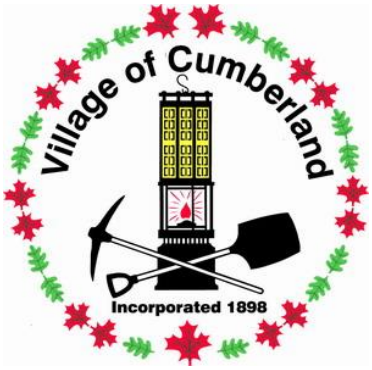

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

FINANCIAL STATEMENTS

DECEMBER 31, 2019

THE CORPORATION OF THE
VILLAGE OF CUMBERLAND

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For the year ended DECEMBER 31, 2019

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Corporation of the Village of Cumberland (the "Village"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets 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 Village as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Village 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 Matter

The financial statements of the Village for the year ended December 31, 2018 were audited by another firm of public accountants who issued an unqualified audit opinion on April 23, 2019.

Other Information

Management is responsible for the other information, consisting 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 the Council 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 Village’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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village’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 Village'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 Village'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 Village 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

April 27, 2020

MNP LLP

Chartered Professional Accountants

MNP LLP

STATEMENT A

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Financial Position
As at December 31, 2019

	2019	2018
Financial Assets		
Cash and cash equivalents	$ 8,619,393	$ 5,150,175
Property taxes receivable	143,002	162,488
Accounts receivable (Note 2)	1,150,127	2,477,911
Investments (Note 3)	4,804,133	4,632,214
	14,716,655	12,422,788
Liabilities		
Accounts payable and accrued liabilities (Note 4)	1,103,626	1,815,534
Service and other deposits (Note 5)	967,711	1,171,983
Deferred revenue (Note 7)	5,304,716	3,612,887
Debenture and long term-debt (Note 9, Schedule 2)	4,573,894	3,154,008
	11,949,947	9,754,412
Net Financial Assets	2,766,708	2,668,376
Non-financial Assets		
Tangible capital assets (Schedule 1)	58,129,282	53,985,805
Inventories	115,515	121,390
Prepaid expenses	153,610	43,234
	58,398,407	54,150,429
Accumulated Surplus (Note 16)	**$ 61,165,115**	**$ 56,818,805**

Contingent liabilities (Note 8)

Contractual rights and commitments (Note 17)

Subsequent event (Note 19)

See accompanying notes to the financial statements

Approved by:

Leslie Baird
Mayor

M Mason

Michelle Mason
Chief Financial Officer

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	(Note 14)		
Revenues			
Taxes	$ 2,785,415	$ 2,966,965	$ 2,581,029
Grants in lieu of taxes	53,610	53,123	50,483
Frontage taxes	423,105	498,634	366,142
Sale of services	1,857,405	2,048,584	1,761,721
Transfers from other governments	4,194,815	2,848,805	4,145,133
Services to other governments	421,570	403,398	401,618
Other revenue	697,010	859,447	988,888
Development cost charges	1,436,075	46,464	13,118
Contributed assets	-	1,595,885	1,858,601
	11,869,005	11,321,305	12,166,733
Expenses			
General government services	1,025,600	1,079,010	857,363
Transportation services	1,552,165	1,505,589	1,397,039
Protective services	687,035	678,381	693,667
Environmental health services	2,058,530	1,898,487	1,747,601
Public health services	37,090	44,856	32,770
Environmental planning and development services	478,840	488,504	359,562
Recreation and cultural services	1,287,395	1,280,168	1,220,705
	7,126,655	6,974,995	6,308,707
Annual Surplus	**4,742,350**	**4,346,310**	**5,858,026**
Accumulated Surplus, Beginning Of Year	56,818,805	56,818,805	50,960,779
Accumulated Surplus, End Of Year	**$ 61,561,155**	**$ 61,165,115**	**$ 56,818,805**

Please see accompanying notes to the financial statements.

