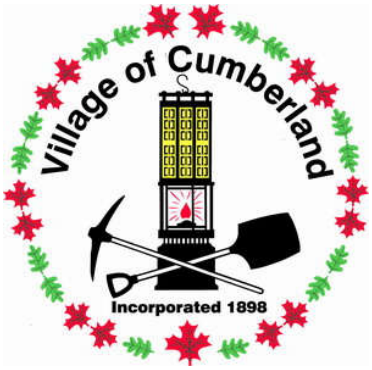

THE CORPORATION OF THE VILLAGE OF CUMBERLAND

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE CORPORATION OF THE
VILLAGE OF CUMBERLAND

Index to Financial Statements

For the year ended DECEMBER 31, 2022

MANAGEMENT'S RESPONSIBILITY

INDEPENDENT AUDITOR'S REPORT

STATEMENTS

A	Statement of Financial Position	1
B	Statement of Operations and Accumulated Surplus	2
C	Statement of Change in Net Financial Assets	3
D	Statement of Cash Flows	4

NOTES TO FINANCIAL STATEMENTS 5

SCHEDULES

1	Tangible Capital Assets	19
2	Debenture and Long-Term Debt	20
3	Segment Disclosure	21
4	Segment Disclosure with Budget Information	22

Corporation of the
Village of Cumberland

2673 Dunsmuir Avenue
P.O. Box 340
Cumberland, BC V0R 1S0
Telephone: 250-336-2291
Fax: 250-336-2321
cumberland.ca

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 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.

Council 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 Village's independent auditors, have conducted an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

M. Mason

Michelle Mason, CPA, CGA
Financial Officer,
pursuant to Section 149 of the Community Charter
April 24, 2023

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Corporation of the Village of Cumberland (the "Municipality"), which comprise the statement of financial position as at December 31, 2022, 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 Municipality as at December 31, 2022, and the results of its operations, changes in its net financial assets 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 Municipality 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, consisting of an 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 do 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.

Nanaimo, British Columbia

April 24, 2023

MNP LLP

Chartered Professional Accountants

STATEMENT A

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Financial Position
As at December 31, 2022

	2022	2021
Financial Assets		
Cash and cash equivalents	$ 8,360,526	$ 13,019,005
Property taxes receivable	213,332	187,652
Accounts receivable (Note 2)	1,542,188	1,166,062
Investments (Note 3)	14,000,000	8,000,000
	24,116,046	22,372,719
Financial Liabilities		
Accounts payable and accrued liabilities (Note 4)	1,647,792	2,355,516
Service and other deposits (Note 5)	1,204,628	714,521
Deferred revenue (Note 7)	6,276,284	8,541,168
Debenture and long term-debt (Note 9, Schedule 2)	8,556,549	8,683,349
	17,685,253	20,294,554
Net Financial Assets	6,430,793	2,078,165
Non-financial Assets		
Tangible capital assets (Schedule 1)	71,282,227	64,985,318
Inventories	123,204	111,975
Prepaid expenses	18,885	16,378
	71,424,316	65,113,671
Accumulated Surplus (Note 17)	**$ 77,855,109**	**$ 67,191,836**

Contingent liabilities (Note 8)
Contractual rights and commitments (Note 18)
Subsequent events (Note 20)

See accompanying notes to the financial statements

Approved by:

V. Brown	***M. Mason***
Vickey Brown	Michelle Mason
Mayor	Chief Financial Officer

STATEMENT B

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2022

	2022 Budget (Note 14)	2022 Actual	2021 Actual
Revenue			
Property taxes	$ 3,609,820	$ 3,653,766	$ 3,408,208
Payments in lieu of taxes	56,550	56,249	56,167
Frontage taxes	684,860	691,119	644,718
Sale of services	2,218,390	2,397,204	2,094,363
Transfers from other governments	1,367,810	2,956,902	1,950,167
Services to other governments	487,470	537,918	533,111
Other Revenue	794,190	1,120,617	826,276
Development cost charges	24,750	2,500,000	21,249
Contributed assets	-	5,410,428	-
	9,243,840	19,324,203	9,534,259
Expenses			
General government services	1,183,190	1,122,914	1,419,521
Transportation services	1,924,560	1,966,302	1,596,806
Protective services	851,650	1,022,694	901,506
Environmental health services	2,186,430	2,238,138	2,291,716
Public health services	37,410	30,530	29,643
Environmental planning and development	786,310	740,011	534,101
Recreation and cultural services	1,553,250	1,540,341	1,357,894
	8,522,800	8,660,930	8,131,187
Annual Surplus	**721,040**	**10,663,273**	**1,403,072**
Accumulated Surplus, Beginning of Year	67,191,836	67,191,836	65,788,764
Accumulated Surplus, End of Year	**$ 67,912,876**	**$ 77,855,109**	**$ 67,191,836**

