



# **DISTRICT OF LANTZVILLE**

## **Financial Statements**

**Year ended December 31, 2015**

**DISTRICT OF LANTZVILLE  
FINANCIAL STATEMENTS**

**Year Ended December 31, 2015**

Statement of Responsibility ..... 3

Independent Auditors’ Report..... 4

Statement of Financial Position ..... 6

Statement of Operations..... 7

Statement of Change in Net Financial Assets ..... 8

Statement of Cash Flows ..... 9

Notes to the Financial Statements.....10-21

Schedules:

Schedule A – Schedule of Tangible Capital Assets ..... 22

Schedule B – Schedule of Statutory Reserve Funds ..... 23

Schedule C – Schedule of Segment Disclosures for the year ended December 31, 2015 ..... 24

Schedule C – Schedule of Segment Disclosures for the year ended December 31, 2014 ..... 25

**DISTRICT OF LANTZVILLE  
STATEMENT OF RESPONSIBILITY**

The accompanying financial statements of the District of Lantzville (the “District”) are the responsibility of the District’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements involves the use of estimates based on management’s judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District’s management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors’ Report outlines their responsibilities, the scope of their examination and their opinion on the District’s financial statements. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the District in accordance with Canadian public sector accounting standards.



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Brad McRae, M.A  
Chief Administrative Officer  
April 25, 2016





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## INDEPENDENT AUDITORS' REPORT

*To the Mayor and Councillors of the District of Lantzville*

We have audited the accompanying financial statements of the District of Lantzville which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the 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 that 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 District of Lantzville as at December 31, 2015, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants

April 25, 2016  
Victoria, Canada

# District of Lantzville



## STATEMENT OF FINANCIAL POSITION

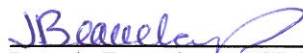
As at December 31, 2015 with comparative information for 2014

	2015	2014 (Note 2)
<b>Financial assets:</b>		
Cash and cash equivalents (Note 4)	\$ 5,885,589	\$ 6,233,742
Temporary investments (Note 4)	2,095,602	1,086,322
Taxes receivable	166,189	130,723
Accounts receivable	165,366	204,791
Inventories for resale	1,220	1,365
	8,313,966	7,656,943
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	356,719	171,728
Deposits	7,950	18,029
Deferred revenue (Note 6)	1,567,155	1,306,285
Prepaid property taxes	79,548	56,153
Employee future benefits obligations (Note 5)	56,047	96,128
	2,067,419	1,648,323
<b>Net financial assets</b>	<b>6,246,547</b>	<b>6,008,620</b>
<b>Non-financial assets:</b>		
Tangible capital assets (Note 7 and Schedule A)	32,164,539	32,014,575
Inventory of supplies	7,922	8,302
Prepaid expenses	39,604	12,441
	32,212,065	32,035,318
<b>Accumulated surplus (Note 8)</b>	<b>\$ 38,458,612</b>	<b>\$ 38,043,938</b>

Commitments and contingent liabilities (Note 12)

The accompanying notes are an integral part of these financial statements.

Approved by:

  
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Jeannie Beauchamp, CPA, CGA, MBA  
Director of Financial Services

# District of Lantzville



## STATEMENT OF OPERATIONS

For the year ended December 31, 2015 with comparative information for 2014

	Financial Plan (Note 13)	2015	2014 (Note 2)
<b>Revenue:</b>			
Taxation, net (Note 9)	\$ 2,310,969	\$ 2,315,597	\$ 2,229,320
Sales of services	651,000	637,183	655,401
Grants and government transfers (Note 10)	469,090	472,695	296,323
Investment income	40,000	58,778	70,603
Penalties and fines	31,940	31,829	33,573
Contributions from developers and others	5,664	5,664	14,570
Other revenue from own sources	36,220	99,733	84,237
<b>Total revenues</b>	<b>3,544,883</b>	<b>3,621,479</b>	<b>3,384,027</b>
<b>Expenses: (Note 11 and Schedules C)</b>			
General government services	1,009,759	953,604	875,249
Transportation services	711,680	643,042	707,527
Protective services	419,325	412,653	375,572
Solid waste collection	161,200	162,668	177,490
Recreation and cultural services	307,800	308,944	293,821
Community development services	89,550	63,265	94,022
Sewer	259,777	268,253	231,530
Water	414,238	394,376	345,486
<b>Total expenses</b>	<b>3,373,329</b>	<b>3,206,805</b>	<b>3,100,697</b>
<b>Annual surplus (deficit)</b>	<b>171,554</b>	<b>414,674</b>	<b>283,330</b>
<b>Accumulated surplus, beginning of year</b>	<b>38,043,938</b>	<b>38,043,938</b>	<b>37,760,608</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 38,215,492</b>	<b>38,458,612</b>	<b>\$ 38,043,938</b>

