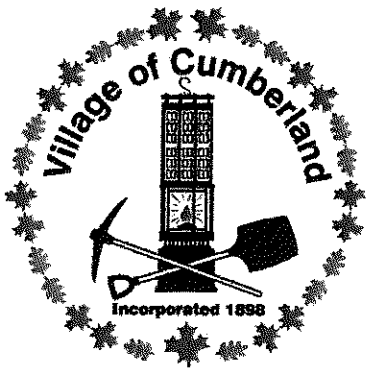

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

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For the year ended December 31, 2012

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Management's Responsibility

To the Mayor and Council of the Corporation of the Village of Cumberland:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Mayor and Council are composed entirely of individuals who are neither management nor employees of the Village. The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Mayor and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for appointing the Village's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Mayor and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

March 25, 2013

Michelle Mason, CGA
Corporate Financial Officer

Independent Auditors' Report

To the Mayor and Council of the Corporation of the Village of Cumberland:

We have audited the accompanying consolidated financial statements of the Corporation of the Village of Cumberland, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations and accumulated surplus, change in net financial assets (net debt), and cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated financial statements based on our audit. We conducted our 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Cumberland as at December 31, 2012 and its operations, change in net financial assets (net debt), and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

March 25, 2013

Courtenay, BC

MNP LLP
Chartered Accountants

MNP

STATEMENT A

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Consolidated Statement of Financial Position
As at December 31, 2012

	2012	2011
Financial Assets		
Cash and cash equivalents	$ 5,845,705	$ 4,271,128
Property taxes receivable	329,275	258,946
Accounts receivable (Note 2)	1,419,703	1,026,976
	7,594,683	5,557,050
Liabilities		
Accounts payable and accrued liabilities (Note 3)	769,668	489,891
Trust and other deposits (Note 4)	209,186	196,615
Deferred revenue (Note 6)	3,483,577	2,266,245
Debenture and long term-debt (Note 8, Schedule 2)	2,843,069	3,016,378
	7,305,500	5,969,129
Net Financial Assets (Net Debt)	289,183	(412,079)
Non-financial Assets		
Tangible capital assets (Schedule 1)	35,624,005	33,811,540
Inventories	80,235	88,574
Prepaid expenses	4,306	3,576
	35,708,546	33,903,690
Accumulated Surplus	**$ 35,997,729**	**$ 33,491,611**

Contingent liabilities (Note 7)

See accompanying notes to the consolidated financial statements

Approved by:

Leslie Baird
Mayor

Michelle Mason
Corporate Financial Officer

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget Unaudited	2011 Actual
		(Note 13)	(Note 17)
Revenues			
Taxes	$ 1,926,723	$ 1,927,496	$ 1,843,557
Grants in lieu of taxes	50,651	50,730	47,193
Frontage taxes	171,862	171,850	170,027
Sale of services	1,031,936	1,005,310	924,230
Transfers from other governments	784,991	1,206,984	1,229,582
Services to other governments	246,880	264,420	239,179
Other revenue	378,618	541,785	241,286
Development cost charges	871,946	1,179,850	189,219
Loss on disposal of tangible capital assets	(754)	-	(16,465)
Contributed assets	1,208,793	-	-
	6,671,646	6,348,425	4,867,808
Expenses			
General government services	622,808	653,660	591,128
Transportation services	966,246	1,020,405	802,663
Protective services	405,383	429,185	382,898
Environmental health services	1,232,551	1,409,095	1,135,013
Public health services	31,776	30,240	18,007
Environmental planning and development services	328,738	506,000	333,234
Recreation and cultural services	578,026	631,860	575,504
	4,165,528	4,680,445	3,838,447
Annual Surplus	**2,506,118**	**1,667,980**	**1,029,361**
Accumulated Surplus, Beginning Of Year	33,491,611	33,491,611	32,462,250
Accumulated Surplus, End Of Year	**$ 35,997,729**	**$ 35,159,591**	**$ 33,491,611**

Please see accompanying notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the Year Ended December 31, 2012