See accompanying notes to the financial statements

STATEMENT C

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2022

	2022 Budget	2022 Actual	2021 Actual
	(Note 14)		
Annual Surplus	$ 721,040	$ 10,663,273	$ 1,403,072
Amortization of tangible capital assets	1,469,270	1,827,699	1,651,856
Change in supplies inventories	-	(11,229)	10,172
Change in prepaid expense	-	(2,507)	5,772
Proceeds on disposal of tangible capital assets	-	-	25,633
Loss on disposal of tangible capital assets	-	5,681	25,493
Acquisition of tangible capital assets	(853,100)	(8,130,289)	(2,820,324)
Change In Net Financial Assets	1,337,210	4,352,628	301,674
Net Financial Assets, Beginning Of Year	2,078,165	2,078,165	1,776,491
Net Financial Assets, End Of Year	**$ 3,415,375**	**$ 6,430,793**	**$ 2,078,165**

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, 2022

	2022	2021
Cash Flows From Operating Transactions		
Annual surplus	$ 10,663,273	$ 1,403,072
Non-cash items		
Amortization	1,827,699	1,651,856
Contributed assets	(5,410,428)	-
Long-term debt actuarial reduction	(38,199)	(36,180)
Loss on disposal of tangible capital assets	5,681	25,493
Change in prepaid expense	(2,507)	5,772
Change in inventories	(11,229)	10,172
Change in deferred revenue	(2,264,884)	336,661
Change in working capital		
Change in property taxes receivable	(25,680)	(7,586)
Change in accounts receivable	(376,126)	(185,498)
Change in accounts payable	(707,724)	(226,761)
Change in trust and other deposits	490,107	(136,975)
Cash provided by operating transactions	4,149,983	2,840,026
Cash Flow From Capital Transactions		
Purchase of tangible capital assets	(2,719,861)	(2,820,324)
Proceeds on disposal of tangible capital assets	-	25,633
Cash applied to capital transactions	(2,719,861)	(2,794,691)
Cash Flow From Financing Transactions		
New debt issued	554,967	3,015,511
Long-term debt repaid	(643,568)	(488,015)
Cash applied to financing transactions	(88,601)	2,527,496
Cash Flow From Investing Transactions		
Change in investments	(6,000,000)	(3,251,941)
Cash applied to investing transactions	(6,000,000)	(3,251,941)
Increase (Decrease) in Cash and Cash Equivalents	(4,658,479)	(679,110)
Cash and Cash Equivalents, Beginning Of Year	13,019,005	13,698,115
Cash and Cash Equivalents, End Of Year	**$ 8,360,526**	**$ 13,019,005**
Interest Included In Operating Transactions		
Interest received in the year	$ 282,221	$ 257,916
Interest paid in the year	$ (195,564)	$ (209,498)

See accompanying notes to the financial statements

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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 and 2021 the Municipality has reported no liabilities related to contaminated sites.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Asset Retirement Obligation

PS 3280 *Asset Retirement Obligations*, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the Municipality as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

a. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

b. The past transaction or event giving rise to the liability has occurred;

c. It is expected that future economic benefits will be given up; and

d. A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the Municipality's financial results.

2. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2022	2021
Due from federal government	$ 334,908	$ 367,823
Due from provincial government	12,376	18,790
Due from other governments	58,177	81,787
Other receivables	1,136,727	697,662
	$ 1,542,188	**$ 1,166,062**

3. INVESTMENTS

Investments are comprised of the following:

	2022	2021
First Credit Union Term Deposits with interest rate of 1.85% (2021 – 1%); matures March 17, 2023	$ 2,000,000	$ 2,000,000
First Credit Union Term Deposits with interest rate of 4.4% (2021 – Nil); matures August 3, 2023	11,000,000	-
Canaccord Genuity Wealth Management Investment with interest rate of Nil (2021 – 1.3%); matured October 11, 2022	-	5,000,000
Canaccord Genuity Wealth Management Investment with interest rate of 1.4% (2021 – 1.4%); matures Jan 3, 2023	1,000,000	1,000,000
	$ 14,000,000	**$ 8,000,000**

4. ACCOUNTS PAYABLE

Account payable is comprised of the following:

	2022	2021
Due to federal government	$ 6,217	$ 4,199
Due to provincial government	2,611	1,181,086
Due to other government	1,690	1,163
Salaries, wages and benefits payable	322,678	316,043
Other payables	1,314,596	853,025
	$ 1,647,792	**$ 2,355,516**

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 and park and facility rentals.