STATEMENT C

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Changes in Net Financial Assets (Debt)
For the Year Ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	(Note 14)		
Annual Surplus	$ 4,742,350	$ 4,346,310	$ 5,858,026
Amortization of tangible capital assets	1,403,775	1,368,548	1,317,356
Change in supplies inventories	-	5,875	(3,835)
Change in prepaid expense	-	(110,376)	3,808
Proceeds on disposal of tangible capital assets	-	-	21,972
(Gain) loss on disposal of tangible capital assets	-	18,748	(5,991)
Acquisition of tangible capital assets	(13,090,555)	(5,530,773)	(6,997,940)
Change In Net Financial Assets	(6,944,430)	98,332	193,396
Net Financial Assets, Beginning Of Year	2,668,376	2,668,376	2,474,980
Net Financial Assets/(Debt), End Of Year	**$ (4,276,054)**	**$ 2,766,708**	**$ 2,668,376**

Please see accompanying notes to the financial statements.

STATEMENT D

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Cash Flows
For the Year Ended December 31, 2019

	2019	2018
Cash Flows From Operating Transactions		
Annual surplus	$ 4,346,310	$ 5,858,026
Non-cash items		
Amortization	1,368,548	1,317,356
Contributed assets	(1,595,885)	(1,858,601)
Long-term debt actuarial reduction	(27,871)	(23,954)
(Gain) loss on disposal of tangible capital assets	18,748	(5,991)
Change in prepaid expense	(110,376)	3,808
Change in inventories	5,875	(3,835)
Change in deferred revenue	1,691,829	321,764
Change in working capital		
Change in property taxes receivable	19,486	(25,526)
Change in accounts receivable	1,327,784	(843,909)
Change in accounts payable	(711,908)	460,576
Change in trust and other deposits	(204,272)	654,469
Cash provided by operating transactions	6,128,268	5,854,183
Cash Flow From Capital Transactions		
Purchase of tangible capital assets	(3,934,887)	(5,139,339)
Proceeds on disposal of tangible capital assets	-	21,972
Cash applied to capital transactions	(3,934,887)	(5,117,367)
Cash Flow From Financing Transactions		
New debt issued	1,796,102	507,408
Long-term debt repaid	(348,346)	(262,096)
Cash applied to financing transactions	1,447,756	245,312
Cash Flow From Investing Transactions		
Change in investments	(171,919)	(727,763)
Cash applied to investing transactions	(171,919)	(727,763)
Increase in Cash and Cash Equivalents	3,469,218	254,365
Cash and Cash Equivalents, Beginning Of Year	5,150,175	4,895,810
Cash and Cash Equivalents, End Of Year	**$ 8,619,393**	**$ 5,150,175**
Interest Included In Operating Transactions		
Interest received in the year	$ 300,677	$ 216,907
Interest paid in the year	$ (142,038)	$ (110,814)

Please see accompanying notes to the consolidated financial statements.

The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2019

The Corporation of the Village of Cumberland (the "Municipality") was incorporated in 1898 under the provisions of the *British Columbia Municipal Act and is subject to the provisions of the Community Charter and related legislation*. 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 (PSAS) as developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

b) In accordance with PSAS, the Municipality reports a combination of all funds. The financial statements reflect the removal of internal transactions and balances.

c) Financial instruments consist of cash and cash equivalents, receivables, investments, accounts payable and accrued liabilities, trusts and other deposits, and 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 both with the Municipal Finance Authority (in its Money Market Fund) and with the First Credit Union and are carried at cost, which approximates market value. The short-term deposits have maturities of less than 90 days at the time of purchase and/or can be liquidated on demand.

f) Investments represent term deposits with maturities in excess of 90 days and are recorded at cost.

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

h) Sources of Funds for the Municipality

   i) Tax revenues are recognized in the year that they are levied.

   ii) Government transfers are recognized as revenues 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. Restricted grants are recognized when the related expenses are incurred and when collection is reasonably assured.

   iii) Other transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

   iv) Sewer and water fees are recognized when the commodity has been used by the customer.

   v) 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.

   vi) 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.

i) 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.

