



The Corporation of the Village of Cumberland

2015

Annual Report

Table of Contents

| | | |
|----|--|----|
| 1. | Mayor’s Message..... | 1 |
| 2. | Community Vision | 2 |
| 3. | Council and Committees | 3 |
| 4. | Report on 2015 Municipal Services and Operations | 4 |
| 5. | Status of 2015 Municipal Objectives | 5 |
| 6. | 2016 Municipal Objectives..... | 8 |
| 7. | Permissive Tax Exemptions | 10 |
| 8. | Strategic Community Investment Funds, Progress Report 2015 | 11 |
| 9. | Consolidated Financial Statements as at December 2015 | 13 |

Mayor's Message

On behalf of Cumberland Council, I am pleased to present the Village's 2015 Annual Report.

It is an exciting time for the Village. Our population is healthy and growing, and our local economy is holding its own. The Village is working hard to place itself in a good position for the future by taking a good look at our services, facilities and infrastructure. We are planning ahead for growth while placing a priority on maintaining our valuable assets and protecting the natural environment that means so much to us.



We recognize that it is important for us to support and celebrate our community partners and the work that is done every day to make Cumberland the jewel of the Comox Valley.

The Village is looking forward, celebrating our past, and doing our best to make Cumberland a great place to live.

Sincerely,

A handwritten signature in blue ink that reads "Leslie Baird". The signature is written in a cursive style.

Leslie Baird

Community Vision

(Vision Statement, Cumberland Official Community Plan, 2014)

The Village is a unique community. Its rich coal mining history is visible everywhere – from the heritage homes in the historic core, to the abandoned mine sites scattered throughout the surrounding forests.

The people of Cumberland are passionate about their Village. They are here because this Village offers an unmatched quality of life. They envision that Cumberland will continue to be a community vibrating with activity. Surrounded by living forests, the Village is a mecca for outdoor recreation, with opportunities for anyone who wants to immerse themselves in nature. Protected by living natural corridors, the wetlands, forested areas, lakes and streams attract a diversity of wildlife and the network of walking and biking paths attracts visitors from all over the world.

People choose to live in Cumberland for its small town friendliness and values. The core of Cumberland retains its historic look and feel. Small shops and businesses offer respite from the sameness of shopping malls and cookie cutter commercial establishments found elsewhere.

People of all ages and backgrounds greet each other on the streets. They come here for opportunity, to be part of a vibrant community that values diversity, creativity and hard work. The Village is growing. As it grows, it will embrace the best land use practices to ensure that it is a livable community. Housing will be available for all income levels. Walkability, greenways, bikeways, opportunities for urban farming and public spaces will all contribute to continuing to make Cumberland a great place to live.

The Village of the future is well-managed in a sustainable and orderly fashion with full public participation, and a thriving, resilient and diversified economy based on tourism and other industries and businesses that are compatible with community values. Citizens recognize that residential growth must be balanced by revenues from successful businesses with the objective of making jobs available for Cumberland residents.

Subsequently the vision for the Village will be built upon the following priorities:

- Improvement and expansion of infrastructure to accommodate measured growth.
- Attainable housing
- Village centre rejuvenation
- Promotion of the Village for local and regional businesses
- Recreation and tourism
- A healthy, active and engaged citizenry of all ages and walks of life.
- Accountability and transparency
- Protection and enhancement of natural features and functions

These priorities will be reinforced with collective and passionate environmental stewardship and closer ties to the region.

Council and Committees

Mayor and Council



Left to right: Councillor Gwyn Sproule, Councillor Roger Kishi, Mayor Leslie Baird, Councillor Sean Sullivan, Councillor Jesse Ketler

2015 Advisory Committees

Accessibility Select Committee

Christopher Newell-Bate
Cindy Patterson
Michael Walton
Councillor Sean Sullivan

Advisory Planning Commission

Vickey Brown
Conner Copeman
Meaghan Cursons
Amanda Howe
Evan Loveless

Homelessness and Affordable Housing Committee

Roger Albert
Ian Cooper
Kathy Duperron
Mark Fortin
Christopher Newell-Bate
Councillor Jesse Ketler

Coal Creek Historic Park Advisory Committee

May Gee
Marie Lowe
Josephine Peyton
Lillian Tosoff
Carol Snaden
Florence Bell
Imogene Lim

Heritage Commission

Alan Ball
Gillian Brooks
Janet Cochrane
Mary Kornelsen
Adam Robinson
Mike Tymchuk
Karen Webber
Councillor Gwyn Sproule

Maple Lake Fundraising Committee

Barb Giroday
Edwin Grieve
Hugh Mackinnon
Tom Murray
Norm Neiderer
Larry Peterson
Greg Sawchuck
John Shepherd
Vaughn Smith
Mayor Leslie Baird

Report on 2015 Municipal Services and Operations

PARKS AND RECREATION SERVICES

In 2015, the department focused on implementing long term master plans for Cumberland Lake Park, Coal Creek Historic Park, and Village Park. This included design of a new concession/shower building at Lake Park, construction of a disc golf course at Coal Creek Historic Park, and continued work to build a new skatepark and mountain bike jump park at Village Park. The trail use agreement with private landowners was finalized and a trail head kiosk was constructed at the trail entrance at the foot of Sutton Road. Following the completion of a recreation programming review the equipment in the fitness studio was upgraded and spin bikes were purchased for new fitness programming. A study was also completed on options for the Cumberland Recreation centre building. Building envelope improvements were made to the Cultural Centre building and recreation programming has further expanded in that facility.

PROTECTIVE SERVICES

Protective Services continues to update volunteer firefighter training. Volunteer firefighter members were at capacity for the department with approximately 34 members in service throughout the year. Fleet additions include a new command vehicle and a new wildfire structural protection unit. Work continued to acquire land to construct a new fire hall. Bylaw enforcement and animal control services are also provided to the community with a focus on secure solid waste storage to reduce wildlife conflicts.

PUBLIC WORKS OPERATIONS AND SERVICES

Public Works continued to maintain the water supply and treatment system, the sewer collection and treatment system and storm water system. The Village determined it would re-examine its wastewater treatment options in its liquid waste management plan after it declined to participate in the CVRD South Sewer project. Plans to install ultraviolet sterilization treatment for the drinking water system were delayed until work is completed to update the Village's long term water supply strategy. The south section of Bevan Road was reconstructed as Phase I of the Cumberland Road/Bevan Road corridor reconstruction project. Design work began on Phase II of the project. Phase I of storm sewer upgrades on Egremont Road were completed and the slope stabilization project on Comox Lake Road was completed. Design work commenced on the Dunsmuir Corridor project. The addition of a seasonal parks/public works employee assisted with landscaping and park maintenance.