6. BANK INDEBTEDNESS

The Municipality has an available secured line of credit of $2 million from the First Credit Union bearing interest at prime. No balance was drawn on the line of credit as at December 31, 2022 (2021 – $Nil).

7. DEFERRED REVENUE

	Balance 31-Dec-21	Collections	Adjustments	Recognized As Revenue	Interest Income	Balance 31-Dec-22
Deferred Revenue – DCC						
Parks	$ 760,717	$ 65,485	$ (2,097)	$ -	$ 19,519	$ 843,624
Roads	842,455	65,630	(2,288)	-	21,345	927,142
Sanitary Sewer	2,739,895	263,834	(9,200)	(2,500,000)	45,774	540,303
Storm Drainage	194,192	27,219	(498)	-	5,302	226,215
Waterworks	630,711	116,272	(4,055)	-	17,797	760,725
	5,167,970	538,440	(18,138)	(2,500,000)	109,737	3,298,009
Other Deferred	3,373,199	728,891	(8,827)	(1,194,044)	79,056	2,978,275
	$8,541,169	**$1,267,331**	**$(26,965)**	**$ (3,694,044)**	**$ 188,793**	**$ 6,276,284**

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 either not significant or will be recovered through property taxes.

c) As at December 31, 2022, the Municipality has no record of any significant 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 in reserve funds for when they can be reasonably estimated.

NOTE 8 e) CONTINGENT LIABILITIES (continued)

In 2019, the Municipality received a notice from the Ministry of Environment and Climate Change Strategy (MOE) notifying the Municipality that the MOE was considering imposing a number of administrative penalties. The Municipality entered into a consent order with MOE in 2020 and paid $15,000 that represents a portion of the administration penalties. As per the consent order, if registration under the Municipal Wastewater Regulation or an Operational Certificate under an approved Liquid Waste Management Plan is not complete by December 31, 2025, unless any delay beyond that date is affected by a material change in circumstances not caused or contributed to by the appellant, $40,000 shall forthwith be paid to the Minister of Finance. The Municipality believes there is a high probability that the registration will take place by December 31, 2025.

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 $853,489 (2021 - $764,705) and are recorded as non-financial assets in the statements.

The following is a schedule of future minimum principal payments under the equipment financing loans with various expiry dates to 2027 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:

2023	$	134,171
2024		87,905
2025		69,922
2026		23,930
2027		13,634
	$	**329,562**

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

2023	$	305,727
2024		305,727
2025		305,727
2026		305,727
2027		305,727
	$	**1,528,635**

Total balance for equipment loans, debenture and long-term debt equal $8,556,549 (2021 - $8,683,349).

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, 2022 equal to $96,472 (2021 - $94,364) 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 4.38% (2021 – 2.97%). At December 31, 2022, the value of sick leave for all vested employees is calculated at $76,007 (2021 - $80,787). The total estimated employee retirement benefit liability at December 31, 2022 is $221,681 (2021 - $223,082). 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, 2021, the Plan has approximately 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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, 2021, indicated a $3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024 with results available later in 2025.

NOTE 12 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.

The Municipality paid $216,721 (2021 - $231,402) for employer contributions while employees contributed $200,426 (2021 - $205,818) to the Plan in fiscal 2022.

13. TRUST FUNDS

Cash and cash equivalents at December 31, 2022 held in trust by the Municipality for cemetery care equal to $83,445 (2021 - $78,119). Neither the assets nor related liabilities have been recorded in the financial statements.