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

k) The preparation of financial statements in conformity with PSAS 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.

l) 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.

m) 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, furniture 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

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.

n) Liability For Contaminated Sites

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

i) an environmental standard exists;

ii) contamination exceeds the environmental standard;

iii) the Municipality is directly responsible or accepts responsibility; and

iv) is directly responsible; or

v) accepts responsibility; and

vi) a reasonable estimate of the amount can be made.

As at December 31, 2019 and 2018 the Municipality has reported no liabilities related to contaminated sites.

2. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2019	2018
Due from federal government	$ 313,883	$ 1,580,244
Due from provincial government	197,264	216,914
Due from other governments	54,360	46,129
Other receivables	584,620	634,624
	$ 1,150,127	**$ 2,477,911**

3. INVESTMENTS

Investments are comprised of the following:

	2019	2018
Credit Union Term Deposits with interest rates of 2.64% (2018 – 2.70%)	$ 3,880,000	$ 4,082,627
Emergency & Safety Reserve Term Deposit with interest rate of 2.64% (2018 – 2.70%)	502,000	209,924
Parkland Reserve Credit Union Term Deposit with interest rate of 2.64% (2018 – 2.70%)	106,133	102,300
Sewer Capital Reserve Term Deposit with interest rate of 2.64% (2018 – 2.70%)	316,000	237,363
	$ 4,804,133	**$ 4,632,214**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Account payable is comprised of the following:

	2019	2018
Due to federal government	$ 4,609	$ 3,213
Due to provincial government	25	235
Due to other government	429	1,507
Salaries, wages and benefits payable	562,622	394,333
Other payables	535,941	1,416,246
	$ 1,103,626	**$ 1,815,534**

5. SERVICE AND OTHER DEPOSITS

Service 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.

6. BANK INDEBTEDNESS

The Municipality has an available unsecured line of credit of $2 million from the First Line Credit Union bearing interest at prime. No balance was drawn on the line of credit as at December 31, 2019 (2018 – $Nil).

7. DEFERRED REVENUE

	Balance 31-Dec-18	Collections	Recognized As Revenue	Interest Income	Balance 31-Dec-19
Deferred Revenue – DCC					
Parks	$ 483,997	$ 207,390	$ (5,382)	$ 14,230	$ 700,235
Roads	553,468	209,929	(15,035)	15,986	764,348
Sanitary Sewer	1,564,848	843,914	(15,282)	47,833	2,441,313
Storm Drainage	94,334	76,162	(5,382)	3,064	168,178
Waterworks	225,302	283,313	(5,382)	8,075	511,308
	2,921,949	1,620,708	(46,463)	89,188	4,585,382
Other Deferred	690,938	696,220	(677,629)	9,805	719,334
	$ 3,612,887	**$ 2,316,928**	**$ (724,092)**	**$ 98,993**	**$ 5,304,716**

8. 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) As at December 31, 2019, the Municipality has no record of any assessment appeals pending with respect to properties.

d) 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.

e) 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.

In 2019, the Municipality received a notice from the Ministry of Environment and Climate Change Strategy (MOE) notifying them that the MOE was considering imposing a number of administrative penalties. The Municipality has been in remediation meetings with the MOE, and at this point is unable to determine the administrative penalties to be levied and as a result, no liability has been recorded.

9. LONG-TERM DEBT

a) The Municipality is party to several equipment loans financed through the Municipal Finance Authority for the acquisition of vehicles and operating equipment. Loan terms are five years or less. The vehicles and equipment under these loans have a carrying value of $564,753 (2018 - $608,894) and are recorded as non-financial assets in the statements.

The following is a schedule of future minimum loan payments under the equipment financing loans with various expiry dates to 2024 together with the balance of the obligations under the loans, which is included in the debenture and long-term debt as detailed in Schedule 2:

2020	$	142,521
2021		83,610
2022		74,565
2023		59,765
2024		7,006
Total minimum loan payments		367,467
Less: amount representing interest (December 31st at 2.58%)		(15,118)
Obligations under equipment loans	**$**	**352,349**

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

2020	$	299,713
2021		1,770,862
2022		306,547
2023		311,128
2024		287,504
Thereafter		1,245,791
	$	**4,221,545**

Total balance for equipment loans, debenture and long-term debt equal $4,573,894 (2018 - $3,154,008).