PLANNING AND DEVELOPMENT

Work to update the zoning bylaw commenced in 2015. Staff continued to work with property owners on development applications, including the new Carlisle Lane development and new phases of Coal Valley Estates development, with referrals to the Advisory Planning Commission and Heritage Commission. Sidewalk cafes were permitted in commercial areas. The Homelessness and Affordable Housing Committee was established to identify housing needs and affordable housing priorities. Design work was completed on a new sign for the Inland Island Highway to welcome visitors to Cumberland. The Village gave notice of its intent to withdrawal from the regional economic development service.

CORPORATE SERVICES

Finance and corporate administration continued to provide financial services for the municipality and customer service to the community. The implementation of the Cemetery Master plan was commenced with new landscaping and water service. Corporate services continued to work to keep data systems, servers, data backups, firewalls, and records management systems current. A social procurement framework was adopted by Council to bring community benefit to municipal purchasing.

Status of 2015 Municipal Objectives

The 2014 Annual Report outlined Council’s long term, medium term and short term priorities. The following summary outlines the status of those priorities as at December 31, 2015 in no particular order.

Strategic Priority 1: Quality Infrastructure Planning and Development

| | |
|---|-------------|
| • Establish an adequate and high quality source of water for the current and future residents of the Village | Ongoing |
| • Develop an environmentally sustainable method of treating the liquid waste that is produced by the Village. | Ongoing |
| • Create a road and utility rehabilitation plan | In Progress |
| • Develop a facility replacement and upgrade plan | In Progress |
| • Purchasing land and constructing a new fire hall | In Progress |
| • Revitalize the historic Village commercial core | In Progress |
| • Develop an alley enhancement and maintenance strategy | No Action |

Strategic Priority 2: Comprehensive Community Planning

| | |
|---|-------------|
| • Review the zoning bylaw and bring it into alignment with the Official Community Plan | In Progress |
| • Review development standards to make them green, economically attractive and flexible | In Progress |
| • Create an industrial land development and promotion strategy | In Progress |
| • Develop an ecotourism plan | In Progress |
| • Develop an active transportation plan | In Progress |
| • Examine all solid waste management options, including alternative energy and integrated resource recovery | In Progress |
| • Develop and implement a greenhouse gas reduction action plan | In Progress |
| • Acquire Maple Lake for future park | In Progress |
| • Develop a heritage management plan that includes a conservation plan for Village-owned assets | In Progress |
| • Design and install a Welcome to Cumberland community sign | In Progress |
| • Develop a new model of providing economic development | In Progress |
| • Develop a land management strategy for Village-owned forest land | In Progress |
| • Create a Perseverance Creek stewardship plan | No Action |

Strategic Priority 3: Healthy Community

| | |
|---|-------------|
| • Improve community recreation programming | In Progress |
| • Explore partnerships for community services | In Progress |
| • Undertake a recreation facility review | Complete |
| • Explore a community grant program | Complete |
| • Develop an affordable housing action plan | In Progress |
| • Develop a public art policy | No Action |
| • Establish Cumberland Recreation as the hub of recreation in the community | In Progress |
| • Implement the Village Park Master Plan | In Progress |
| • Implement the Coal Creek Historic Park master plan | In Progress |
| • Implement the Lake Park Master Plan | In Progress |
| • Implement the Cemeteries Master Plan | In Progress |

Strategic Priority 4: Highly Developed Internal and External Communications

| | |
|--|---------|
| • An ongoing civic engagement process | Ongoing |
| • Use new and emerging technologies for internal and external communications | Ongoing |

Strategic Priority 5: Effective Administrative, Financial and Support Services

| | |
|--|-------------|
| • Implement a reserve fund policy | In Progress |
| • Review the business licence scheme | No Action |
| • Include social procurement in an updated purchasing policy | In Progress |

2016 Municipal Objectives

Council developed its strategic priorities at the beginning of the calendar year, and finalized the document after public consultation. These short, medium and long term priorities set the foundation for the five year financial plan.

Short Term Priority: by the end of 2016

Medium Term Priority: within four years

Long Term Priority: within 10 years

1. Quality Infrastructure Planning and Development

The Village Cumberland seeks to replace and expand the utility, dedicated road and building assets of the Village in an organized and responsible fashion.

- | | |
|--|----------------------|
| ▪ Establish an adequate and high quality source of water for the current and future residents of the Village | Long Term Priority |
| ▪ Develop an environmentally sustainable method of treating the liquid waste that is produced by the Village | Long Term Priority |
| ▪ Create a road and utility rehabilitation plan | Medium Term Priority |
| ▪ Develop a facility replacement and upgrade plan | Medium Term Priority |
| ▪ Revitalize the historic Village commercial core | Medium Term Priority |
| ▪ Develop an alley enhancement and maintenance strategy | Medium Term Priority |
| ▪ Purchase land and construct a new fire hall | Medium Term Priority |
-

2. Comprehensive Community Planning

The Village of Cumberland seeks to move towards environmental sustainability through a broad range of means including effective land use planning, waste reduction and protection of natural resources.

- | | |
|---|----------------------|
| ▪ Create a Perseverance Creek stewardship plan | Long Term Priority |
| ▪ Review development standards to make them green, economically attractive and flexible | Medium Term Priority |
| ▪ Create an industrial land development and promotion strategy | Medium Term Priority |
| ▪ Examine all solid waste management options, including alternative energy and integrated resource recovery | Medium Term Priority |
| ▪ Acquire Maple Lake for future park | Medium Term Priority |
| ▪ Develop a land management strategy for Village-owned forest lands | Medium Term Priority |
| ▪ Ensure trail connectivity to regional trail networks | Medium Term Priority |
| ▪ Review the zoning bylaw and bringing it into alignment with the Official Community Plan | Short Term Priority |
| ▪ Develop a heritage management plan that includes a conservation plan for Village-owned assets | Short Term Priority |
| ▪ Design and installing a Welcome to Cumberland community sign | Short Term Priority |
| ▪ Develop a new model of providing economic development services | Short Term Priority |
-

3. Healthy Community

The Village of Cumberland seeks to create and improve the social, environmental and economic assets that support the health and well-being of residents.