14. ANNUAL BUDGET

Budget figures are based on the *2022-2026 Financial Plan Bylaw No. 1152, 2021* approved by Council in January of 2022. Figures are presented on the basis used for actual results and were adjusted as follows to comply with financial statement presentation:

Surplus per 2022 – 2026 Financial Plan	$ -
Remove proceeds from borrowing	(40,000)
Remove principal payments on debt	718,450
Add back amortization	(1,469,270)
Remove capital acquisitions	853,100
Transfer to reserves	658,760
Surplus restated for financial statement purposes	**$ 721,040**

NOTE 14 ANNUAL BUDGET (continued)

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 1152	Final Amended Financial Plan Bylaw 1180	Difference
Revenues	$ (9,219,090)	$ (16,014,970)	$ (6,795,880)
Expenses			
General government services	1,183,190	1,485,030	301,840
Transportation services	1,924,560	1,994,830	70,270
Protective services	851,650	933,650	82,000
Environmental health services	2,186,430	2,206,430	20,000
Public health services	37,410	37,410	-
Environmental planning and development services	786,310	958,330	172,020
Parks, Recreation and cultural services	1,553,250	1,793,716	240,466
	8,522,800	9,409,396	886,596
Net (Revenues) Expenses	(696,290)	(6,605,574)	(5,909,284)
Adjustments	62,280	10,357,880	10,295,600
Transfers (from) to reserves	658,760	(1,217,606)	(1,876,366)
Development costs charges	(24,750)	(2,534,700)	(2,509,950)
	696,290	6,605,574	5,909,284
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:

	2022	2021
Opening balance of unspent funds	$ 887,154	$ 443,943
Add:		
Amounts received during the year	223,057	436,228
Interest on funds	23,875	6,983
Less:		
Amounts allocated to projects during the year	-	-
Closing balance unspent funds	**$ 1,134,086**	**$ 887,154**

16. COVID-19 SAFE RESTART FUNDS

COVID-19 Safe Restart funding is provided by the Province of British Columbia. COVID-19 Safe Restart funding may be used towards designated categories that address the impacts of COVID-19. Eligible costs will include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

Revenues under the COVID-19 Safe Restart program have been recognized when allocated to the Municipality. The Municipality continues to track the unspent amounts in the General Financial Stabilization Reserve. The continuity of this fund is presented in the table below:

	2022	2021
Opening balance of unspent funds	$ 750,671	$ 1,295,316
Add:		
Amounts received during the year	-	-
Interest on funds	10,815	12,489
Less:		
Amounts allocated to projects during the year	(509,596)	(557,134)
Closing balance unspent funds	**$ 251,890**	**$ 750,671**

17. 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:	**2022**	**2021**
Operating Funds:		
General Fund	$ 1,570,231	$ 1,566,622
Water Fund	338,806	286,158
Sanitary Sewer Fund	394,207	427,193
	2,303,244	2,279,973
Reserve Funds:		
Community Works Funds Reserve (Note 15)	1,134,086	887,154
Emergency & Safety Reserve	1,569,980	1,241,547
Fire Vehicles & Protective Equipment Replacement	151,076	141,176
General Financial Stabilization Reserve (Note 16)	1,562,028	1,800,509
General Municipal Facility Assets Reserve	173,057	-
General Village Assets Reserve	266,999	219,091
Host Amenity Funds Reserve	254,496	300,524
Infrastructure Asset Renewal Reserve	2,347,870	1,706,619
Land Sale Reserve	1,220	1,192
Parkland Reserve	150,871	112,659
Sewer Stabilization Reserve	898,942	708,103
Water Meter Renewal Reserve	690,326	581,967
Water Stabilization Reserve	528,395	318,159
Water & Sewer Infrastructure Asset Renewal Reserve	3,096,842	591,194
	12,826,188	8,609,894
Equity In Tangible Capital Assets:		
General Fund	27,073,416	24,824,253
Water Fund	17,357,545	15,742,903
Sanitary Sewer Fund	18,294,716	15,734,813
	62,725,677	56,301,969
Accumulated Surplus	**$ 77,855,109**	**$ 67,191,836**

18. 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, 2022, 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.

19. 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.

NOTE 19 SEGMENTED INFORMATION (continued)

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.

20. SUBSEQUENT EVENTS

On Feb. 10, 2023, provincial government announced the Growing Communities Fund, which provides a one-time total of $1 billion in grants to all 188 B.C. municipalities and regional districts. Cumberland's allocation totals $2,777,000. The eligible use of these funds has not been communicated at this point.