	2012 Actual	2012 Budget Unaudited (Note 13)	2011 Actual
Annual Surplus	$ 2,506,118	$ 1,667,980	$ 1,029,361
Amortization of tangible capital assets	782,032	729,340	728,822
Proceeds on disposal of tangible capital assets	-	-	17,000
Change in supplies inventories	8,339	-	(15,642)
Change in prepaid expense	(730)	-	(1,422)
Loss on disposal of tangible capital assets	754	-	16,465
Acquisition of tangible capital assets	(2,595,251)	(2,069,745)	(1,175,545)
Change In Net Financial Assets (Net Debt)	701,262	327,575	599,039
Net Debt, Beginning Of Year	(412,079)	(412,079)	(1,011,118)
Net Financial Assets (Net Debt), End Of Year	**$ 289,183**	**$ (84,504)**	**$ (412,079)**

Please see accompanying notes to the consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012

	2012	2011
Cash Flows From Operating Activities		
Annual surplus	$ 2,506,118	$ 1,029,361
Non-cash items		
Amortization	782,032	728,822
Contributed assets	(1,208,793)	-
Loss on disposal of tangible capital assets	754	16,465
Change in prepaid expense	(730)	(1,422)
Change in inventories	8,339	(15,642)
Change in deferred revenue	1,217,332	78,604
Change in working capital		
Change in property taxes receivable	(70,329)	35,663
Change in accounts receivable	(392,727)	(218,972)
Change in accounts payable	279,777	(6,626)
Change in trust and other deposits	12,571	25,158
Cash provided by (applied to) operating activities	3,134,344	1,671,411
Cash Flow From Investing Activities		
Purchase of tangible capital assets	(1,386,458)	(1,175,545)
Proceeds on disposal of tangible capital assets	-	17,000
Cash applied to capital transactions	(1,386,458)	(1,158,545)
Cash Flow From Financing Actitivies		
New debt issued	27,752	480,364
Long-term debt repaid and actuarial reduction	(201,061)	(135,309)
Cash provided from financing activities	(173,309)	345,055
Increase in Cash and Cash Equivalents	1,574,577	857,921
Cash and Cash Equivalents, Beginning Of Year	4,271,128	3,413,207
Cash and Cash Equivalents, End Of Year	**$ 5,845,705**	**$ 4,271,128**
Interest Included In Operating Activities		
Interest received in the year	$ 61,540	$ 36,684
Interest paid in the year	$ (114,754)	$ (82,816)

Please see accompanying notes to the consolidated financial statements.

The Corporation of the Village of Cumberland
Notes to Consolidated Financial Statements
Year Ended December 31, 2012

The Corporation of the Village of Cumberland was incorporated in 1898 under the provisions of the *British Columbia Municipal Act*. Its principal activities are the provision of local government services to the residents of the Municipality.

1. SIGNIFICANT ACCOUNTING POLICIES

a) It is the Municipality's policy to follow Canadian public sector accounting standards.

b) In accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Municipality has implemented the consolidation of all funds. The consolidated financial statements reflect the removal of internal transactions and balances.

The Municipality follows the normal practice for local government accounting according to the principle of fund accounting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

c) Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, trusts and other deposits, debenture and long-term debt. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

d) Tangible capital assets and other non-financial assets are accounted for as non-financial assets by the Municipality because they can be used to provide municipal services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.

e) Cash and cash equivalents include short-term deposits held with the Municipal Finance Authority in the Money Market Fund and are carried at cost, which approximates market value.

f) Inventories are valued at the lower of cost and replacement value.

g) Tax revenues are recognized in the year that they are levied. Government transfers are recognized as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Restricted grants are recognized when the related expenses are incurred and when collection is reasonably assured. Sewer and water fees are recognized when the commodity has been received by the customer. Other sales of services and other revenue from own sources are recognized when the service is provided or the amount is earned and when the amount can be estimated and collection is reasonably assured. Restricted revenues from collections of development cost charges are deferred and then recognized as revenue in the year that an expense, authorized by bylaw, is incurred.

h) Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

i) The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expenditures during the reporting period. Significant areas requiring the use of estimates include the ability to collect property taxes receivable and accounts receivable, obsolete or damaged inventory, amortization of tangible capital assets and post employment benefits.