- | | |
|---|----------------------|
| ▪ Develop a public art policy | Long Term Priority |
| ▪ Implement the Village Park Master Plan | Long Term Priority |
| ▪ Implement the Coal creek Historic Park Master Plan | Long Term Priority |
| ▪ Implement the Lake Park Master Plan | Long Term Priority |
| ▪ Implement the Cemeteries Master Plan | Long Term Priority |
| ▪ Implement the Cumberland Recreation Renovation study | Long Term Priority |
| ▪ Support tourism through parks and recreation, heritage and environmental conservation | Medium Term Priority |
| ▪ Establish Cumberland Recreation as the hub of recreation in the community | Medium Term Priority |
| ▪ Develop an affordable housing action plan | Short Term Priority |
| ▪ Investigate the issue of wood smoke and air quality | Medium Term Priority |

4. Climate Change

In addition to being carbon neutral, the Village of Cumberland seeks to advance itself as a sustainable community now and for the future by addressing climate change.

- | | |
|--|----------------------|
| ▪ Reduce corporate greenhouse gas emissions | Long Term Priority |
| ▪ Promote active transportation | Long Term Priority |
| ▪ Investigate water conservation and grey water reuse programs | Medium Term Priority |
| ▪ Explore eco-asset management | Medium Term Priority |

5. Effective Administrative, Financial and Support Services

The Village of Cumberland seeks to deliver effective services to the community for the benefit of its citizens, businesses and visitors.

- | | |
|--|----------------------|
| ▪ Maintain an ongoing civic engagement process | Long Term Priority |
| ▪ Use new and emerging technologies for internal and external communications | Medium Term Priority |
| • Review the business license scheme | Medium Term Priority |
| • Implement a reserve fund policy | Short Term Priority |
| • Include social procurement in an updated purchasing policy | Short Term Priority |

Permissive Tax Exemptions

The following properties are granted a permissive property tax exemption for the 2016 taxation year. The amount shown is the property taxes that would have been imposed on the property in 2015 if it were not exempt for that year.

| Organization/ Occupier Of Municipal Property | Property Granted Exemption | 2015 Property Tax Exemption* |
|---|--|---------------------------------|
| Cumberland United Church | Lot 1, Block 4, Plan 522, District Lot 21, Nelson Land District <i>(Land surrounding church)</i> | \$ 263.41 |
| Cumberland Community Church | Lot B, Plan 43397, District Lot 21, Nelson Land District <i>(Land surrounding church)</i> | \$ 273.17 |
| Historical Society (Museum) & Cumberland Chamber of Commerce | Lot 3, Block H, Plan 522E, District Lot 21, Nelson Land District, EXC NLY 76FT | \$ 2,222.48 |
| Cumberland Old Age Pensioners | Lot B, Plan 29219, District Lot 21&24, Nelson Land District | \$ 5,322.57 |
| Total Permissive Tax Exemption | | \$ 8,081.63 |

* These amounts do not include the amounts exempted relating to other agency collections such as the Regional District, Hospital District, Municipal Finance Authority, BC Assessment, library, and school and police taxes. The total tax exemption including these other agency collections was \$18,813.

BC Strategic Community Investment Funds

Progress Report 2015

The Village receives a Small Community Grant each year from the British Columbia Strategic Community Investment (SCI) Funds.

As required by the terms of the Strategic Community Investment (SCI) Funds agreement, the following report outlines a plan that was developed for the intended uses and performance targets for the small community portion of the SCI funds. To date, the Village has received the 2015 grant funds, and expects to receive the June 2016 estimated funds shortly.

The Provincial government recognizes that small communities struggle to provide the basic municipal services at affordable tax rates due to their relatively small tax base especially when that tax base is largely residential. The grant is fundamental to the Village of Cumberland in order to provide essential services.

Strategic Community Investment Funds Received or Anticipated

| Strategic Community Investment Funds | Use | Date | Amount |
|--------------------------------------|---------------------------|----------------|------------|
| Small Community Grants | Local Government services | March 2015 | \$ 164,048 |
| | | June 2015 | \$ 317,155 |
| | | June 2016 est. | \$463,000 |

Small Community Portion of the SCI Funds: Performance Targets and Progress

Intended Use

The intended use of the small community portion of SCI funds is to supplement the tax base by apportioning the grant across all departments to provide local government services. (Please note that SCI funds do not fund water and sewer services.)

Performance Targets

1. To recognize the need for affordable property taxes, especially for individuals on fixed and reduced incomes; to keep increases as reasonable as possible while continuing to provide basic municipal services; and to strive to offer a competitive rate to attract business and industry.

Progress made to first reporting period (by June 30, 2015)

The 2014 municipal tax revenues increase to 2013 taxpayers was 1%. Without the small community grant, the tax increase would have been 21%.

The 2015 tax revenues increase to 2014 taxpayers was 2%. Without the small community grant, the tax increase would have been 24%.

Progress made to first reporting period (by June 30, 2016)

The 2016 municipal tax revenues increase to 2015 taxpayers was 3.73%. Without the small community grant, the tax increase would have been 25%.

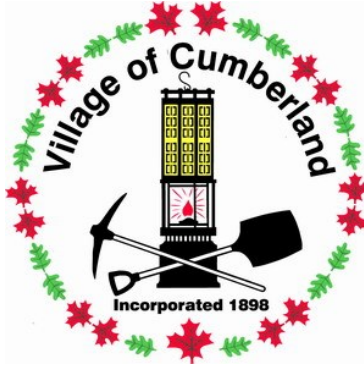
2. To address aging infrastructure, understanding that deferral of infrastructure replacement and repairs is not sustainable.

Progress made to first reporting period (by June 30, 2015)

Many maintenance projects were completed and the capital reserve was contributed to in 2015 to get ready for future large roads projects. The non-urbanized section of Bevan Road was reconstructed as part of our landfill corridor infrastructure replacement project. Improvements on Cumberland Road, from Union Road to Bevan Road, will start in 2016. Improvements will include bike lanes, sidewalks, boulevards, road base reconstruction, storm sewers, water and sewer line work. The Comox Lake Road slope stabilization project was significantly completed in 2015 and the road was paved in early 2016.

Progress made to first reporting period (by June 30, 2016)

The financial plan includes many infrastructure and maintenance projects to be completed during 2016. The Village will establish an annual infrastructure replacement reserve in 2016 which will be contributed to every year to fund projects contained in the Road and Utility Replacement plan.



**THE CORPORATION OF THE
VILLAGE OF CUMBERLAND**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

**THE CORPORATION OF THE
VILLAGE OF CUMBERLAND**

Index to Financial Statements

For the year ended DECEMBER 31, 2015

MANAGEMENT'S RESPONSIBILITY

INDEPENDENT AUDITOR'S REPORT

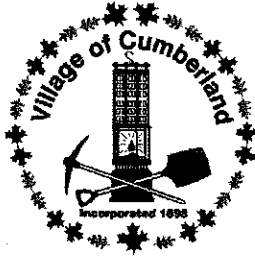
STATEMENTS

- A Statement of Financial Position
- B Statement of Operations and Accumulated Surplus
- C Statement of Change in Net Financial Assets
- D Statement of Cash Flows

NOTES TO FINANCIAL STATEMENTS

SCHEDULES

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



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.