SCHEDULE 1

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Tangible Capital Assets
For the Year Ended December 31, 2022

	Land	Building	Equipment / Furniture / Vehicles	Engineering Structures			Land Improvements	Assets Under Development	2022 Total	2021 Total
				Water	Sewer / Drainage	Roads				
Cost										
Opening balance	$ 9,638,896	$ 10,151,094	$ 5,049,554	$ 15,631,382	$ 20,262,644	$ 25,439,246	$ 3,129,537	$ 1,063,751	$ 90,366,104	$ 87,807,049
Add: Additions	1,246,691	11,974	353,638	1,871,479	1,173,127	1,205,644	49,174	2,223,522	8,135,249	6,461,371
Less: disposals	-	-	(6,433)	(122)	(7,992)	-	-	(4,960)	(19,507)	(3,902,315)
Closing balance	10,885,587	10,163,068	5,396,759	17,502,739	21,427,779	26,644,890	3,178,711	3,282,313	98,481,846	90,366,105
Accumulated Amortization										
Opening balance	-	1,779,799	3,100,735	3,291,909	3,524,499	11,983,958	1,699,886	-	25,380,786	23,939,074
Add: amortization	-	295,863	318,211	196,095	218,788	681,134	117,608	-	1,827,699	1,651,856
Less: disposals	-	-	(6,433)	(35)	(2,398)	-	-	-	(8,866)	(210,142)
Closing balance	-	2,075,662	3,412,513	3,487,969	3,740,889	12,665,092	1,817,494	-	27,199,619	25,380,788
Net Book Value, December 31, 2022	$ 10,885,587	$ 8,087,406	$ 1,984,246	$ 14,014,770	$ 17,686,890	$ 13,979,798	$ 1,361,217	$ 3,282,313	$ 71,282,227	
Net Book Value, December 31, 2021	$ 9,638,896	$ 8,371,295	$ 1,948,819	$ 12,339,473	$ 16,738,145	$ 13,455,288	$ 1,429,651	$ 1,063,751		$ 64,985,317

SCHEDULE 2

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Debenture and Long-Term Debt
As at December 31, 2022

	2022	2021
General Capital Fund		
Equipment Financing Loans with various expiry dates to 2025 interest charged at a floating rate (December 31st at 0.96%) secured by equipment with carrying value of $764,705 (2020 - $846,910)	$ 329,562	$ 405,528
Land Purchase-LUAR 4.1 5 year loan #305-6 interest charged at floating rate (December 31st at 0.97%) with carrying value of $1,011,978 (2020 - $1,011,978)	339,011	540,410
Interim Construction Financing Temporary Borrowing Bylaw #1123 interest charged at floating rate (December 31st at 0.97%) (Transferred to long-term debt Bylaw #1122 in 2021)	-	-
Debenture Debt Fire Hall Bylaw #1122, due 2041 interest charged at 2.41% annual principal payment of $168,597	4,031,403	4,200,000
	4,699,976	**5,145,938**
Water Capital Fund		
Debenture Debt Water Supply Improvements Bylaw #981, due 2040 interest charged at 0.91% annual principal payment of $18,865	409,061	428,256
Water Supply Improvements Bylaw #1063, due 2040 interest charged at 0.91% annual principal payment of $44,305	960,715	1,005,795
	1,369,776	**1,434,051**
Sewer Capital Fund		
Interim Construction Financing Temporary Borrowing Bylaw #1106 interest charged at floating rate (December 31st at 0.97%)	1,000,000	500,000
Debenture Debt Sanitary Sewer Improvements Bylaw #781, due 2036 interest charged at 1.75% annual principal payment of $15,797	541,228	569,678
Sanitary Sewer Improvements Bylaw #914, due 2031 interest charged at 3.25% annual principal payment of $58,164	945,569	1,033,682
	2,486,797	2,103,360
Total Debenture and Long-Term Debt	**$ 8,556,549**	**$ 8,683,349**

SCHEDULE 3

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure
For the Year Ended December 31, 2022