Actual results may vary from the estimates and adjustments, if any, will be reported and reflected in operations as they become known.

j) The Municipality recognizes the expenses relating to employee benefits in the period in which the employees render the services in return for the benefits, including compensated employee absences that accumulate but do not vest. Absences due to employee illness are paid when an injury or illness occurs, but entitlement to such compensation arises as employees render service. Entitlement to compensated absence due to illness or injury is measured as the expected future utilization of this benefit.

k) Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25-40
Equipment and vehicles	5-15
Water and waste water plant and networks	
Underground networks	60-100
Plants and lift stations	50-100
Pumping stations and reservoirs	100
Other infrastructure	50-100
Transportation	
Road surfaces	15-25
Road base structure	75
Poles and luminaries	100
Parks and other	
Land improvements	10-40
Playing fields and trails	15-20
Parking lots	10-20

One half year of amortization is booked in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets are recorded as an asset at their fair value at the date of receipt and as revenue.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and the associated asset is recorded at the lower of the present value of future minimum lease payments or fair value.

l) The Municipality capitalizes interest on interim financing for capital construction projects. In 2012 $0 was capitalized (2011 - $23,768).

m) In February 2010, the Public Sector Accounting Board (PSAB) issued PS 3510 *Tax Revenue* to provide guidance on how to account for and report tax revenue in The Corporation of the Village of Cumberland financial statements. This section establishes recognition, measurement, presentation and disclosure requirements for tax revenue. PS 3510 is effective for fiscal years beginning on or after April 1, 2012. The Corporation of the Village of Cumberland has not yet determined the effect of the new section on its consolidated financial statements.

n) In March 2011, the Public Sector Accounting Board replaced and revised existing section PS 3410 *Government Transfers* with a newly amended section PS 3410. Newly issued PS 3410

establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 1, 2012; however, earlier adoption is encouraged. PS 3410 will be applied retroactively but The Corporation of the Village of Cumberland has not yet determined the effect of the newly issued section on its consolidated financial statements.

2. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2012	2011
Due from federal government	$225,634	$215,492
Due from provincial government	700,065	528,851
Due from other government	105,294	130,661
Other receivables	388,710	151,972
	$1,419,703	$1,026,976

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Account payable is comprised of the following:

	2012	2011
Due to federal government	$6,302	$4,420
Due to provincial government	50,036	38,643
Due to other government	23,676	25,251
Salaries, wages and benefits payable	313,154	240,762
Other payables	376,500	180,815
	$769,668	$489,891

4. TRUST AND OTHER DEPOSITS

Trust and other deposits are securities and deposits held by the Municipality to ensure performance of requirements under contract or for approval of development or subdivision applications, or to safeguard against damages to facilities and infrastructure. The balance includes deposits collected for building, plumbing and development permits, subdivision and landscaping performance bonds, lien holdbacks and park and facility rentals.

5. BANK INDEBTEDNESS

The Village has an available unsecured line of credit of $750,000 from the First Line Credit Union bearing interest at prime. No balance was drawn on the line of credit as at December 31, 2012 (2011 – nil).

6. DEFERRED REVENUE

	Balance 31-Dec-11	Collections	Adjustments To DCC Receivable	Recognized As Revenue	Interest Income	Balance 31-Dec-12
Deferred Revenue – DCC						
Storm Drainage	$208,184	14,926	29,852		2,442	$255,404
Sanitary Sewer	531,378	73,803	147,605	(47,426)	6,499	711,859
Waterworks	136,136	790,827	346,500	(822,170)	4,759	456,052
Roads	239,617	18,417	36,833		2,853	297,720
Parks	36,298	21,034	42,070	(2,350)	589	97,641
	1,151,613	919,007	602,860	(871,946)	17,142	1,818,676
Other Deferred	1,114,632	1,231,978		(692,298)	10,589	1,664,901
	2,266,245	2,150,985	602,860	(1,564,244)	27,731	3,483,577