BDO Canada LLP, Chartered 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.

Michelle Mason, CPA, CGA
Financial Officer,
pursuant to Section 149 of the Community Charter
April 25, 2016



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Corporation of the Village of Cumberland, which comprise the Statement of Financial Position as at December 31, 2015, and the Statements of Operations and Accumulated Surplus, Change in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Cumberland as at December 31, 2015, and its results of operations, changes in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2016

STATEMENT A

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Financial Position
As at December 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------------|-----------------------------|
| Financial Assets | | |
| Cash and cash equivalents | \$ 7,840,862 | \$ 7,246,391 |
| Property taxes receivable | 162,628 | 256,251 |
| Accounts receivable (Note 2) | 1,106,930 | 712,010 |
| | <u>9,110,420</u> | <u>8,214,652</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 3) | 591,960 | 724,738 |
| Trust and other deposits (Note 4) | 290,640 | 212,116 |
| Deferred revenue (Note 6) | 2,393,915 | 1,671,543 |
| Debenture and long term-debt (Note 8, Schedule 2) | 3,380,210 | 3,019,663 |
| | <u>6,656,725</u> | <u>5,628,060</u> |
| Net Financial Assets | <u>2,453,695</u> | <u>2,586,592</u> |
| Non-financial Assets | | |
| Tangible capital assets (Schedule 1) | 40,098,732 | 36,995,870 |
| Inventories | 109,875 | 110,491 |
| Prepaid expenses | 7,868 | 8,707 |
| | <u>40,216,475</u> | <u>37,115,068</u> |
| Accumulated Surplus (Note 16) | <u><u>\$ 42,670,170</u></u> | <u><u>\$ 39,701,660</u></u> |
| Contingent liabilities (Note 7) | | |

See accompanying notes to the financial statements

Approved by:



Leslie Baird
Mayor



Michelle Mason
Corporate Financial Officer

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2015

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|-----------------------------|-----------------------------|-----------------------------|
| | (Note 13) | | |
| Revenues | | | |
| Taxes | \$ 2,143,165 | \$ 2,143,216 | \$ 2,051,054 |
| Grants in lieu of taxes | 48,360 | 48,362 | 48,499 |
| Frontage taxes | 177,770 | 177,777 | 177,525 |
| Sale of services | 1,130,730 | 1,164,969 | 1,134,995 |
| Transfers from other governments | 4,951,830 | 2,308,811 | 1,358,607 |
| Services to other governments | 346,080 | 356,622 | 302,897 |
| Other revenue | 923,345 | 648,200 | 720,610 |
| Development cost charges | 712,670 | 2,864 | 262,411 |
| Contributed assets | - | 1,021,853 | 804,528 |
| | <u>10,433,950</u> | <u>7,872,674</u> | <u>6,861,126</u> |
| Expenses | | | |
| General government services | 729,395 | 640,279 | 601,753 |
| Transportation services | 1,111,745 | 997,032 | 1,284,775 |
| Protective services | 552,520 | 505,473 | 462,990 |
| Environmental health services | 1,633,330 | 1,527,691 | 1,478,157 |
| Public health services | 91,000 | 52,977 | 61,050 |
| Environmental planning and development services | 388,415 | 289,750 | 236,015 |
| Recreation and cultural services | 986,250 | 890,962 | 755,351 |
| | <u>5,492,655</u> | <u>4,904,164</u> | <u>4,880,091</u> |
| Annual Surplus | 4,941,295 | 2,968,510 | 1,981,035 |
| Accumulated Surplus, Beginning Of Year | <u>39,701,660</u> | <u>39,701,660</u> | <u>37,720,625</u> |
| Accumulated Surplus, End Of Year | <u>\$ 44,642,955</u> | <u>\$ 42,670,170</u> | <u>\$ 39,701,660</u> |

Please see accompanying notes to the financial statements.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2015

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|------------------------|------------------------|------------------------|
| | (Note 13) | | |
| Annual Surplus | \$ 4,941,295 | \$ 2,968,510 | \$ 1,981,035 |
| Amortization of tangible capital assets | 967,785 | 914,219 | 880,962 |
| Change in supplies inventories | - | 616 | (19,408) |
| Change in prepaid expense | - | 839 | (2,743) |
| Proceeds on disposal of tangible capital assets | - | 7,500 | 13,000 |
| Loss on disposal of tangible capital assets | - | 73,821 | 422,456 |
| Acquisition of tangible capital assets | (8,542,075) | (4,098,402) | (2,232,333) |
| Change In Net Financial Assets/(Debt) | (2,632,995) | (132,897) | 1,042,969 |
| Net Financial Assets, Beginning Of Year | 2,586,592 | 2,586,592 | 1,543,623 |
| Net Financial Assets/(Debt), End Of Year | <u>\$ (46,403)</u> | <u>\$ 2,453,695</u> | <u>\$ 2,586,592</u> |

Please see accompanying notes to the financial statements.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Statement of Cash Flows
For the Year Ended December 31, 2015

| | 2015 | 2014 |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Cash Flows From Operating Transactions | | |
| Annual surplus | \$ 2,968,510 | \$ 1,981,035 |
| Non-cash items | | |
| Amortization | 914,219 | 880,962 |
| Contributed assets | (1,021,852) | (804,528) |
| Long-term debt actuarial reduction | (18,438) | (14,638) |
| Loss on disposal of tangible capital assets | 73,821 | 422,456 |
| Change in prepaid expense | 839 | (2,743) |
| Change in inventories | 616 | (19,408) |
| Change in deferred revenue | 722,372 | (786,024) |
| Change in working capital | | |
| Change in property taxes receivable | 93,623 | (1,330) |
| Change in accounts receivable | (394,920) | (11,043) |
| Change in accounts payable | (132,778) | 134,774 |
| Change in trust and other deposits | 78,524 | 52,242 |
| Cash provided from (applied to) operating transactions | <u>3,284,536</u> | <u>1,831,755</u> |
| Cash Flow From Capital Transactions | | |
| Purchase of tangible capital assets | (3,076,549) | (1,427,805) |
| Proceeds on disposal of tangible capital assets | 7,500 | 13,000 |
| Cash provided from (applied to) capital transactions | <u>(3,069,049)</u> | <u>(1,414,805)</u> |
| Cash Flow From Financing Transactions | | |
| New debt issued | 590,585 | 564,665 |
| Long-term debt repaid | (211,601) | (181,331) |
| Cash provided from (applied to) financing transactions | <u>378,984</u> | <u>383,334</u> |
| Increase in Cash and Cash Equivalents | 594,471 | 800,284 |
| Cash and Cash Equivalents, Beginning Of Year | <u>7,246,391</u> | <u>6,446,107</u> |
| Cash and Cash Equivalents, End Of Year | <u>\$ 7,840,862</u> | <u>\$ 7,246,391</u> |
| Interest Included In Operating Transactions | | |
| Interest received in the year | \$ 157,952 | \$ 182,197 |
| Interest paid in the year | \$ (119,677) | \$ (122,996) |

Please see accompanying notes to the consolidated financial statements.