The accompanying notes are an integral part of these financial statements.



## District of Lantzville



### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2015 with comparative information for 2014

	Financial Plan (Note 13)	2015	2014 (Note 2)
<b>Annual Surplus (deficit)</b>	\$ 171,554	\$ 414,674	\$ 283,330
Acquisition of tangible capital assets	(1,355,320)	(903,567)	(1,007,920)
Amortization of tangible capital assets	731,000	736,741	732,729
Loss on the disposal of tangible capital assets	-	16,733	25,396
Proceeds on sale of tangible capital assets	-	-	2,500
Write-downs of tangible capital assets	-	129	-
	(452,766)	264,710	36,035
Acquisition and consumption of inventory of supplies	-	380	-
Acquisition and consumption of prepaid expenses	-	(27,163)	(1,213)
	-	(26,783)	(1,213)
<b>Change in net financial assets</b>	(452,766)	237,927	34,822
<b>Net financial assets at beginning of year</b>	6,008,620	6,008,620	5,973,798
<b>Net financial assets at end of year</b>	\$ 5,555,854	\$ 6,246,547	\$ 6,008,620

The accompanying notes are an integral part of these financial statements.



## District of Lantzville



### STATEMENT OF CASH FLOWS

For the year ended December 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		(Note 2)
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ 414,674	\$ 283,330
Items not involving cash:		
Amortization of tangible capital assets	736,741	732,729
Loss on the disposal and write-down of tangible capital assets	16,862	25,396
Change in non-cash operating assets and liabilities:		
Accounts receivable	39,425	(20,951)
Inventories for resale	145	(739)
Taxes receivable	(35,466)	28,377
Accounts payable and accrued liabilities	184,991	(53,083)
Deposits	(10,079)	(9,815)
Deferred revenue	260,870	212,129
Prepaid property taxes	23,395	11,857
Employee future benefit obligations	(40,081)	15,384
Inventory of supplies	380	(113)
Prepaid expenses	(27,163)	(1,213)
Cash provided by operating transactions	1,564,694	1,223,288
<b>Financing transactions:</b>		
Temporary investments	(1,009,280)	(11,705)
<b>Capital transactions:</b>		
Proceeds from sale of tangible capital assets	-	2,500
Acquisition of tangible capital assets	(903,567)	(1,007,920)
	(903,567)	(1,005,420)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(348,153)</b>	<b>206,163</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,233,742</b>	<b>6,027,579</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,885,589</b>	<b>\$ 6,233,742</b>

The accompanying notes are an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

The District of Lantzville is a municipality that was incorporated on June 25, 2003 pursuant to the issue of Letters Patent dated April 3, 2003. The District operates under the provisions of the *Local Government Act* and *Community Charter* of British Columbia. The District's principal activities include the provision of local government and services to residents of the incorporated area. These services include government, fire protection, solid waste collection, parks and recreation, planning and development, and water and sewer services.

### 1. Significant Accounting Policies:

The financial statements of the District of Lantzville (the "District") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

#### (a) Reporting Entity:

The financial statements include a combination of all the assets, liabilities, accumulated surplus, revenues, and expenses of all the District's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

Consolidated entities: The District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

#### (b) Basis of Accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

#### (c) Revenue Recognition:

- i. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.
- ii. Sales or services and user fee revenues are recognized when the service or product is rendered by the District and the amounts are received or become receivable.
- iii. Government transfers are recognized as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received that give rise to an obligation that meets the definition of a liability for which expenses are not yet incurred are included in deferred revenue.
- iv. Revenue unearned in the current period is recorded as deferred revenue.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

### 1. Significant Accounting Policies (continued)

- v. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and included in deferred revenue.