7. CONTINGENT LIABILITIES

a) The Municipality's loan agreements with the Comox Valley Regional District and the Municipal Finance Authority provide that if at any time the scheduled payments required are not sufficient to meet obligations in regards to borrowings, the resulting deficiency becomes a joint and several liability of the Municipality and the other member Municipalities.

b) The Municipality is involved with a number of legal actions, the outcomes of which cannot be determined at this time. Management has determined that any potential liabilities arising from these outstanding claims are not significant.

c) The Municipality is statutorily obligated to collect and transmit the tax levies of the following bodies:

i. Provincial Government – Schools;
ii. Provincial Government – Police;
iii. Comox Valley Regional District;
iv. Regional Hospital District of Comox Strathcona;
v. British Columbia Assessment Authority;
vi. Municipal Finance Authority; and
vii. Vancouver Island Regional Library.

Such levies are not included in the revenues of the Municipality.

d) As at December 31, 2012, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The Municipality makes a provision against property taxes receivable where the results of a specific appeal are reasonably determinable.

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

8. LONG-TERM DEBT

a) The Municipality is party to several capital leases financed through the Municipal Finance Authority for the acquisition of vehicles and operating equipment. Lease terms are five years or less. The vehicles and equipment under capital leases have a carrying value of $510,488 (2011 - $590,557) and are recorded as non-financial assets in the statements.

The following is a schedule of future minimum lease payments under the capital leases with various expiry dates to 2017 together with the balance of the obligations under capital lease, which is included in the debenture and long-term debt as detailed in Schedule 2:

2013	$120,034
2014	122,637
2015	74,504
2016	28,591
2017	5,372
Total minimum lease payments	351,138
Less: amount representing interest	(10,716)
Obligations under capital lease	$340,422

b) Principal payments on debenture and long-term debt over the next five years are as follows:

2013	$89,092
2014	92,742
2015	96,542
2016	100,499
2017	104,619
Thereafter	2,019,152
	$2,502,647

9. DEPOSITS AND RESERVES – MUNICIPAL FINANCE AUTHORITY

Under borrowing arrangements with the Municipal Finance Authority (MFA), the Village is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received.

As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default, and together with the demand notes are not recorded in the accounts. If the debt is repaid without default, the deposits are refunded to the Village. Details of the cash deposits and contingent demand notes are as follows:

	2012	2011
Cash deposits	$31,903	$30,968
Contingent demand notes	63,964	63,964
	$95,867	$94,932

10. UNFUNDED LIABILITY

Employee Benefits

Employees who retire qualify for a one time payout of up to 72 days of their accumulated unused sick leave bank after 10 years of service. The Village calculates the value of this liability for employees based on review of the total vested and non-vested accrued time to date. Probabilities of 10 – 90% are assigned based on years of service and length of time to retirement. At December 31, 2012, the value of sick leave for all vested employees is calculated at $79,378 (2011 - $52,025). The total estimated employee retirement benefit liability at December 31, 2012 is $163,116 (2011 - $136,689) An accrual is also made for severance, calculated as the potential benefit applicable to each employee as at December 31, 2012 multiplied by a probability factor for a total of $36,601 (2011 - $20,888). The total employee benefit accrual is $199,718 (2011 - $157,577). Employee retirement and severance benefit payments are being funded by accounting charge on sick time accrued during the year.

11. PENSION LIABILITY

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed 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 pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 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 most recent valuation as at December 31, 2009 indicated an unfunded liability of $1.024 billion for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers. The Corporation of the Village of Cumberland paid $104,964 (2011 - $104,464) for employer contributions while employees contributed $89,523 (2011 - $87,225) to the plan in fiscal 2012.

12. TRUST FUNDS

The following assets are held in trust by the Village for cemetery care. Neither the assets nor related liability have been recorded in the financial statements.