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

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.
- b) In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants Canada, the Municipality reports a consolidation of all funds. The financial statements reflect the removal of internal transactions and balances.
- c) Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, trusts and other deposits, debenture and long-term debt. Unless otherwise noted, it is management’s opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.
- d) Tangible capital assets and other non-financial assets are accounted for as non-financial assets by the Municipality because they can be used to provide municipal services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.
- e) Cash and cash equivalents include short-term deposits held with the Municipal Finance Authority in the Money Market Fund and the First Credit Union and are carried at cost, which approximates market value.
- f) Inventories are valued at the lower of cost and replacement value.
- g) Tax revenues are recognized in the year that they are levied. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Restricted grants are recognized when the related expenses are incurred and when collection is reasonably assured. Sewer and water fees are recognized when the commodity has been received by the customer. Other sales of services and other revenue from own sources are recognized when the service is provided or the amount is earned and when the amount can be estimated and collection is reasonably assured. Restricted revenues from collections of development cost charges are deferred and then recognized as revenue in the year that an expense, authorized by bylaw, is incurred.
- h) 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.

The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015

- i) Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.
- j) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of 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.
- k) 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.
- l) Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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.

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

m) The Municipality capitalizes interest on interim financing for capital construction projects. In 2015 \$Nil was capitalized (2014 - \$Nil).

n) Liability For Contaminated Sites – Adoption Of New Accounting Standard

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 Village 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.

This new accounting standard (PS 3260) has applied with no restatement of prior periods effective January 1, 2015. As a result of the adoption of this standard, an investigation took place during 2015 regarding all sites that have the Village of Cumberland on title. There were no contaminated sites identified on sites that are no longer in use and there were no unexpected events identified for these sites during the year. The adoption of this accounting standard had no impact on the annual operating surplus for the year ended December 31, 2015.

2. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

| | 2015 | 2014 |
|--------------------------------|---------------------|-------------------|
| Due from federal government | \$ 218,052 | \$ 120,465 |
| Due from provincial government | 1,603 | 3,355 |
| Due from other government | 112,997 | 66,270 |
| Other receivables | 774,278 | 521,920 |
| | <u>\$ 1,106,930</u> | <u>\$ 712,010</u> |

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Account payable is comprised of the following:

| | 2015 | 2014 |
|--------------------------------------|-------------------|-------------------|
| Due from federal government | \$ 5,439 | \$ 962 |
| Due to provincial government | 9,584 | 7,878 |
| Due to other government | 22,686 | 22,859 |
| Salaries, wages and benefits payable | 336,835 | 283,386 |
| Other payables | 217,416 | 409,653 |
| | <u>\$ 591,960</u> | <u>\$ 724,738</u> |

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

4. TRUST AND OTHER DEPOSITS

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

5. BANK INDEBTEDNESS

The Village has an available unsecured line of credit of \$750,000 from the First Line Credit Union bearing interest at prime. No balance was drawn on the line of credit as at December 31, 2015 (2014 – \$Nil).

6. DEFERRED REVENUE

| | Balance 31-Dec-14 | Collections | Adjustments | Recognized As Revenue | Interest Income | Balance 31-Dec-15 |
|------------------------|------------------------------|--------------------|--------------------|----------------------------------|----------------------------|------------------------------|
| Deferred Revenue – DCC | | | | | | |
| Storm Drainage | \$ 107,421 | 12,759 | 20,843 | - | 1,260 | \$ 142,283 |
| Sanitary Sewer | 590,950 | 134,498 | 206,165 | (2,865) | 11,317 | 940,065 |
| Waterworks | 66,891 | 24,124 | - | - | 1,335 | 92,350 |
| Roads | 336,671 | 39,257 | 51,285 | - | 5,877 | 433,090 |
| Parks | 118,820 | 31,589 | 52,011 | - | 2,487 | 204,907 |
| | <u>1,220,753</u> | <u>242,227</u> | <u>330,304</u> | <u>(2,865)</u> | <u>22,276</u> | <u>1,812,695</u> |
| Other Deferred | 450,790 | 197,223 | - | (73,589) | 6,796 | 581,220 |
| | <u>\$1,671,543</u> | <u>439,450</u> | <u>330,304</u> | <u>(76,454)</u> | <u>29,072</u> | <u>\$2,393,915</u> |

Adjustments for Development Cost Charge (DCC) deferred revenue are accounts receivable due from the developer of a subdivision that was approved in 2014 and 2015. This is permitted by the Local Government Act B.C. Regulations 255/2011, July 1, 2012 which allows a developer to elect to pay DCC charges by installments over a period of three years.

7. CONTINGENT LIABILITIES

- a) The Municipality's loan agreements with the Comox Valley Regional District and the Municipal Finance Authority provide that if at any time the scheduled payments required are not sufficient to meet obligations in regards to borrowings, the resulting deficiency becomes a joint and several liability of the Municipality and the other member Municipalities.
- b) The Municipality is involved with a number of legal actions, the outcomes of which cannot be determined at this time. Management has determined that any potential liabilities arising from these outstanding claims are not significant.
- c) As at December 31, 2015, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

receivable for the current and prior years. The Municipality makes a provision against property taxes receivable where the results of a specific appeal are reasonably determinable.

- 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.

8. LONG-TERM DEBT

- a) The Municipality is party to several capital leases financed through the Municipal Finance Authority for the acquisition of vehicles and operating equipment. Lease terms are five years or less. The vehicles and equipment under capital leases have a carrying value of \$343,467 (2014 - \$438,687) and are recorded as non-financial assets in the statements.

The following is a schedule of future minimum lease payments under the capital leases with various expiry dates to 2019 together with the balance of the obligations under capital lease, which is included in the debenture and long-term debt as detailed in Schedule 2:

| | |
|------------------------------------|--------------------------|
| 2016 | \$ 84,765 |
| 2017 | 59,743 |
| 2018 | 53,927 |
| 2019 | <u>17,258</u> |
| Total minimum lease payments | 215,693 |
| Less: amount representing interest | <u>(7,312)</u> |
| Obligations under capital lease | <u><u>\$ 208,381</u></u> |

- b) 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 \$430,344 (2014 - \$Nil) and are recorded as non-financial assets in the statements.