#### (d) Deferred Revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation, and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred, the development cost charges are recognized as revenue in amounts which equal the associated expenses.

#### (e) Cash and Temporary Investments:

Cash and temporary investments consist of cash on deposit in qualifying institutions as defined in the *Community Charter*.

#### (f) Employee Future Benefits:

The District and its employees make contributions to the Municipal Pension Plan. The District's contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are estimated based on the actual service, expected retirement ages and future salary and wage increases for employees. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.





**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015 with comparative information for 2014

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

**(g) Deposits:**

Receipts restricted by third parties are deferred and reported as deposits and are refundable under certain circumstances. Deposits that are prepayments are recognized as revenue when qualifying expenditures are incurred.

**(h) Non-Financial Assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

**i. Tangible Capital Assets:**

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

<b>Asset</b>	<b>Useful Life - Years</b>
Land	Indefinite
Land Improvements	10 – 50
Buildings	15 – 80
Equipment	5 – 10
Roads Infrastructure	10 – 75
Vehicles	10 – 25
Sewer Infrastructure	10 – 100
Water Infrastructure	10 – 100

Amortization is calculated yearly, with half the year being charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District’s ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than the book value of the asset.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

### 1. Significant Accounting Policies (continued)

#### ii. Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### iii. Works of art, and historical treasures:

The District manages and controls various works of art and non-operational historical cultural assets. These assets are not recorded as tangible capital assets and are not amortized due to the subjectivity of their value.

#### iv. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### v. Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses incurred.

#### vi. Inventory of supplies:

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

#### (g) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at a point in time, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities, and in estimating provisions of employee future benefits. Actual results could differ from these estimates. Adjustments, if any, will be reflected in operations in the period of settlement.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

### 1. Significant Accounting Policies (continued)

#### (h) Comparative figures:

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

#### (i) Changes in Significant Accounting Policies:

On January 1, 2014, the District adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis to January 1, 2014 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus to the District.

#### (j) Future Accounting Pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2015 and have not been applied in preparing these financial statements. Those expected to potentially impact the financial statements of the District are as follows:

##### i. PS3450 - Financial Instruments:

Financial instruments PS3450 and Foreign Currency Translation PS2601 have been approved by the PSAB and are effective for years commencing on or after April 1, 2019. The standards are to be adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the entity's accounting policy choices.

##### ii. PS2601 – Foreign Currency Translation:

This section revises and replaces the existing Section PS2600 Foreign Currency Translation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

##### iii. PS1201 – Financial Statement Presentation:

This section revises and replaces the existing Section PS1200 Financial Statement Presentation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

### 2. Prior Period Figures:

During the year, three adjustments were recorded to the balance of accumulated surplus at the beginning of the year. Adjustments include the following:

- During the year, it was determined that certain deferred revenue items should have been recognized into revenue in prior years. An adjustment has been recorded to decrease deferred revenue and increase accumulated surplus at January 1, 2014 in the amount of \$110,940. The adjustment had no impact on annual surplus or cash flows in the years presented.
- During the year, it was determined that the portion of the District's Payment in Lieu of Taxes (PILT) relating to other taxing authorities had been recognized into revenue and not remitted per the *Payment in Lieu of Taxes Act (R.S.C., 1985, c. M-13)*. An adjustment has been recorded representing the period of 2008-2014 to increase accrued liabilities and decrease annual surplus and accumulated surplus at January 1, 2014 in the amount of \$20,577 and at December 31, 2014 in the amount of \$3,673.
- During the year, it was determined that a tangible capital asset was disposed of during 2014 and not recorded. An adjustment has been recorded to record the loss on disposition as an expense to general government services and decrease annual surplus and accumulated surplus at December 31, 2014 in the amount of \$2,204.
- During the year, it was determined that inventory of supplies, yet to be placed into productive use at their intended locations, were capitalized during 2014. An adjustment has been recorded to decrease tangible capital assets and increase inventory of supplies in the amount of \$8,302 at December 31, 2014.