	General government services		Transportation services		Protective services		Environmental health services		Public health services		Environmental planning and development services		Recreation and cultural services		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue																
Tax revenue	$ 1,144,077	$ 1,143,083	$ 1,085,341	$ 908,787	$ 542,957	$ 504,135	$ 655,903	$ 609,502	$ 486	$ 7,653	$ 233,093	$ 194,231	$ 739,277	$ 741,702	$ 4,401,134	$ 4,109,093
Sale of services	-	-	-	-	247,765	241,955	2,377,047	2,146,095	28,545	20,663	-	-	281,765	218,761	2,935,122	2,627,474
Transfer from other governments	807,367	911,564	176,266	157,615	141,086	116,395	1,385,019	572,936	(98)	1,060	168,960	32,248	278,302	158,349	2,956,902	1,950,167
Other revenues and contributions	422,697	189,271	1,345,383	179,658	15,192	30,450	5,659,686	105,163	3,974	3,313	275,979	280,206	1,308,134	59,464	9,031,045	847,525
Total revenues	2,374,141	2,243,918	2,606,990	1,246,060	947,000	892,935	10,077,655	3,433,696	32,907	32,689	678,032	506,685	2,607,478	1,178,276	19,324,203	9,534,259
Expenses																
Wages, salaries and benefits	1,143,107	1,168,825	640,780	514,314	412,488	399,611	351,604	365,698	15,765	13,794	377,400	324,996	721,340	675,375	3,662,484	3,462,613
Good and services	(47,645)	233,093	489,392	324,685	261,944	228,008	1,182,183	1,198,672	11,683	12,766	362,611	209,104	708,571	572,686	2,968,739	2,779,014
Debt expense	-	-	22,852	8,827	107,732	125,107	65,742	78,277	-	-	-	-	-	-	196,326	212,211
Amortization	27,452	17,603	813,278	765,116	240,530	156,376	632,928	599,845	3,082	3,082	-	-	110,430	109,833	1,827,700	1,651,855
Loss/(Gain) on disposal of assets	-	-	-	(16,135)	-	(7,595)	5,681	49,224	-	-	-	-	-	-	5,681	25,494
Total Expenses	1,122,914	1,419,521	1,966,302	1,596,807	1,022,694	901,507	2,238,138	2,291,716	30,530	29,642	740,011	534,100	1,540,341	1,357,894	8,660,930	8,131,187
Annual Surplus (Deficit)	**$ 1,251,227**	**$ 824,397**	**$ 640,688**	**$ (350,747)**	**$ (75,694)**	**$ (8,572)**	**$ 7,839,517**	**$ 1,141,980**	**$ 2,377**	**$ 3,047**	**$ (61,979)**	**$ (27,415)**	**$ 1,067,137**	**$ (179,618)**	**$ 10,663,273**	**$ 1,403,072**

SCHEDULE 4

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure With Budget Information
For the Year Ended December 31, 2022

	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	$ 1,144,077	$ 1,130,290	$ 1,085,341	$ 1,073,900	$ 542,957	$ 536,280	$ 655,903	$ 649,640	$ 486	$ 490	$ 233,093	$ 230,190	$ 739,277	$ 730,440	$ 4,401,134	$ 4,351,230
Sale of services	-	-	-	-	247,765	254,470	2,377,047	2,179,390	28,545	25,500	-	-	281,765	246,500	2,935,122	2,705,860
Transfer from other governments	807,367	691,000	176,266	176,200	141,086	110,580	1,385,019	-	(98)	(70)	168,960	264,980	278,302	125,120	2,956,902	1,367,810
Other revenue and contributions	422,697	115,900	1,345,383	159,210	15,192	104,480	5,659,686	105,190	3,974	5,890	275,979	213,590	1,308,134	114,680	9,031,045	818,940
Total revenue	2,374,141	1,937,190	2,606,990	1,409,310	947,000	1,005,810	10,077,655	2,934,220	32,907	31,810	678,032	708,760	2,607,478	1,216,740	19,324,203	9,243,840
Expenses																
Wages, salaries and benefits	1,143,107	1,248,540	640,780	647,280	412,488	450,290	351,604	419,740	15,765	18,100	377,400	392,310	721,340	761,310	3,662,484	3,937,570
Good and services	(47,645)	(82,050)	489,392	468,710	261,944	235,920	1,182,183	1,228,140	11,683	16,210	362,611	394,000	708,571	651,690	2,968,739	2,912,620
Debt expense	-	-	22,852	10,370	107,732	103,440	65,742	89,530	-	-	-	-	-	-	196,326	203,340
Amortization	27,452	16,700	813,278	798,200	240,530	62,000	632,928	449,020	3,082	3,100	-	-	110,430	140,250	1,827,700	1,469,270
Loss/(Gain) on disposal of assets	-	-	-	-	-	-	5,681	-	-	-	-	-	-	-	5,681	-
Total expenses	1,122,914	1,183,190	1,966,302	1,924,560	1,022,694	851,650	2,238,138	2,186,430	30,530	37,410	740,011	786,310	1,540,341	1,553,250	8,660,930	8,522,800
Annual Surplus (Deficit)	**$ 1,251,227**	**$ 754,000**	**$ 640,688**	**$ (515,250)**	**$ (75,694)**	**$ 154,160**	**$ 7,839,517**	**$ 747,790**	**$ 2,377**	**$ (5,600)**	**$ (61,979)**	**$ (77,550)**	**$ 1,067,137**	**$ (336,510)**	**$ 10,663,273**	**$ 721,040**