10. DEPOSITS AND RESERVES – MUNICIPAL FINANCE AUTHORITY

Under borrowing arrangements with the Municipal Finance Authority (MFA), the Municipality 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 Municipality.

Cash deposits at December 31, 2019 equal to $35,213 (2018 - $34,412) and are not reported elsewhere in these financial statements.

11. EMPLOYEE BENEFITS LIABILITY

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 Municipality 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 – 100% are assigned based on years of service and length of time to retirement and discounted at 2.58% (2018 – 2.80%). At December 31, 2019, the value of sick leave for all vested employees is calculated at $75,765 (2018 - $78,524). The total estimated employee retirement benefit liability at December 31, 2019 is $245,939 (2018 - $222,122). Employee retirement benefit amounts are being funded by an accounting charge on sick time accrued during the year and are included in the accounts payable and accrued liabilities.

12. 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 administering the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2018, the Plan has approximately 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and 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 at December 31, 2018, indicated a $2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2021 with results available later in 2022. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Municipality paid $191,872 (2018 - $170,499) for employer contributions while employees contributed $168,879 (2018 - $150,268) to the Plan in fiscal 2019.

13. TRUST FUNDS

Cash and cash equivalents at December 31, 2019 held in trust by the Municipality for cemetery care equal to $64,957 (2019 - $59,282). Neither the assets nor related liabilities have been recorded in the financial statements.

14. ANNUAL BUDGET

Budget figures are based on the *2019-2023 Financial Plan Bylaw No. 1092, 2018* approved by Council in January of 2019. Figures are presented on the basis used for actual results and were adjusted as follows to comply with financial statement presentation:

Surplus per 2019 – 2023 Financial Plan	$ -
Remove proceeds from borrowing	(5,891,725)
Remove principal payments on debt	407,030
Add back amortization	(1,403,775)
Remove capital acquisitions	13,090,555
Transfer to reserves	(1,459,735)
Surplus restated for financial statement purposes	**$ 4,742,350**

During the year, the adopted budget can be amended and Council will adopt a new bylaw to reflect the approved amendments. A reconciliation between the original financial plan adopted by Council by May 15th of each year and the final amended financial plan bylaw is as follows:

	Original Financial Plan Bylaw 1092	Final Amended Financial Plan Bylaw 1124	Difference
Revenues	$ (10,432,930)	$ (10,755,145)	$ (322,215)
Expenses			
General government services	1,025,600	1,037,600	12,000
Transportation services	1,552,165	1,562,815	10,650
Protective services	687,035	712,035	25,000
Environmental health services	2,058,530	2,127,280	68,750
Public health services	37,090	37,090	-
Environmental planning and development services	478,840	528,840	50,000
Recreation and cultural services	1,287,395	1,291,400	4,005
	7,126,655	7,297,060	170,405
Net (Revenues) Expenses	(3,306,275)	(3,458,085)	(151,810)
Adjustments	6,202,085	6,225,105	23,020
Transfers (from) to reserves	(1,459,735)	(1,330,945)	128,790
Development costs charges	(1,436,075)	(1,436,075)	-
	3,306,275	3,458,085	151,810
Transfer to/(from) accumulated surplus	$ -	$ -	$ -

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 categories that include public transit, community energy, water, wastewater, solid waste, transportation, tourism, sports, culture and recreation infrastructure, disaster mitigation and capacity building projects, as specified in the funding agreements.

Revenues under the Community Works Fund portion of the program will be recognized when allocated to the Municipality.

The Municipality continues to track the unspent amounts in the Community Works Reserve Fund. The continuity of this fund is presented in the table below:

	2019	2018
Opening balance of unspent funds	$ 157,996	$ 211,593
Add:		
Amounts received during the year	418,369	205,269
Interest earned on funds	7,249	7,230
Less:		
Amounts allocated to projects during the year	(183,551)	(266,096)
Closing balance of unspent funds	**$ 400,063**	**$ 157,996**

16. ACCUMULATED SURPLUS

Operating Funds - comprise the principal operating activities of the Municipality and are separated into General, Water, and Sanitary Sewer Funds.