### 3. Financial Instruments:

The District's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, and deposits. The carrying amount of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest or credit risks arising from these financial instruments.





**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015 with comparative information for 2014

**4. Cash and Investments:**

Cash and investments are comprised of cash on hand, cash on deposit at financial institutions and investments held in the Municipal Finance Authority of British Columbia investment funds.

	<b>2015</b>	<b>2014</b>
Cash	\$ 5,885,589	\$ 6,233,742
Temporary Investments	2,095,602	1,086,322
	<b>\$ 7,981,191</b>	<b>\$ 7,320,064</b>

Cash deposited at the Coastal Credit Union earns interest at a rate in the range of prime minus 1 to 2%. Temporary investments consist of short-term investments in the Municipal Finance Authority of BC money market funds and a Guaranteed Investment Certificate at Coastal Credit Union. The market value is equal to the carrying value. Temporary investments earned an effective yield of 0.84% (2014 – 1.08%) and whose market value is equal to its cost.

Included in cash and cash equivalents and temporary investments are the following restricted amounts:

	<b>2015</b>	<b>2014</b>
Statutory reserves	\$ 3,282,459	\$ 3,274,579
Restricted investments – development cost charges	394,223	348,436
	<b>\$ 3,676,682</b>	<b>\$ 3,623,015</b>

**5. Employee future benefit obligations:**

Employee benefit obligations represent accrued benefits as follows:

	<b>2015</b>	<b>2014</b>
Vacation payable	\$ 9,618	\$ 5,557
Accrued sick leave	46,429	90,571
	<b>\$ 56,047</b>	<b>\$ 96,128</b>

Employee benefit obligations represent accrued benefits as at December 31, 2015. Accrued vacation is the amount of vacation entitlement carried forward into the next year. Employee benefit obligations also include accumulated sick leave banks that may be drawn down in future years. These sick leave entitlements may only be used while employed by the District and are paid out on retirement under certain conditions.





**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015 with comparative information for 2014

**5. Employee future benefit obligations (continued):  
Municipal Pension Plan**

The District 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 overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local government.

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 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be at December 31, 2015 with results available 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District paid \$53,873 (2014 - \$51,036) for employer contributions, while employees contributed \$50,561 (2014 - \$51,159) to the Plan in fiscal year 2015.

**6. Deferred Revenue:**

Deferred revenue is comprised of the following as at December 31:

	<b>2015</b>	<b>2014</b>
Community Works (Gas Tax) Funds	\$ 1,124,604	\$ 920,031
Development Cost Charges	394,223	348,436
Other Deferred Revenue	48,328	37,818
	<b>\$ 1,567,155</b>	<b>\$ 1,306,285</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015 with comparative information for 2014

**6. Deferred Revenue (continued):**

**Community Works (Gas Tax) Funds**

The Community Works funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the District and the Union of British Columbia Municipalities. These funds may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

**Development Cost Charges**

Development cost charges are comprised of the following at December 31:

	2014	Receipts	Interest	Eligible Expense	2015
Water	\$ 106,726	\$ 7,787	\$ 778	\$ -	\$ 115,291
Sewer	42,263	6,182	320	-	48,765
Drainage	54,050	11,808	428	-	66,286
Highway Facilities	86,062	9,677	652	-	96,391
Parkland	59,335	7,702	453	-	67,490
	<b>\$ 348,436</b>	<b>\$ 43,156</b>	<b>\$ 2,631</b>	<b>\$ -</b>	<b>\$ 394,223</b>

**7. Tangible Capital Assets (Schedule A):**

(a) Assets under construction:

Assets under construction having a value of \$88,754 (2014 - \$256,601) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$nil (2014 - \$nil)

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(d) Write-down of tangible capital assets:

Tangible capital assets having a value of \$130 (2014 - \$nil) have been written down during the year.