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

The following is a schedule of future minimum loan payments under the equipment financing loans with various expiry dates to 2020 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:

| | |
|------------------------------------|--------------------------|
| 2016 | \$ 93,269 |
| 2017 | 93,269 |
| 2018 | 93,269 |
| 2019 | 93,269 |
| 2020 | 56,318 |
| Total minimum lease payments | <u>429,394</u> |
| Less: amount representing interest | <u>(13,946)</u> |
| Obligations under capital lease | <u><u>\$ 415,448</u></u> |

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

| | |
|------------|----------------------------|
| 2016 | \$ 100,499 |
| 2017 | 104,619 |
| 2018 | 97,915 |
| 2019 | 101,832 |
| 2020 | 105,905 |
| Thereafter | 1,713,500 |
| | <u><u>\$ 2,224,270</u></u> |

The estimated actuarial gain for 2015 is \$532,111 (2014 - \$362,131).

9. DEPOSITS AND RESERVES – MUNICIPAL FINANCE AUTHORITY

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

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

| | <u>2015</u> | <u>2014</u> |
|---------------|-------------|-------------|
| Cash deposits | \$35,310 | \$34,428 |

10. UNFUNDED LIABILITY

Employee Benefits

Employees who retire qualify for a one time payout of up to 72 days of their accumulated unused sick leave bank after 10 years of service. The Village calculates the value of this liability for employees based on review of the total vested and non-vested accrued time to date. Probabilities of 10 – 90% are assigned based on years of service and length of time to retirement and discounted at 2.49%. At December 31, 2015, the value of sick leave for all vested employees is calculated at \$65,220 (2014 - \$46,264). The total estimated employee retirement benefit liability at December 31, 2015 is \$216,013 (2014 - \$136,867). Employee retirement benefit payments are being funded by an accounting charge on sick time accrued during the year and are included in the accounts payable and accrued liabilities.

11. PENSION LIABILITY

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of trustees, representing Plan members and employers, is responsible for 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, 2015, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 23 contributors from the Corporation of the Village of Cumberland and 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1.370 billion funding deficit for basic pension benefits on a going concern basis.

The Corporation of the Village of Cumberland paid \$132,812 for employer contributions in fiscal 2015, which represents 0.01% of the total plan contributions. The Corporation of the Village of Cumberland expects to pay \$135,600 for employer contributions in the next fiscal year.

The next valuation will be as at December 31, 2015 with results available later in 2016.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015

The Corporation of the Village of Cumberland paid \$132,812 (2014 - \$125,859) for employer contributions while employees contributed \$119,144 (2014 - \$109,832) to the plan in fiscal 2015.

12. TRUST FUNDS

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

| | <u>2015</u> | <u>2014</u> |
|---------------------------|-------------|-------------|
| Cash and cash equivalents | \$ 50,109 | \$ 47,304 |

13. ANNUAL BUDGET

Budget figures are based on the *2015-2019 Financial Plan Bylaw No. 1017, 2015* approved by Council in May of 2015. Figures are presented on the basis used for actual results and were adjusted as follows to comply with financial statement presentation:

| | |
|---|---------------------|
| Surplus per 2015 – 2019 Financial Plan | \$ - |
| Remove proceeds from borrowing | (1,458,000) |
| Remove principal payments on debt | 259,575 |
| Add back amortization | (967,785) |
| Remove capital acquisitions | 8,542,075 |
| Transfer to reserves | (1,434,570) |
| Surplus restated for financial statement purposes | <u>\$ 4,941,295</u> |

| | Original Financial Plan Bylaw 1017 | Final Amended Financial Plan Bylaw 1031 | Difference |
|---|---|--|-------------------|
| Revenues | \$ (9,721,280) | \$ (9,871,280) | \$ (150,000) |
| Expenses | | | |
| General government services | 729,395 | 729,395 | - |
| Transportation services | 1,111,745 | 1,113,545 | 1,800 |
| Protective services | 552,520 | 552,520 | - |
| Environmental health services | 1,633,330 | 1,708,330 | 75,000 |
| Public health services | 91,000 | 91,000 | - |
| Environmental planning and development services | 388,415 | 388,415 | - |
| Recreation and cultural services | 986,250 | 986,250 | - |
| | <u>5,492,655</u> | <u>5,569,455</u> | <u>76,800</u> |
| Net (Revenues) Expenses | (4,228,625) | (4,301,825) | (73,200) |
| Adjustments | 6,375,865 | 6,669,865 | 294,000 |
| Transfers (from) to reserves | (1,434,570) | (1,655,370) | (220,800) |
| Development costs charges | (712,670) | (712,670) | - |
| | <u>4,228,625</u> | <u>4,301,825</u> | <u>73,200</u> |
| Transfer to/(from) accumulated surplus | \$ - | \$ - | \$ - |

14. ENVIRONMENTAL REGULATIONS

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

15. FEDERAL GAS TAX AGREEMENT FUNDS

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the local government and the Union of British Columbia Municipalities. Gas Tax Agreement funding may be used towards designated 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.

During 2014 the Village entered into a Renewed Gas Tax Agreement that differed in several key ways from the previous agreement. The result of these differences, and in accordance with the Village's accounting policy for Government Transfers, is that revenues under the Community Works Fund portion of the program will be recognized when allocated to the Village.

The Renewed Gas Tax Agreement also provides that any unspent amounts from the previous agreement will be brought forward to the new agreement. These amounts were previously recorded as deferred revenue. The impact of this new agreement is a significant increase to revenue in 2014 to recognize the amounts previously deferred.