	2012	2011
Cash and cash equivalents	$43,414	$41,880

13. ANNUAL BUDGET

Budget figures are based on the *Corporation of the Village of Cumberland 2012-2016 Financial Plan Bylaw No. 960, 2012* approved by Council in May of 2012 as amended. Figures are presented on the basis used for actual results and were adjusted as follows to comply with financial statement presentation:

Surplus per 2012 – 2016 Financial Plan	$ -
Remove proceeds from borrowing	(30,350)
Remove principal payments on debt	202,415
Add back amortization	(729,340)
Remove capital acquisitions	2,069,745
Transfer to reserves	155,510
Surplus restated for financial statement purposes	$1,667,980

14. ENVIRONMENTAL REGULATIONS

The Municipality makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards. Amounts required to meet these obligations will be charged to operations when incurred or set aside as future reserves when they can be reasonably estimated.

15. FEDERAL GAS TAX AGREEMENT FUNDS

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and 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.

The Municipality received the first contribution of Gas Tax Funding in 2005 and reports the balance in the Deferred Revenue until it is used to fund the specified projects outlined in the funding agreement.

Following is a schedule of Gas Tax receipts and disbursements received in 2012 with comparatives to 2011.

	2012	2011
Opening Balance of Unspent Funds	$401,080	$348,969
Add:		
Amounts received during the year	161,341	161,341
Interest earned	5,248	2,669
Less:		
Amount spent on projects	(111,656)	(111,899)
Closing balance of unspent funds	$456,013	$401,080

16. SEGMENTED INFORMATION

The Municipality is a diversified local government institution that provides a wide range of services to its citizens, including the provision of water, sewer, garbage disposal, recreation, parks, and cemetery services. The services and functions of the Municipality have been segregated or grouped based on factors such as delivery method, similarity in regulations, restrictions or cost recovery and the nature of the service as voluntary or essential services. Consideration has been given to comparability to other Municipal bodies.

The segments are categorized and described as follows:

General Government
This segment includes activities pertaining to the general administration and governance of the organization and those services that are provided on a centralized basis for all other segments and departments of the organization. Council, management, corporate and financial services are included as are other general costs which are not easily allocated to individual activity areas.

Transportation Services
This segment includes general road way maintenance and upgrade, street lighting, sidewalk and other general duties of the Public Works department. The Department is responsible to ensure transportation infrastructure is safe and well maintained.

Protective Services
This segment includes fire protection services, emergency preparedness, bylaw enforcement and animal control. The function's mandate is to ensure the safety of the lives and property of citizens and preserve peace and good order.

Environmental Health Services
The Water and Waste segment consists of three distinct utilities: sewerage and drainage, water, and solid waste disposal. The department provides collection and treatment of sewage and storm water, treatment and delivery of drinking water and contracts garbage collection and recycling services. Ensuring environmental and public safety standards are the key concern for the functions within this segment.

Public Health Services
The Municipality owns and/or operates three cemeteries. Although some of the maintenance activities are similar to those provided in the Parks function, a larger portion of the cost and activity is specific to performing cemetery services. The function has been segregated due to the unique regulatory requirements and because these services would be delivered as a separate business function in the private sector. The administrative and maintenance services for this function are divided between two departments but costs for administration are not substantial nor easily attributed to this function and are, therefore, not reallocated from General Government.

Environmental Planning and Development Services
The Planning Department manages land use planning, building and development functions. The department is responsible for ensuring that these functions are planned and managed to address environmental and building regulations, heritage matters and community and public concerns.

Recreation and Cultural Services
This segment captures all activities relating to the health and well being of the citizens and community. The function includes recreational services such as a fitness centre and gym, facilities rentals and contributions to community and cultural events as well as provision and maintenance of parks and park facilities. The services in this category are not considered essential services but are important for economic and community development.

For each reported segment, revenues represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Property taxes, payments in lieu and the small community grant funds are apportioned based on budget with any variance in actual revenue being attributed back to General Government. All other revenues can be directly attributed to a particular segment. With the exception of some general fiscal services and centralized supply and services charged directly to the General Government function, all other costs are instigated for and charged directly to the specific segments when incurred.