## District of Lantzville



### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

#### 8. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2015	2014
Equity in Tangible Capital Assets	\$ 32,164,539	\$ 32,014,575
Unrestricted General Fund Surplus	2,918,812	2,818,250
Unrestricted Sewer Fund Surplus	(573,294)	(723,777)
Unrestricted Water Fund Surplus	666,096	660,311
Statutory Reserve Funds (Schedule B)	3,282,459	3,274,579
	<b>\$ 38,458,612</b>	<b>\$ 38,043,938</b>

Reserve funds are comprised of the statutory reserve funds shown in Schedule B.

#### 9. Net Taxes Available for Municipal Purposes:

The District is required to collect taxes on behalf of, and transfer these amounts to, other government agencies noted below. Taxes levied over or under the amounts requisitioned are recorded as accounts payable or receivable.

	2015	2014
Taxes:		
Property / parcel taxes	\$ 5,143,712	\$ 5,015,717
Revenues in lieu of taxes	21,859	20,646
1% utility taxes	50,948	53,704
	5,216,519	5,090,067
Less taxes levied for other authorities:		
School District	1,847,599	1,866,954
School District - policing	202,303	197,547
Regional Hospital District	168,511	168,666
Regional District of Nanaimo	635,902	579,405
BC Assessment Authority	46,457	48,025
Municipal Finance Authority	150	150
	2,900,922	2,860,747
Net taxes available for municipal purposes	<b>\$ 2,315,597</b>	<b>\$ 2,229,320</b>

Net taxes available for municipal purposes includes \$170,292 for the Vancouver Island Regional Library (2014 - \$160,330).





**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015 with comparative information for 2014

**10. Government Grants and Transfers**

	2015	2014
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 458,991	\$ 289,825
Other	13,704	6,498
	<b>\$ 472,695</b>	<b>\$ 296,323</b>

**11. Expenditure by Object and Segment**

The financial statements report on expenditures by function. The District’s expenditures by object are reported in Schedule C – Schedule of Segment Disclosures.

Costs included in the District’s financial plan are determined for each segment based on Council’s approval of management recommendations as a result of Council’s overall vision and strategy for the District. Financial Plan revenues from fees and charges, external funding, or internal allocations from reserves and accumulated surplus are also determined in the same manner. Actual expenditures are coded at the time of purchase to the appropriate segment and some payroll expenditures are allocated based on a predetermined allocation consistent with the annual financial plan.

The segments included in the schedule are as follows:

**General Government**

General government services includes all administrative aspects of the District including corporate administration, finance, human resources and legislated services to the residents of the District.

**Transportation Services**

Transportation services is comprised of annual maintenance of all municipally owned roads, storm drainage, sidewalks, street signs, street lighting, traffic signals and transportation vehicle fleet used to provide services to the District.

**Protective Services**

Protective services includes the fire department, building inspection, bylaw enforcement, and emergency planning.

**Solid Waste Collection**

Solid waste management includes fees related to residential solid waste curbside collection services.

**Community Development Services**

Community development services includes land use planning, subdivision, development, and mapping.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015 with comparative information for 2014

### Recreation and Cultural Services

Recreation and Cultural Services is comprised of services meant to improve the health and development of citizens of Lantzville. This segment includes maintenance and development of all parks and green spaces within the District as well as the District's financial contribution to the services provided by the Vancouver Island Regional Library.

### Sewer Services

Sewer services includes the management and maintenance of the sanitary sewer collection system.

### Water Services

Water services includes the management and maintenance of the water distribution system including reservoirs, wells, and hydrants.

## 12. Commitments and Contingencies:

- (a) The Nanaimo Regional District ("RDN") debt, under provisions of the *Local Government Act*, is a direct, joint and several liability of the RDN and each member municipality within the RDN, including the District.
- (b) The District is a defendant in various lawsuits. The District records an accrual in respect to legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. The District is insured through membership in the Municipal Insurance Association ("MIA") of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$10,000. Should the MIA pay out claims in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute towards the deficit.

## 13. Financial Plan Figures:

On March 14, 2016, Council adopted an amendment to the May 11, 2015 Financial Plan Bylaw No. 116 to reduce budgeted surplus from \$8,629,587 to \$2,936 and budgeted capital expenditures from \$7,916,320 to \$1,355,320 due primarily to a change in expected timing of revenue recognition for capital grants.