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

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Opening Balance of Unspent Deferred Funds | \$ 565,432 | \$ - |
| Add: | | |
| Transfer of Community Works Funds from 2013 | - | 489,338 |
| Amounts received during the year | 189,463 | 189,463 |
| Interest earned on funds | 2,924 | 9,779 |
| Less: | | |
| Amounts allocated to projects during the year | <u>(434,925)</u> | <u>(123,148)</u> |
| Closing balance of unspent funds | <u>\$ 322,894</u> | <u>\$ 565,432</u> |

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

16. ACCUMULATED SURPLUS

Operating Funds - comprise the principal operating activities of the Village 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: | 2015 | 2014 |
|------------------------------------|----------------------|----------------------|
| Operating Funds **:: | | |
| General Fund | \$ 3,954,172 | \$ 3,876,100 |
| Water Fund | 818,570 | 744,188 |
| Sanitary Sewer Fund | 477,833 | 416,150 |
| | <hr/> | <hr/> |
| | 5,250,575 | 5,036,438 |
| | <hr/> | <hr/> |
| Reserve Funds: | | |
| General Capital Works | 131,467 | 108,927 |
| Water Capital Works | 64,695 | 63,863 |
| Sanitary Sewer Capital Works | 58,523 | 57,595 |
| Parkland Reserve | 128,938 | 126,414 |
| Land Sale Reserve | 317,449 | 332,216 |
| | <hr/> | <hr/> |
| | 701,072 | 689,015 |
| | <hr/> | <hr/> |
| Equity In Tangible Capital Assets: | | |
| General Fund | 15,353,020 | 13,299,545 |
| Water Fund | 9,419,940 | 9,319,765 |
| Sanitary Sewer Fund | 11,945,563 | 11,356,897 |
| | <hr/> | <hr/> |
| | 36,718,523 | 33,976,207 |
| | <hr/> | <hr/> |
| Accumulated Surplus | <u>\$ 42,670,170</u> | <u>\$ 39,701,660</u> |

** The operating funds above have balances reserved within them for specific purposes and Community Works and Host Amenity funds are included in the reserved funds.

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

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

Transportation Services

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

Protective Services

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

Environmental Health Services

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

Public Health Services

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

**The Corporation of the Village of Cumberland
Notes to Financial Statements
Year Ended DECEMBER 31, 2015**

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.

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Tangible Capital Assets
For the Year Ended December 31, 2015

| | Land | Building | Equipment / Furniture / Vehicles | Engineering Structures | | | Land Improvements | Assets Under Development | 2015 Total | 2014 Total |
|--|---------------------|------------------|--|------------------------|----------------------|---------------------|----------------------|-----------------------------|----------------------|----------------------|
| | | | | Water | Sewer / Drainage | Roads | | | | |
| Cost | | | | | | | | | | |
| Opening balance | \$ 4,769,618 | \$ 1,401,072 | \$ 3,129,194 | \$ 10,972,612 | \$ 15,629,319 | \$ 19,423,395 | \$ 1,597,064 | \$ 145,897 | \$ 57,068,171 | \$ 55,509,882 |
| Add: Additions | 33,480 | - | 456,430 | 364,253 | 654,624 | 1,637,253 | 107,829 | 872,037 | 4,125,906 | 2,515,153 |
| Less: disposals | - | - | (36,242) | (68,626) | (17,840) | (335,537) | - | (27,504) | (485,749) | (956,864) |
| Less: write-downs | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 4,803,098 | 1,401,072 | 3,549,382 | 11,268,239 | 16,266,103 | 20,725,111 | 1,704,893 | 990,430 | 60,708,328 | 57,068,171 |
| Accumulated Amortization | | | | | | | | | | |
| Opening balance | - | 1,370,882 | 1,572,925 | 2,420,705 | 2,277,732 | 11,456,321 | 973,736 | - | 20,072,301 | 19,429,927 |
| Add: amortization | - | 4,140 | 228,032 | 125,457 | 167,114 | 316,616 | 72,860 | - | 914,219 | 880,962 |
| Less: disposals | - | - | (35,072) | (19,244) | (4,460) | (318,148) | - | - | (376,924) | (238,588) |
| Closing balance | - | 1,375,022 | 1,765,885 | 2,526,918 | 2,440,386 | 11,454,789 | 1,046,596 | - | 20,609,596 | 20,072,301 |
| Net Book Value, December 31, 2015 | <u>\$ 4,803,098</u> | <u>\$ 26,050</u> | <u>\$ 1,783,497</u> | <u>\$ 8,741,321</u> | <u>\$ 13,825,717</u> | <u>\$ 9,270,322</u> | <u>\$ 658,297</u> | <u>\$ 990,430</u> | <u>\$ 40,098,732</u> | |
| Net Book Value, December 31, 2014 | <u>\$ 4,769,618</u> | <u>\$ 30,190</u> | <u>\$ 1,556,269</u> | <u>\$ 8,551,907</u> | <u>\$ 13,351,587</u> | <u>\$ 7,967,074</u> | <u>\$ 623,328</u> | <u>\$ 145,897</u> | | <u>\$ 36,995,870</u> |

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Debenture and Long-Term Debt
As at December 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|----------------------------|----------------------------|
| General Capital Fund | | |
| Capital asset leases with various expiry dates to 2020, interest charged at prime less 1%, secured by equipment with carrying value of \$343,467 (2014 - \$438,687) | \$ 208,381 | \$ 336,719 |
| Equipment Financing Loans with various expiry dates to 2020, interest charged at floating rate (currently at 1.37%), secured by equipment with carrying value of \$430,344 (2014 - \$Nil) | 415,448 | - |
| Short-term loan Comox Lake Road 5 year loan # 305-6 interest charged between 1.34% and 1.38% | 85,090 | - |
| | <u>708,919</u> | <u>336,719</u> |
| Water Capital Fund | | |
| Debenture Debt Water Bylaw #702, due 2018, interest charged at 6.9%, annual principal payment of \$4,143 | 20,441 | 29,937 |
| Interim Construction Financing Temporary Borrowing Bylaw #982, interest charged between 1.34% and 1.38% | 447,021 | 362,132 |
| | <u>467,462</u> | <u>392,069</u> |
| Sewer Capital Fund | | |
| Debenture Debt Sanitary Sewer Improvements Bylaw #781, due 2036 interest charged at 4.43% annual principal payment of \$15,797 | 718,819 | 740,438 |
| Sanitary Sewer Improvements Bylaw #914, due 2031 interest charged at 3.25% annual principal payment of \$58,164 | 1,485,010 | 1,550,437 |
| | <u>2,203,829</u> | <u>2,290,875</u> |
| Total Debenture and Long-Term Debt | <u><u>\$ 3,380,210</u></u> | <u><u>\$ 3,019,663</u></u> |