17. COMPARATIVE FIGURES

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

SCHEDULE 1

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

Tangible Capital Assets

For the Year Ended December 31, 2012

	Land	Building	Equipment / Furniture / Vehicles	Engineering Structures				Assets Under Development	2012 Total	2011 Total
				Water	Sewer / Drainage	Roads	Land Improvements			
Cost										
Opening balance	$ 3,697,459	$1,401,072	$ 2,652,549	$ 8,896,369	$14,680,749	$19,037,142	$ 1,228,758	$ 188,956	$ 51,783,054	$ 50,734,866
Add: Additions	649,090	-	106,662	482,127	437,632	248,874	27,229	662,864	2,614,478	1,940,830
Less: disposals	-	-	(1)	-	(5,660)	-	-	(19,227)	(24,888)	(892,642)
Closing balance	4,346,549	1,401,072	2,759,210	9,378,496	15,112,721	19,286,016	1,255,987	832,593	54,372,644	51,783,054
Accumulated Amortization										
Opening balance	-	1,358,462	1,005,596	2,193,929	1,822,327	10,763,259	827,941	-	17,971,514	17,336,584
Add: amortization	-	4,140	186,565	98,629	156,714	299,205	36,779	-	782,032	728,822
Less: disposals	-	-	(1)	-	(4,906)	-	-	-	(4,907)	(93,892)
Closing balance	-	1,362,602	1,192,160	2,292,558	1,974,135	11,062,464	864,720	-	18,748,639	17,971,514
Net Book Value, December 31, 2012	$ 4,346,549	$ 38,470	$ 1,567,050	$ 7,085,938	$13,138,586	$ 8,223,552	$ 391,267	$ 832,593	$ 35,624,005	
Net Book Value, December 31, 2011	$ 3,697,459	$ 42,610	$ 1,646,953	$ 6,702,440	$12,858,422	$ 8,273,883	$ 400,817	$ 188,956		$ 33,811,540

SCHEDULE 2

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Debenture and Long-Term Debt
As at December 31, 2012

	2012	2011
General Capital Fund		
Capital asset leases with various expiry dates to 2017, interest charged at prime less 1%, secured by equipment with carrying value of $510,488 (2011 - $590,557)	$ 340,422	$ 428,144
Water Capital Fund		
Debenture Debt		
Water Bylaw #702, due 2017, interest charged at 6.9%, annual principal payment of $4,143	47,595	55,798
Sewer Capital Fund		
Debenture Debt		
Sanitary Sewer Improvements Bylaw #781, interest charged at 4.43%, annual principal payment of $15,797	781,216	800,436
Sanitary Sewer Improvements Bylaw #914, interest charged at 3.25%, annual principal payment of $58,164	1,673,836	1,732,000
	2,455,052	2,532,436
Total Debenture and Long-Term Debt	**$ 2,843,069**	**$ 3,016,378**

SCHEDULE 3

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure
For the Year Ended December 31, 2012