Financial Plan figures presented in these financial statements are based on the 2015-2019 Financial Plan Bylaw as amended by Council on March 14, 2016. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	2015
Financial Plan Bylaw surplus for the year	\$ 2,936
Add:	
Internal debt repayment	168,618
Adjusted Annual Surplus	<b>\$ 171,554</b>



## District of Lantzville

### SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2015

	<u>Infrastructure</u>									2015	2014
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction		
<b>HISTORICAL COST:</b>											
Opening Balance	\$ 8,799,199	\$1,079,400	\$1,931,158	\$ 1,350,118	\$ 476,562	\$ 11,381,852	\$ 8,501,781	\$ 5,775,126	\$ 256,601	\$ 39,551,797	\$ 38,648,316
Additions	-	-	-	525,520	18,083	286,274	-	241,537	88,754	1,160,168	1,009,420
Disposal	-	-	-	-	(26,556)	(22,722)	-	(10,212)	(256,601)	(316,091)	(105,939)
Closing Balance, Dec 31	8,799,199	1,079,400	1,931,158	1,875,638	468,089	11,645,404	8,501,781	6,006,451	88,754	40,395,874	39,551,797
<b>ACCUMULATED AMORTIZATION:</b>											
Opening Balance	-	339,386	812,627	843,050	276,564	3,066,867	592,622	1,606,106	-	7,537,222	6,881,036
Additions	-	28,025	47,319	54,575	53,268	343,441	108,260	101,853	-	736,741	732,729
Disposal	-	-	-	-	(26,555)	(15,004)	-	(1,069)	-	(42,628)	(76,543)
Closing Balance, Dec 31	-	367,411	859,946	897,625	303,277	3,395,304	700,882	1,706,890	-	8,231,335	7,537,222
<b>NET BOOK VALUE</b>	<b>\$ 8,799,199</b>	<b>\$ 711,989</b>	<b>\$ 1,071,212</b>	<b>\$ 978,013</b>	<b>\$ 164,812</b>	<b>\$ 8,250,100</b>	<b>\$ 7,800,899</b>	<b>\$ 4,299,561</b>	<b>\$ 88,754</b>	<b>\$ 32,164,539</b>	<b>\$ 32,014,575</b>

Schedule A



## District of Lantzville

### SCHEDULE OF STATUTORY RESERVE FUNDS

For the year ended December 31, 2015

	Winter Road Maintenance	Capital Works	Asset Replacement	Fire Truck	Park Development	Park Acquisition	Asset Replacement	Waterworks	Asset Replacement	2015 Total	2015 Financial Plan	2014	
	<b>GENERAL FUND</b>						<b>SEWER FUND</b>		<b>WATER FUND</b>				
<b>Opening balance</b>	\$ 21,154	\$ 1,008,377	\$ 605,180	\$ 298,901	\$ 313,091	\$ 36,083	\$ 178,988	\$ 692,727	\$ 120,078	\$ 3,274,579	\$ 3,274,579	\$ 3,203,841	
Transfers in	5,000	456,388	48,428	100,000	14,085	-	26,000	228,000	8,300	886,201	865,910	1,004,631	
Interest earned	184	10,034	4,506	737	2,298	260	1,368	4,990	865	25,242	-	29,018	
Transfers out	-	(287,199)	(18,083)	(268,915)	(50,582)	-	-	(278,784)	-	(903,563)	(1,316,318)	(962,911)	
<b>Closing balance</b>	<b>\$ 26,338</b>	<b>\$ 1,187,600</b>	<b>\$ 640,031</b>	<b>\$ 130,723</b>	<b>\$ 278,892</b>	<b>\$ 36,343</b>	<b>\$ 206,356</b>	<b>\$ 646,933</b>	<b>\$ 129,243</b>	<b>\$ 3,282,459</b>	<b>\$ 2,824,171</b>	<b>\$ 3,274,579</b>	