Reserve Funds - created to hold cash, and investments for specific future requirements.

Equity In Tangible Capital Assets - used to record the acquisition and disposal of tangible capital assets and related financing and similarly separated into General, Water and Sanitary Sewer Funds.

Accumulated Surplus:	**2019**	**2018**
Operating Funds:		
General Fund	$ 1,190,647	$ 2,893,994
Water Fund	441,416	963,286
Sanitary Sewer Fund	362,945	466,640
	1,995,008	4,323,920
Reserve Funds:		
Community Works Funds Reserve	400,063	-
Emergency & Safety Reserve	510,031	212,299
Fire Vehicles & Protective Equipment Replacement	483,870	-
General Financial Stabilization Reserve	1,104,977	-
General Village Assets Reserve	3,103	-
Host Amenity Funds Reserve	236,205	-
Infrastructure Asset Renewal Reserve	1,190,347	1,057,881
Land Sale Reserve	1,161	1,133
Parkland Reserve	155,708	150,808
Sewer Stabilization Reserve	206,038	-
Water Meter Renewal Reserve	387,685	-
Water Stabilization Reserve	300,000	-
Water & Sewer Infrastructure Asset Renewal Reserve	635,531	240,967
	5,614,719	1,663,088
Equity In Tangible Capital Assets:		
General Fund	22,365,366	21,819,236
Water Fund	16,119,344	14,718,409
Sanitary Sewer Fund	15,070,678	14,294,152
	53,555,388	50,831,797
Accumulated Surplus	**$ 61,165,115**	**$ 56,818,805**

17. CONTRACTUAL RIGHTS AND COMMITMENTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. As at December 31, 2019, the Municipality had the following contractual rights and significant commitments:

The significant contractual rights of the Municipality consisted of developer contributions. These rights exist as the Municipality has entered into a number of public works development agreements which require the developers to contribute various infrastructure assets to the Municipality, including roads and underground utilities. The timing and extent of these future contributions vary depending on development activity and fair value of the assets received at time of contribution. The contributions will be recorded as revenue based on the fair value of the assets received at the time that the Municipality assumes the risks and responsibilities related to the assets.

On December 11, 2018, the Municipality entered into an agreement with Fort Garry Fire Trucks Ltd. to purchase a fire truck with delivery date of November 22, 2019 for $501,869 before taxes. Due to modifications to the original design, the cost increased to $543,884 inclusive of PST and the fire truck was received on March 6, 2020.

18. 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 Services
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 roadway 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.

19. SUBSEQUENT EVENT

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on municipalities through the restrictions put in place by the Canadian provincial and municipal governments regarding travel, municipality operations and isolation/ quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation of the Village of Cumberland as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, office closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