	General government services		Transportation services		Protective services		Environmental health services		Public health services		Environmental planning and development services		Recreation and cultural services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue																
Tax revenue	$ 477,431	$ 584,348	$ 698,020	$ 478,840	$ 263,250	$ 241,601	$ 171,862	$ 170,027	$ 3,190	$ 5,187	$ 133,930	$ 183,904	$ 401,553	$ 396,870	$ 2,149,236	$ 2,060,777
Sale of services	-	-	-	-	103,517	97,235	1,081,560	980,084	16,060	14,020	-	-	77,679	72,070	1,278,816	1,163,409
Transfer from other governments	133,602	128,134	160,789	118,230	79,015	67,005	275,972	762,581	972	556	45,494	71,493	89,147	81,583	784,991	1,229,582
Other revenues and contributions	58,340	32,119	340,341	35,253	28,861	16,174	1,204,076	169,067	12,135	87	128,599	114,124	686,251	47,216	2,458,603	414,040
Total revenues	669,373	744,601	1,199,150	632,323	474,643	422,015	2,733,470	2,081,760	32,357	19,850	308,023	369,521	1,254,630	597,740	6,671,646	4,867,808
Expenses																
Wages, salaries and benefits	382,546	348,297	303,593	265,160	218,956	210,581	455,860	369,375	19,835	11,310	171,038	173,270	302,700	298,845	1,854,528	1,676,837
Good and services	222,912	225,580	297,527	183,213	125,482	113,634	363,624	405,647	10,039	4,795	157,700	159,964	236,929	241,403	1,414,213	1,334,236
Debt expense	3,216	3,431	6,199	5,518	3,533	4,103	101,807	85,499	-	-	-	-	-	-	114,755	98,551
Amortization	14,134	13,820	358,927	348,772	57,412	54,580	311,260	274,492	1,902	1,902	-	-	38,397	35,256	782,032	728,822
Total Expenses	622,808	591,128	966,246	802,663	405,383	382,898	1,232,551	1,135,013	31,776	18,007	328,738	333,234	578,026	575,504	4,165,528	3,838,447
Annual Surplus (Deficit)	**$ 46,565**	**$ 153,473**	**$ 232,903**	**$ (170,340)**	**$ 69,260**	**$ 39,117**	**$ 1,500,919**	**$ 946,746**	**$ 581**	**$ 1,843**	**$ (20,715)**	**$ 36,287**	**$ 676,604**	**$ 22,236**	**$ 2,506,118**	**$ 1,029,361**

SCHEDULE 4

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure With Budget Information
For the Year Ended December 31, 2012

	General government services		Transportation services		Protective services		Environmental health services		Public health services		Environmental planning and development services		Recreation and cultural services		Total	
	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited	Actual	Budget Unaudited
Revenue																
Tax revenue	$ 477,431	$ 477,673	$ 698,020	$ 698,278	$ 263,250	$ 263,362	$ 171,862	$ 171,850	$ 3,190	$ 3,191	$ 133,930	$ 134,005	$ 401,553	$ 401,717	$ 2,149,236	$ 2,150,076
Sale of services	-	-	-	-	103,517	121,420	1,081,560	1,063,640	16,060	12,070	-	-	77,679	72,600	1,278,816	1,269,730
Transfer from other governments	133,602	133,602	160,789	186,762	79,015	78,952	275,972	541,640	972	972	45,494	163,410	89,147	101,646	784,991	1,206,984
Other revenue and contributions	58,340	32,675	340,341	169,995	28,861	13,111	1,204,076	1,211,205	12,135	12,097	128,599	178,585	686,251	103,967	2,458,603	1,721,635
Total revenue	669,373	643,950	1,199,150	1,055,035	474,643	476,845	2,733,470	2,988,335	32,357	28,330	308,023	476,000	1,254,630	679,930	6,671,646	6,348,425
Expenses																
Wages, salaries and benefits	382,546	394,710	303,593	313,540	218,956	244,160	455,860	501,870	19,835	10,900	171,038	188,010	302,700	306,750	1,854,528	1,959,940
Good and services	222,912	241,530	297,527	351,595	125,482	126,845	363,624	530,545	10,039	17,430	157,700	317,990	236,929	289,760	1,414,213	1,875,695
Debt expense	3,216	3,600	6,199	6,490	3,533	3,600	101,807	101,780	-	-	-	-	-	-	114,755	115,470
Amortization	14,134	13,820	358,927	348,780	57,412	54,580	311,260	274,900	1,902	1,910	-	-	38,397	35,350	782,032	729,340
Total expenses	622,808	653,660	966,246	1,020,405	405,383	429,185	1,232,551	1,409,095	31,776	30,240	328,738	506,000	578,026	631,860	4,165,528	4,680,445
2012 Annual Surplus (Deficit)	**$ 46,565**	**$ (9,710)**	**$ 232,903**	**$ 34,630**	**$ 69,260**	**$ 47,660**	**$ 1,500,919**	**$ 1,579,240**	**$ 581**	**$ (1,910)**	**$ (20,715)**	**$ (30,000)**	**$ 676,604**	**$ 48,070**	**$ 2,506,118**	**$ 1,667,980**