Schedule B





## District of Lantzville

### SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2015

	General government services	Transportation services	Protective services	Solid waste collection	Recreation and cultural services	Community development services	Sewer	Water	2015	2015 Financial Plan
<b>REVENUE</b>										
Taxation	\$ 827,664	\$ 298,246	\$ 316,003	\$ -	\$ 298,025	\$ 76,729	\$ 182,274	\$ 316,656	\$ 2,315,597	\$ 2,310,969
Sales and services	-	-	-	163,329	-	-	186,201	287,653	637,183	651,000
Grants and government transfers	238,934	83,138	88,088	-	35,658	21,389	1,552	3,936	472,695	469,090
Investment income	58,778	-	-	-	-	-	-	-	58,778	40,000
Penalties and fines	24,083	-	-	-	-	-	2,791	4,955	31,829	31,940
Contributions from developers and others	5,664	-	-	-	-	-	-	-	5,664	5,664
Other revenue from own sources	33,478	-	20,830	-	14,044	19,350	12,031	-	99,733	36,220
	1,188,601	381,384	424,921	163,329	347,727	117,468	384,849	613,200	3,621,479	3,544,883
<b>EXPENSES</b>										
Salaries, wages and benefits	620,288	83,502	96,984	-	70,198	62,060	30,743	135,190	1,098,965	1,102,550
Materials and supplies	64,253	63,417	91,551	225	22,250	-	81,231	70,111	393,038	522,145
Contracted services	105,858	4,765	72,216	162,443	2,199	-	2,650	20,062	370,193	377,006
Other	119,839	129,542	68,176	-	187,383	1,205	43,444	58,279	607,868	640,628
Amortization	43,366	361,816	83,726	-	26,914	-	110,185	110,734	736,741	731,000
	953,604	643,042	412,653	162,668	308,944	63,265	268,253	394,376	3,206,805	3,373,329
<b>SURPLUS / (DEFICIT)</b>	<b>\$ 234,997</b>	<b>\$ (261,658)</b>	<b>\$ 12,268</b>	<b>\$ 661</b>	<b>\$ 38,783</b>	<b>\$ 54,203</b>	<b>\$ 116,596</b>	<b>\$ 218,824</b>	<b>\$ 414,674</b>	<b>\$ 171,554</b>

Schedule C - 2015



## District of Lantzville

### SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2014

	General government services	Transportation services	Protective services	Solid waste collection	Recreation and cultural services	Community development services	Sewer	Water	2014	2014 Financial Plan
<b>REVENUE</b>										
Taxation	\$ 830,049	\$ 291,543	\$ 264,861	\$ -	\$ 271,068	\$ 102,653	\$ 179,252	\$ 289,894	\$ 2,229,320	\$ 2,234,120
Sales and services	-	-	-	179,901	-	-	177,675	297,825	655,401	652,750
Grants and government transfers	141,566	58,549	53,190	-	22,239	20,779	-	-	296,323	296,740
Investment income	70,603	-	-	-	-	-	-	-	70,603	40,000
Penalties and fines	27,241	-	-	-	-	-	2,282	4,050	33,573	36,280
Contributions from developers and others	14,570	-	-	-	-	-	-	-	14,570	14,570
Other revenue from own sources	42,154	-	21,555	-	3,716	12,550	4,262	-	84,237	54,024
	1,126,183	350,092	339,606	179,901	297,023	135,982	363,471	591,769	3,384,027	3,328,484
<b>EXPENSES</b>										
Salaries, wages and benefits	562,743	88,957	99,784	-	71,696	76,479	26,617	104,493	1,030,769	1,053,110
Materials and supplies	69,397	62,936	73,290	-	13,471	-	74,678	62,762	356,534	591,558
Contracted services	99,381	6,844	69,859	177,490	2,280	-	2,610	14,983	373,447	397,920
Other	99,785	184,360	56,889	-	179,055	17,543	17,440	52,146	607,218	678,886
Amortization	43,943	364,430	75,750	-	27,319	-	110,185	111,102	732,729	-
	875,249	707,527	375,572	177,490	293,821	94,022	231,530	345,486	3,100,697	2,721,474
<b>SURPLUS/(DEFICIT)</b>	\$ 250,934	\$ (357,435)	\$ (35,966)	\$ 2,411	\$ 3,202	\$ 41,960	\$ 131,941	\$ 246,283	\$ 283,330	\$ 607,010

Schedule C - 2014