Tangible Capital Assets
For the Year Ended December 31, 2019

	Land	Building	Equipment / Furniture / Vehicles	Engineering Structures: Water	Engineering Structures: Sewer / Drainage	Engineering Structures: Roads	Land Improvements	Assets Under Development	2019 Total	2018 Total
Cost										
Opening balance	$ 6,302,427	$ 1,918,572	$ 4,014,734	$ 13,180,881	$ 18,882,779	$ 23,820,600	$ 3,042,360	$ 4,001,132	$ 75,163,485	$ 68,492,164
Add: Additions	1,053,148	-	75,857	410,689	857,672	1,074,314	77,380	2,050,582	5,599,642	7,648,842
Less: disposals	-	-	-	(9,101)	(8,398)	(60,339)	(11,967)	(68,870)	(158,675)	(977,521)
Closing balance	7,355,575	1,918,572	4,090,591	13,582,469	19,732,053	24,834,575	3,107,773	5,982,844	80,604,452	75,163,485
Accumulated Amortization										
Opening balance	-	1,396,157	2,392,285	2,827,057	2,930,510	10,300,958	1,330,713	-	21,177,680	20,170,962
Add: amortization	-	19,676	271,743	145,309	200,901	597,439	133,480	-	1,368,548	1,317,356
Less: disposals	-	-	-	(5,291)	(8,258)	(49,132)	(8,377)	-	(71,058)	(310,638)
Closing balance	-	1,415,833	2,664,028	2,967,075	3,123,153	10,849,265	1,455,816	-	22,475,170	21,177,680
Net Book Value, December 31, 2019	**$ 7,355,575**	**$ 502,739**	**$ 1,426,563**	**$ 10,615,394**	**$ 16,608,900**	**$ 13,985,310**	**$ 1,651,957**	**$ 5,982,844**	**$ 58,129,282**	
Net Book Value, December 31, 2018	$ 6,302,427	$ 522,415	$ 1,622,449	$ 10,353,824	$ 15,952,269	$ 13,519,642	$ 1,711,647	$ 4,001,132		$ 53,985,805

SCHEDULE 2

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Debenture and Long-Term Debt
As at December 31, 2019

	2019	2018
General Capital Fund		
Equipment Financing Loans with various expiry dates to 2021, interest charged at floating rate (December 31st at 2.58%), secured by equipment with carrying value of $564,753 (2018 - $608,894)	$ **352,349**	$ 313,528
Short-term loan		
Comox Lake Road 5 year loan # 305-6 interest charged at floating rate (December 31st at 2.58%)	**-**	21,395
Land Purchase-LUAR 4.1 5 year loan #305-6 interest charged at floating rate (December 31st at 2.58%)	**933,419**	-
	1,285,768	334,923
Water Capital Fund		
Interim Construction Financing		
Temporary Borrowing Bylaw #982, interest charged at floating rate (December 31st at 2.58%)	**447,021**	447,021
Temporary Borrowing Bylaw #1066 interest charged at floating rate (December 31st at 2.58%)	**1,021,700**	450,827
	1,468,721	897,848
Sewer Capital Fund		
Debenture Debt		
Sanitary Sewer Improvements Bylaw #781, due 2036 interest charged at 2.1% annual principal payment of $15,797	623,338	648,630
Sanitary Sewer Improvements Bylaw #914, due 2031 interest charged at 3.25% annual principal payment of $58,164	1,196,067	1,272,607
	1,819,405	1,921,237
Total Debenture and Long-Term Debt	**$ 4,573,894**	**$ 3,154,008**

SCHEDULE 3

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure
For the Year Ended December 31, 2019

	General government services		Transportation services		Protective services		Environmental health services		Public health services		Environmental planning and development services		Recreation and cultural services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue																
Tax revenue	$ 921,958	$ 583,443	$ 893,018	$ 791,142	$ 449,700	$ 439,479	$ 423,419	$ 366,142	$ 14,560	$ 34,258	$ 194,333	$ 138,780	$ 621,734	$ 644,410	$ 3,518,722	$ 2,997,654
Sale of services	-	-	-	-	168,256	173,656	1,910,604	1,701,225	31,801	15,993	-	-	341,321	272,465	2,451,982	2,163,339
Transfer from other governments	886,256	689,807	161,646	192,511	123,128	138,060	1,459,350	2,924,915	1,943	1,379	86,577	10,649	129,905	187,812	2,848,805	4,145,133
Other revenues and contributions	261,621	201,830	913,565	688,521	28,615	30,544	980,828	1,487,557	168	110	264,900	355,218	52,099	96,827	2,501,796	2,860,607
Total revenues	2,069,835	1,475,080	1,968,229	1,672,174	769,699	781,739	4,774,201	6,479,839	48,472	51,740	545,810	504,647	1,145,059	1,201,514	11,321,305	12,166,733
Expenses																
Wages, salaries and benefits	1,058,748	415,656	490,445	429,371	366,388	364,721	288,182	677,022	21,696	14,185	293,233	230,339	564,649	533,813	3,083,341	2,665,107
Good and services	3,573	422,821	250,774	266,261	267,437	281,790	1,068,433	566,788	20,078	15,849	195,271	129,223	575,231	553,876	2,380,797	2,236,608
Debt expense	-	-	18,041	6,357	813	1,483	103,983	86,718	-	-	-	-	724	1,069	123,561	95,627
Amortization	16,689	18,886	731,532	709,349	43,743	45,673	433,938	409,592	3,082	2,736	-	-	139,564	131,120	1,368,548	1,317,356
Loss/(Gain) on disposal of assets	-	-	14,797	(14,299)	-	-	3,951	7,481	-	-	-	-	-	827	18,748	(5,991)
Total Expenses	1,079,010	857,363	1,505,589	1,397,039	678,381	693,667	1,898,487	1,747,601	44,856	32,770	488,504	359,562	1,280,168	1,220,705	6,974,995	6,308,707
Annual Surplus (Deficit)	**$ 990,825**	**$ 617,717**	**$ 462,640**	**$ 275,135**	**$ 91,318**	**$ 88,072**	**$ 2,875,714**	**$ 4,732,238**	**$ 3,616**	**$ 18,970**	**$ 57,306**	**$ 145,085**	**$ (135,109)**	**$ (19,191)**	**$ 4,346,310**	**$ 5,858,026**