SCHEDULE 3

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
Segment Disclosure
For the Year Ended December 31, 2015

| | General government services | | Transportation services | | Protective services | | Environmental health services | | Public health services | | Environmental planning and development services | | Recreation and cultural services | | Total | |
|----------------------------------|-----------------------------|-------------------|-------------------------|-------------------|---------------------|-------------------|-------------------------------|-------------------|------------------------|-------------------|---|-------------------|----------------------------------|-------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue | | | | | | | | | | | | | | | | |
| Tax revenue | \$ 426,979 | \$ 439,156 | \$ 790,194 | \$ 788,935 | \$ 307,826 | \$ 296,478 | \$ 177,777 | \$ 177,525 | \$ 6,041 | \$ 5,848 | \$ 82,307 | \$ 60,023 | \$ 578,231 | \$ 509,113 | \$ 2,369,355 | \$ 2,277,078 |
| Sale of services | - | - | - | - | 138,908 | 109,001 | 1,275,025 | 1,234,031 | 13,364 | 18,490 | - | - | 94,294 | 76,370 | 1,521,591 | 1,437,892 |
| Transfer from other governments | 612,177 | 876,328 | 1,358,840 | 181,211 | 97,249 | 85,724 | 66,581 | - | 288 | 32,773 | 22,618 | 49,919 | 151,058 | 132,652 | 2,308,811 | 1,358,607 |
| Other revenues and contributions | 118,033 | 125,301 | 702,440 | 501,521 | 24,712 | 264,398 | 648,760 | 509,351 | 5,174 | 232 | 106,164 | 122,968 | 67,634 | 263,778 | 1,672,917 | 1,787,549 |
| Total revenues | 1,157,189 | 1,440,785 | 2,851,474 | 1,471,667 | 568,695 | 755,601 | 2,168,143 | 1,920,907 | 24,867 | 57,343 | 211,089 | 232,910 | 891,217 | 981,913 | 7,872,674 | 6,861,126 |
| Expenses | | | | | | | | | | | | | | | | |
| Wages, salaries and benefits | 342,587 | 292,202 | 379,422 | 374,201 | 294,706 | 252,127 | 579,854 | 559,520 | 14,009 | 9,314 | 156,030 | 147,216 | 468,442 | 397,806 | 2,235,050 | 2,032,386 |
| Good and services | 267,192 | 278,051 | 200,174 | 184,914 | 157,712 | 140,923 | 417,965 | 392,564 | 37,066 | 49,834 | 133,720 | 88,799 | 337,534 | 286,206 | 1,551,363 | 1,421,291 |
| Debt expense | 5,385 | 6,800 | 11,099 | 10,526 | 5,451 | 3,897 | 106,943 | 101,773 | - | - | - | - | 833 | - | 129,711 | 122,996 |
| Amortization | 25,115 | 24,700 | 395,277 | 378,236 | 47,604 | 66,043 | 360,168 | 338,742 | 1,902 | 1,902 | - | - | 84,153 | 71,339 | 914,219 | 880,962 |
| Loss on disposal of assets | - | - | 11,060 | 336,898 | - | - | 62,761 | 85,558 | - | - | - | - | - | - | 73,821 | 422,456 |
| Total Expenses | 640,279 | 601,753 | 997,032 | 1,284,775 | 505,473 | 462,990 | 1,527,691 | 1,478,157 | 52,977 | 61,050 | 289,750 | 236,015 | 890,962 | 755,351 | 4,904,164 | 4,880,091 |
| Annual Surplus (Deficit) | \$ 516,910 | \$ 839,032 | \$ 1,854,442 | \$ 186,892 | \$ 63,222 | \$ 292,611 | \$ 640,452 | \$ 442,750 | \$ (28,110) | \$ (3,707) | \$ (78,661) | \$ (3,105) | \$ 255 | \$ 226,562 | \$ 2,968,510 | \$ 1,981,035 |

SCHEDULE 4

THE CORPORATION OF THE VILLAGE OF CUMBERLAND
 Segment Disclosure With Budget Information
 For the Year Ended December 31, 2015

| | 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 | \$ 426,979 | \$ 426,960 | \$ 790,194 | \$ 790,180 | \$307,826 | \$307,825 | \$ 177,777 | \$ 177,770 | \$ 6,041 | \$ 6,045 | \$ 82,307 | \$ 82,305 | \$578,231 | \$ 578,220 | \$2,369,355 | \$2,369,295 |
| Sale of services | - | - | - | - | 138,908 | 146,220 | 1,275,025 | 1,240,415 | 13,364 | 16,050 | - | - | 94,294 | 74,125 | 1,521,591 | 1,476,810 |
| Transfer from other governments | 612,177 | 601,575 | 1,358,840 | 2,902,130 | 97,249 | 93,050 | 66,581 | 1,182,325 | 288 | 10,270 | 22,618 | 21,380 | 151,058 | 141,100 | 2,308,811 | 4,951,830 |
| Other revenue and contributions | 118,033 | 94,115 | 702,440 | 461,610 | 24,712 | 27,500 | 648,760 | 823,925 | 5,174 | 5,080 | 106,164 | 142,830 | 67,634 | 80,945 | 1,672,917 | 1,636,015 |
| Total revenue | 1,157,189 | 1,122,650 | 2,851,474 | 4,153,920 | 568,695 | 574,595 | 2,168,143 | 3,424,435 | 24,867 | 37,445 | 211,089 | 246,515 | 891,217 | 874,390 | 7,872,674 | 10,433,950 |
| Expenses | | | | | | | | | | | | | | | | |
| Wages, salaries and benefits | 342,587 | 384,560 | 379,422 | 420,195 | 294,706 | 299,560 | 579,854 | 603,485 | 14,009 | 12,340 | 156,030 | 158,310 | 468,442 | 485,925 | 2,235,050 | 2,364,375 |
| Good and services | 267,192 | 314,615 | 200,174 | 256,145 | 157,712 | 173,985 | 417,965 | 576,950 | 37,066 | 76,505 | 133,720 | 230,105 | 337,534 | 398,935 | 1,551,363 | 2,027,240 |
| Debt expense | 5,385 | 5,520 | 11,099 | 12,000 | 5,451 | 6,440 | 106,943 | 108,535 | - | - | - | - | 833 | 760 | 129,711 | 133,255 |
| Amortization | 25,115 | 24,700 | 395,277 | 423,405 | 47,604 | 72,535 | 360,168 | 344,360 | 1,902 | 2,155 | - | - | 84,153 | 100,630 | 914,219 | 967,785 |
| Loss on disposal of assets | - | - | 11,060 | - | - | - | 62,761 | - | - | - | - | - | - | - | 73,821 | - |
| Total expenses | 640,279 | 729,395 | 997,032 | 1,111,745 | 505,473 | 552,520 | 1,527,691 | 1,633,330 | 52,977 | 91,000 | 289,750 | 388,415 | 890,962 | 986,250 | 4,904,164 | 5,492,655 |
| 2015 Annual Surplus (Deficit) | \$ 516,910 | \$ 393,255 | \$ 1,854,442 | \$ 3,042,175 | \$ 63,222 | \$ 22,075 | \$ 640,452 | \$ 1,791,105 | \$ (28,110) | \$ (53,555) | \$ (78,661) | \$ (141,900) | \$ 255 | \$ (111,860) | \$ 2,968,510 | \$ 4,941,295 |