehicles Fixtures	Water Infrastructure	Sewer Infrastructure	Tangible Capital Assets under Construction	2023	2022 (Restated-Note 2)
<b>Cost</b>								
<b>Balance, beginning</b>	\$ 55,560,886	\$ 60,768,103	\$ 21,783,894	\$ 197,780,186	\$ 66,113,635	\$ 44,560,290	\$ 446,566,994	\$ 399,176,818
Adjustment relating to recognition of Asset Retirement Obligation (Note 2)	\$ 10,141,331	\$ 84,020	\$ 24,719	\$ 3,670,954	\$ 15,020	\$ -	\$ 13,936,044	\$ 13,936,044
<b>Balance, beginning of year, as restated</b>	\$ 65,702,217	\$ 60,852,123	\$ 21,808,613	\$ 201,451,140	\$ 66,128,655	\$ 44,560,290	\$ 460,503,038	\$ 413,112,862
<b>Add:</b>								
Additions	33,686,863	269,054	3,572,049	1,055,468	3,820,998	15,024,943	57,429,375	57,578,554
Tangible capital assets transferred from GLID (Note 24)	-	74,294	126,920	-	-	-	201,214	-
<b>Less:</b>								
Disposals / Write downs	-	-	(244,903)	-	-	-	(244,903)	(163,040)
Projects completed in year	-	-	-	-	-	(38,786,679)	(38,786,679)	(10,025,338)
<b>Balance, ending</b>	99,389,080	61,195,471	25,262,679	202,506,608	69,949,653	20,798,554	479,102,045	460,503,038
<b>Accumulated Amortization</b>								
<b>Balance, beginning</b>	13,045,134	24,975,021	10,684,093	38,108,114	34,640,133	-	121,452,495	110,952,508
Adjustment relating to recognition of Asset Retirement Obligation (Note 2)	3,326,326	66,114	12,142	3,005,821	2,253	-	6,412,656	5,949,524
<b>Balance, beginning of year, as restated</b>	16,371,460	25,041,135	10,696,235	41,113,935	34,642,386	-	127,865,151	116,902,032
<b>Add:</b>								
Amortization Accumulated amortization on tangible capital assets transferred from GLID (Note 24)	3,017,220	1,500,052	1,479,999	4,420,938	1,429,837	-	11,848,046	10,652,459
Adjustment relating to recognition of Asset Retirement Obligation (Note 2)	374,396	2,267	2,245	57,418	-	-	436,326	463,132
<b>Less:</b>								
Accumulated Amortization on disposals	-	-	(244,903)	-	-	-	(244,903)	(152,472)
<b>Balance, ending</b>	19,763,076	26,605,985	12,037,402	45,592,291	36,072,223	-	140,070,977	127,865,151
<b>Net Book Value of Tangible Capital Assets</b>	\$ 79,626,004	\$ 34,589,486	\$ 13,225,277	\$ 156,914,317	\$ 33,877,430	\$ 20,798,554	\$ 339,031,068	\$ 332,637,887

**Comox Valley Regional District  
Schedule of Long-Term Debt  
December 31, 2023**

Issue #	Maturity Date	Rate	Beginning Balance	Debt Issued	Principal Payments	Actuarial Additions	Ending Balance	Interest Charges
<b>General Revenue Fund</b>								
CV Airport Service MFA 80	2023	5.45%	311,131	-	123,125	188,006	-	221,679
<b>Total Non-Capital Debenture Debt</b>			<b>311,131</b>	<b>-</b>	<b>123,125</b>	<b>188,006</b>	<b>-</b>	<b>221,679</b>
<b>General Capital Fund</b>								
<b>Administration</b>								
MFA 150	2045	1.99%	7,682,864	-	256,008	10,343	7,416,513	163,180
<b>Hornby Island Fire</b>								
MFA 150	2040	1.99%	1,148,394	-	51,550	2,083	1,094,761	24,925
<b>Comox Strathcona Waste Management</b>								
MFA 150	2040	1.99%	7,450,674	-	334,450	13,512	7,102,712	161,713
MFA 153	2041	2.99%	13,840,376	-	578,816	13,023	13,248,537	347,503
MFA 159	2043	4.15%	-	17,171,717	-	-	17,171,717	356,313
<b>Black Creek/Oyster Bay Fire</b>								
MFA 95	2025	4.80%	263,658	-	53,686	31,615	178,357	63,240
<b>CV Sports/Aquatic Centre</b>								
MFA 150	2030	1.99%	820,659	-	91,902	3,713	725,044	20,025
<b>CV Exhibition Grounds</b>								
MFA 133	2023	2.40%	85,706	-	67,364	18,342	-	14,634
<b>Total General Capital Fund</b>			<b>31,292,331</b>	<b>17,171,717</b>	<b>1,433,776</b>	<b>92,631</b>	<b>46,937,640</b>	<b>1,151,533</b>
<b>Water Capital Fund</b>								
<b>Black Creek/Oyster Bay Water</b>								
MFA 112	2030	3.73%	986,575	-	73,523	35,470	877,582	25,600
<b>Union Bay Water</b>								
RBC	2023	1.53%	3,221,335	-	3,221,335	-	-	12,106
MFA 159	2043	4.15%	-	3,214,141	-	-	3,214,141	66,693
<b>Regional Water</b>								
MFA 85	2024	5.45%	340,185	-	68,953	96,991	174,241	125,058
MFA 95	2025	4.80%	488,893	-	99,549	58,623	330,721	117,264
MFA 99	2026	4.75%	1,262,603	-	158,747	138,583	965,273	224,541
MFA 156	2041	2.58%	19,197,159	-	802,841	18,064	18,376,254	516,000
MFA 160	2043	4.97%	-	5,000,000	-	-	5,000,000	-
<b>Total Water Capital Fund</b>			<b>25,496,750</b>	<b>8,214,141</b>	<b>4,424,948</b>	<b>347,731</b>	<b>28,938,212</b>	<b>1,087,263</b>
<b>Sewer Capital Fund</b>								
<b>Regional Sewer</b>								
MFA 80	2023	5.45%	420,320	-	166,335	253,985	-	299,475
MFA 95	2025	4.80%	600,361	-	122,246	71,989	406,126	144,000
MFA 99	2026	4.75%	68,376	-	8,597	7,505	52,274	12,160
MFA 102	2027	2.25%	958,547	-	109,883	68,868	779,796	114,122
<b>Total Sewer Capital Fund</b>			<b>2,047,604</b>	<b>-</b>	<b>407,061</b>	<b>402,347</b>	<b>1,238,196</b>	<b>569,757</b>
<b>Total Regional District Capital Debenture Debt</b>			<b>58,836,685</b>	<b>25,385,858</b>	<b>6,265,785</b>	<b>842,709</b>	<b>77,114,048</b>	<b>2,808,553</b>
<b>Total Regional District Debenture Debt</b>			<b>59,147,816</b>	<b>25,385,858</b>	<b>6,388,910</b>	<b>1,030,715</b>	<b>77,114,048</b>	<b>3,030,232</b>