SCHEDULE 4

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure With Budget Information
For the Year Ended December 31, 2019

	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	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenue																
Tax revenue	$ 921,958	$ 756,445	$ 893,018	$ 811,650	$ 449,700	$ 446,535	$ 423,419	$ 423,105	$ 14,560	$ 14,490	$ 194,333	$ 192,900	$ 621,734	$ 617,005	$ 3,518,722	$ 3,262,130
Sale of services	-	-	-	-	168,256	186,570	1,910,604	1,822,555	31,801	15,900	-	-	341,321	253,950	2,451,982	2,278,975
Transfer from other governments	886,256	701,145	161,646	158,410	123,128	118,530	1,459,350	3,040,390	1,943	1,900	86,577	37,120	129,905	137,320	2,848,805	4,194,815
Other revenue and contributions	261,621	145,200	913,565	171,075	28,615	24,560	980,828	1,486,240	168	160	264,900	247,820	52,099	58,030	2,501,796	2,133,085
Total revenue	2,069,835	1,602,790	1,968,229	1,141,135	769,699	776,195	4,774,201	6,772,290	48,472	32,450	545,810	477,840	1,145,059	1,066,305	11,321,305	11,869,005
Expenses																
Wages, salaries and benefits	1,058,748	993,390	490,445	493,050	366,388	377,200	288,182	395,445	21,696	16,140	293,233	331,970	564,649	638,175	3,083,341	3,245,370
Good and services	3,573	13,310	250,774	288,310	267,437	243,565	1,068,433	1,124,365	20,078	17,810	195,271	146,870	575,231	513,020	2,380,797	2,347,250
Debt expense	-	-	18,041	24,675	813	5,190	103,983	100,255	-	-	-	-	724	140	123,561	130,260
Amortization	16,689	18,900	731,532	746,130	43,743	61,080	433,938	438,465	3,082	3,140	-	-	139,564	136,060	1,368,548	1,403,775
Loss/(Gain) on disposal of assets	-	-	14,797	-	-	-	3,951	-	-	-	-	-	-	-	18,748	-
Total expenses	1,079,010	1,025,600	1,505,589	1,552,165	678,381	687,035	1,898,487	2,058,530	44,856	37,090	488,504	478,840	1,280,168	1,287,395	6,974,995	7,126,655
Annual Surplus (Deficit)	**$ 990,825**	**$ 577,190**	**$ 462,640**	**$ (411,030)**	**$ 91,318**	**$ 89,160**	**$ 2,875,714**	**$ 4,713,760**	**$ 3,616**	**$ (4,640)**	**$ 57,306**	**$ (1,000)**	**$ (135,109)**	**$ (221,090)**	**$ 4,346,310**	**$ 4,742,350**